

# OFFICIAL RECORD OF PROCEEDINGS

**Thursday, 18 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.

THE HONOURABLE NG LEUNG-SING, J.P.

THE HONOURABLE MARGARET NG

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, J.P.

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING, J.P.

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN, J.P.

THE HONOURABLE BERNARD CHAN

THE HONOURABLE CHAN KAM-LAM

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

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI

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

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE WONG YUNG-KAN

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

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

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

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH

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

THE HONOURABLE 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 FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

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

THE HONOURABLE MA FUNG-KWOK

**MEMBERS ABSENT:**

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

THE HONOURABLE WONG SING-CHI

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

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

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

**CLERKS IN ATTENDANCE:**

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

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

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY  
GENERAL

**MEMBERS' MOTION****MOTION OF THANKS****Continuation of debate on motion which was moved on 17 October 2001**

**PRESIDENT** (in Cantonese): Council will now continue with the debate on the Motion of Thanks. We now move on to the third debate session. This debate session is on the policy areas of Education and Manpower.

Members will have a total of up to about three hours to speak in this session. It is now 2.32 pm.

Members who wish to speak will please press the "Request-to-Speak" button to indicate their wish.

**MR CHEUNG MAN-KWONG** (in Cantonese): Madam President, on the eve of the delivery of the policy address, a senior teacher with outstanding performance killed himself because of psychorrhexis as a result of tremendous work pressure. This heart breaking and thought provoking tragedy caused a great tremor in the education sector and community, thus drawing our attention to the excessive workload of front-line teachers.

My association, the Hong Kong Professional Teachers' Union, has conducted a detailed survey among nearly 3 000 teachers in more than 700 schools. The findings of the survey show that teachers are under undue stress and pressure, and a clear red light is now on. For many senior and responsible teachers, the heavy work pressure has already turned them into "fully-stretched bowstrings" and their difficult position should really be addressed seriously.

Among the teachers we have contacted, some have to work seven days a week and more than 12 hours daily. Apart from their teaching duties, some teachers have to serve on more than 12 school committees and virtually have no time for rest as well as personal and social lives. Teachers are not born workaholics. It is only that they are kept constantly on the run by waves after waves of reform measures and demands of the Education Department, schools and the community as well as the Quality Education Fund, Quality Assurance Inspectorate and School Improvement Programme. Teaching has become an extremely tedious job that crushes spirits and health.

Under the heavy work pressure, 40% of the senior teachers who have planned to make teaching a lifelong career have begun to consider resigning or going on early retirement. This is an even bigger crisis than teachers committing suicide, and if the situation continues to deteriorate we will lose many excellent teachers. At present, the Government of the Special Administrative Region has dealt with this problem by increasing the amount of flexible grants for schools, with a maximum of \$550,000 for primary schools and \$450,000 for secondary schools, so that the schools can employ more people to reduce the non-teaching duties of teachers.

This additional grant is certainly a good thing, but the most important is to reduce the class size, which is also the greatest aspiration of the education sector and parents. At present, secondary schools have a class size of 40 students and primary schools have a class size of 37. This is the main source of work pressure for teachers and it also deprives students of their opportunities to learn. However, it is regrettable that in the annual policy address, the Chief Executive has not paid any attention to the request on reducing class size.

The most unsatisfactory point is that the Secretary for Education and Manpower refuses to reduce the class size of public schools on the one hand, as she thinks that class size has no causal relationship with the quality of education, advocates that Direct Subsidy Scheme (DSS) schools can increase fees to reduce their class size on the other. Recently, in a radio programme, the Secretary for Education and Manpower admitted for the first time that the present class size of 30-odd to 40 students in public schools was not ideal and that there would be marked improvement in the quality of education only when the class size of public schools was reduced to 20 or 25. Here, I would like to ask a question in the public, why is it that only fee-charging DSS schools can reduce their class size? Why do students of public schools have to put up with a class size of 40 on a long-term basis because they cannot afford to pay a fee? Why is it that a class size of 40 in public schools does not necessarily have anything to do with the quality of education while the same of DSS schools can be improved if the class size is reduced to 20? If a class size of 20 is a prerequisite of quality education, then when can public schools be brought up to par with DSS schools? This is an unavoidable question for it represents the expectations of numerous parents and teachers, and I hope I can get an open reply to this question.

Madam President, on the issue of funding for education in the policy address, I think universities should be most disappointed because funding for universities has been cut for six consecutive years and the harm that it has done has been clearly exposed. The whole university sector is now living in a state of anxiety and many Vice-Chancellors and Presidents of universities felt the pain of the funding cuts deeply.

Professor Edward CHEN, the President of the Lingnan University, said to this effect "At present, government resources are only putting us on a drip."

Professor POON Chung-kwong, the President of the Hong Kong Polytechnic University, said to this effect "I am not trying to be difficult. Just tell me how much you want to save and I will do it for you. Only that you must not criticize the end product for you cannot really have it both ways."

Professor Paul CHU, the new President of the Hong Kong University of Science and Technology (HKUST), said to this effect "Continuous funding cuts is a very serious problem. The HKUST will be forced to cut its teaching staff and if the funding cuts continue, one day, we may have to cut the President too."

Professor WU Chia-wei, the former President of the HKUST, has even pointed out angrily to Professor Arthur LI, the Vice-Chancellor of The Chinese University of Hong Kong, to the effect that "If I had not decided to retire, I would resign in protest of the further cuts in university funding."

Amid criticisms directed at the Government by the Vice-Chancellors and Presidents of universities, only Dr K C PANG, Deputy Director of the Hong Kong Institute of Education (HKIE) said to this effect "the HKIE can accept this rate of reduction and we will cut our expenditure through streamlining our work and computerization." The Secretary for Education and Manpower, Mrs Fanny LAW, said the funding of universities has nothing to do with the quality of teaching, and she also believes that the voluntary departure scheme of universities is only restricted to support staff rather than teaching staff, so the quality of teaching will not be affected.

While the remarks of Dr K C PANG and the Secretary for Education and Manpower are still ringing in our ears, the HKIE has turned its voluntary departure scheme into a mandatory redundancy scheme targetting at teaching staff. According to the logic of what the Secretary for Education and



Manpower said, this will affect the quality of teaching, and the lecturers and students of the HKIE will also become victims of funding cuts.

The HKIE is the last tertiary education institution to be upgraded and yet it has taken the lead in introducing a mandatory redundancy scheme in the tertiary education sector. Mr Alan LI of the Hong Kong Polytechnic University pointed out that if the result of the voluntary departure scheme affecting 1 800 non-contract staff is unsatisfactory, he will not rule out the possibility of layoffs. Furthermore, the City University of Hong Kong had originally drawn up a "non-voluntary departure scheme" a year ago, but it has now been temporarily suspended due to the economic downturn in Hong Kong and the negative impact of the "September 11 incident" of the United States on our economic prospects. All this shows that the HKIE, Hong Kong Polytechnic University and City University of Hong Kong have all planned to implement mandatory redundancy schemes, and the only difference among them is the extent and timing of implementation.

Seeing that the universities are in financial difficulties and mandatory redundancy schemes are implemented one after another, we feel very concerned about our counterparts in the universities. The voluntary departure scheme of today is only the prelude to the mandatory redundancy scheme tomorrow. If we relate this to the "downsizing" trend that has been continuously advocated by the Government, we can foresee that the professors and lecturers of universities are going to enjoy less and less job security. Universities are no longer places where they can teach and research in peace, and the prospects of the universities are very bleak indeed.

Recently, plans have been mooted by the University Grants Committee (UGC) to unpeg the university pay scale with the civil service pay scale in 2004. Mrs Alice LAM, the Chairman of the UGC said, to this effect, "The pay scale of universities should not be determined on a uniform basis whereby those who teach history are offered the same pay as those who teach science and technology. The pay scale should be determined on the basis of market supply." What Mrs Alice LAM said has plainly showed that university professors should be paid differently according to the subject they teach, and this is as philistine and utilitarian as the proposal of the Government on charging different tuition fees for different disciplines. Universities are treated like markets where bargaining is common, university professors are being treated like seafood with fluctuating prices, and knowledge like strinky money.

However, the universities cannot just dismiss Mrs Alice LAM's words with a laugh of its naivety, because she is backed by the Education and Manpower Bureau. Mr Donald TSANG, the Chief Secretary for Administration who works closely with Mr TUNG Chee-hwa, has criticized the universities for spending US\$100,000 on training a university student, and he said the cost is more than that of a first-class American or British university. Mr Donald TSANG has told the students to the effect that "you may be more happy if I give you US\$70,000 to US\$80,000 to attend universities of your own choice all over the world." Mr Donald TSANG is wrong in that he has mistakenly taken the tuition fees of world-class universities as the total cost of training a student, thus revealing his ignorance and contempt of universities. As a result, Mr Donald TSANG came to the conclusion that "why should we increase funding for universities?"

Even though Mr TUNG Chee-hwa has promised to change the three-year university structure to a four-year model within 10 years, he has not made any positive commitments to increase funding. In the future, it is possible that universities may have to resort to fee increases or fund-raising to make up for the shortfall in funding for a four-year structure. Therefore, without financial backing, the introduction of a four-year university structure cannot be regarded as a piece of good news. As universities will have to bear the cost of an extra year in addition to the current cuts in funding, they will be put into a more difficult position than ever.

As the budget of universities becomes tighter and tighter, the UGC will have more and more power to exercise control over the development of universities by way of funding. The redundancy scheme, quality of the universities, academic freedom and even autonomy may also be affected. So, we have to be on the alert against the problem of money administration that is becoming more and more serious in universities.

Madam President, I support the Chief Executive's proposal on the establishment of a \$5 billion fund for continuing education. I think that the fund should be operated in form of a voucher system, to enable those who are interested in furthering their studies to choose the schools and courses they would like to attend. Competition in the market competition will thus be facilitated in order to raise the quality of education and to meet the changing needs of the market. Continuing education is different from basic education and it should be neither compulsory nor free. It should be more of a job-orientated

nature to allow those would like to pursue continuing education to adjust to structural changes in society and employment. These people should be free to decide when and how to further their studies. The Government is only responsible for providing them with a voucher so that those who are interested in continuing their education are free to use it, and those who are not can choose not to. This is very much different from a universal basic education that is based on an established curriculum and has to be pursued before the age of 15, because it is a different form of subsidy.

I have to urge the Government to pay particular attention to monitoring the fund to ensure that the operation is normal and law-abiding, especially when a lot of private educational institutions would like to grab a share of this market of billions of dollars. While there are many *bona fide* operators among the private educational institutions, there are also others who would like to fish in troubled waters or even defy the law. In order to ensure that public funds are reasonably used and to safeguard the interests, time and energy of those who would like to further their studies, the Government should learn a lesson from the loopholes in the legislation on tutorial centres, by introducing amendments and enhancing law enforcement. Quality school sponsoring bodies and existing tertiary education institutions should be encouraged to offer more courses in continuing education. Bad elements should be driven away by good elements and swindlers should be brought to justice, so that continuing education can have a good start, for the benefit of promoting the development of knowledge-based economy.

Madam President, I so submit.

**MR YEUNG YIU-CHUNG** (in Cantonese): Madam President, although the Chief Executive used to make education the most important issue in his policy addresses in the past four years, he has put obvious emphasis in this year's policy address on the issue in comparison with the previous ones, as the discussion on education has taken much space in this year's policy address. Ever since the reunification, the Enhanced Productivity Programmes (EPP) have to be implemented in almost every policy area in order to control expenditure. The only exception is education, in particular, there is no restriction on the funding for basic education, which goes up from \$37.9 billion in 1996-97 to \$55.3 billion in 2001-02, representing a 46% growth within five years. In spite of the economic downturn and the further aggravation of budget deficits, the SAR Government still increases education funding and gives top priority to education

investment and the upgrading of the quality of human resources. It can thus be seen that the Chief Executive is strong in view as well as power, he will not be softhearted with regard to the investment in education. The education sector welcomes this and feels deeply encouraged.

One of the innovation in this year's policy address is that the Government deals with education with unprecedented importance and priority, and makes it both the stopgap and fundamental solution in promoting economic recovery, increasing employment opportunities, enhancing the competitiveness of human resources, shaking off the current predicaments and facilitating economic transformation. The Chief Executive points out that "despite the pressure of economic downturn on public finances, our resolve to invest in education is unshaken. Regardless of Hong Kong's economic situation, you can rest assured that in the next five to 10 years spending on education will continue to increase year after year". He repeats this view in the conclusion of the policy address that if Hong Kong has to move up the value-added ladder, the education standard of the general public should be raised. The message of the idea and philosophy of saving and revitalizing Hong Kong by means of knowledge and education is strong and clear in the policy address.

The second innovative measure is to set aside \$5 billion to subsidize continuous education and training programmes to encourage lifelong learning. To continuous education, this can be called a shockingly generous provision. In the past, continuous education programmes were either operated under the system of enrolling self-funding students or under private education institutions on a self-financing basis with very little government subsidy. Now that under the economic downturn, many people are facing pay cut or unemployment, how can they afford to pay costly tuition just for the purpose of adding their own value and pursuing lifelong learning? "Opening the granary to provide relief" is not necessary, but opening the granary to provide education and training is better value for money, as making investment in education is the same as investing the future, we can reap returns by conducting education and training programmes. However, the policy address is silent on how the \$5 billion will be expended and the details of the subsidization scheme. It is reported that the major purpose of the scheme is to help those people who have lower academic qualifications with a subsidy of \$10,000 each to improve their employment skill. I have some preliminary views. Since the purpose of the allocation is to encourage lifelong learning, academic qualification should not be the hurdle for

admission, because everybody should be encouraged to keep on learning irrespective of his or her academic qualifications. Should there be any demarcation, I think those unemployed persons may enjoy a certain degree of preference. Programmes selected by those subsidy recipients should be programmes recognized by the authority with a ceiling of subsidy, on an accountable reimbursement basis. I hope the Government will listen to views of all sectors before implementing the relevant proposal.

The third innovative measure is the introduction of the Native-speaking English Teacher Scheme in primary schools. Teachers and students generally welcomed the scheme in the past three years when it was implemented in secondary schools. The atmosphere of learning English in school was somewhat improved. Last year, certain primary schools had already implemented the programme of strengthening English language teaching through fundings by the Quality Education Fund (QEF) with various initiatives. Now that the authority has decided to provide native English-speaking teachers in primary schools, I believe it will boost the interest of students in learning the English language and reduce the fear of using it. The Democratic Alliance for Betterment of Hong Kong (DAB) supports this proposal.

Madam President, the biggest problem encountered in the course of education reform is that teachers are overwhelmed by work pressure as they find it hard to deal with differences of individual students. As a result, the confidence of certain people in the education reform has been undermined. In order to address the concern of the education sector and to tie in with the education reform, the policy address has decided to increase the annual provision for the creation of a better environment for teachers by 50% in the coming year. Schools may spend their allocation on increasing staff and hire of services in order to reduce the workload of teachers. However, the DAB wishes that when these schools apply for the allocation, they should try not to ask teachers to fill in the application forms as much as possible, so that their workload will not be increased, without suffering harm before enjoying any benefit. With regard to primary schools, the Government will also increase the allocation so that schools can employ counselling teachers or social workers to enhance the counselling service for students. To complement curriculum reform, the Government undertakes to create curriculum officer posts in stages to lead in-school curriculum development.

Furthermore, on further studies and training of teachers, the Government also undertakes to allocate resources to upgrade the quality of teachers. The efforts to speed up school improvement works are killing two birds with one stone as they will help to improve the learning environment and efficiency of teaching, as well as increasing employment opportunities. They therefore merit our support.

Among our proposals, we note with regret that the proposal of increasing sixth form places was not adopted. It is reported that there are reservations within the Government about the proposal of increasing sixth form places, as a result, the upper echelon of the Government has put issue aside. Some people said that when secondary schools start to implement the 3+3 system, the problem will naturally be resolved. We consider that as the 3+3 secondary school system and the four-year undergraduate structure can be implemented only in a decade's time, the issue of increasing sixth form places should not be delayed that long. It is because under the existing system, many qualified sixth form students are shut out of the doors and forced to repeat or enroll in private schools, or even enroll in other self-enrichment programmes that require more time and money. They are definitely not losers in the Hong Kong Certificate of Education Examination (HKCEE); they are competent enough to study in Form Six, only that there are not enough sixth form places for them. As a result, the DAB hopes the authority will seriously consider the proposal of increasing sixth form places. I would like to point out that the conversion from a three-year structure to a four-year one has long been a consensus, however, the Government does not relax the mechanism for resource consideration. If the 3+3 secondary school system and the four-year undergraduate structure are launched concurrently, the resources required will be even more enormous. I hope the Government will support it without any hesitation at that time.

Although subsidies for kindergartens have seen small increases, they are far from adequate at all. The DAB hopes the Government will allocate more resources for early childhood education and change the subsidy scheme by granting direct salary subsidy to qualified kindergarten teachers, with a view to improve the quality of early childhood education.

We should pay close attention to the massive allocation of resources in education and follow up whether they are properly used. The resources committed by the Government seek to resolve, from the quantitative aspect, the problem of supply of places from Form Three to the tertiary level. However,

the increase in places does not necessary mean there will be improvement in quality. I hope that along with the full expansion of places in large quantities, the Government should spare no efforts in improving the quality of education.

Now I wish to speak on the issue of human resources policy. According to the information of the Government, the demand for lower-skilled workers in five years will slow down. By 2005, there will be a surplus labour force of 136 700 people with junior secondary education or below, equivalent to 11% of manpower supply at that education level. We can foresee that a large number of lower-skilled workers will become jobless. Therefore, it is necessary for the Government to enhance the upgrading of the quality of manpower, so as to help these people, who have made significant contribution to the economy of Hong Kong, to overcome the difficult time. Besides setting aside \$5 billion to subsidize people who wish to further studies, with a view to encouraging lifelong learning, the Government should set down a set of distinctive training policies. In 1998, the DAB proposed to the Government a set of proactive labour market strategies with initiatives and foresight, in order to strengthen various employment services and training efforts, to promote the effective matching deployment of human resources, to ensure co-ordination among all sorts of services and organizations, and to provide tailor-made services to job seekers. We hope the Government will take our recommendation into consideration.

The DAB also suggests that the Government should consider the establishment of a general training council, so that the existing training programmes administered by different organizations can be better co-ordinated to achieve optimal utilization of resources. At the same time, we also suggest that a steering committee on training and skills upgrading should be established to study and evaluate the current adult education programmes. The Government should also expand the size of the existing careers and professional centres by integrating existing job matching centres under the Labour Department, so as to provide a more comprehensive one-stop employment and continuing education service.

For low-skilled workers, the Government should formulate a training policy for low-skilled workers in the light of the education level and skills attribute of the middle-age workforce, so as to assist them to upgrade the obsolete skills and to enhance their earning capacity and ability to adapt to the adverse financial conditions. The DAB suggests that two continued education resources service centres should be set up to provide pre-employment training

programmes and employment services to low-skilled workers and unemployed people, and to offer them a chance to acquire new skills. At the same time, the Government should also conduct a comprehensive review on the curriculum of all courses offered by the Employees Retraining Board (ERB) currently. Furthermore, the DAB suggests that the Government may encourage workers who have financial difficulties to pursue further studies after work through direct or indirect subsidy schemes such as the provision of training vouchers.

Besides the retraining of low-skilled workers, in the knowledge-based economy, it is necessary for employees of all trades and industries to participate in self-enrichment programmes and to move up the value-added ladder. The DAB suggests that the Government should encourage employers to invest more in human capital, to train people of professional knowledge and special skills, to enrich the curriculum of training courses in information, new technology and industrial expertise, so as to enable serving staff to attain a better command of the development and application of latest technology in the international community. In order to encourage companies to offer training courses to their staff, the Government should grant a tax deduction equivalent to 1.5 times of the expenditure on operating the relevant training courses. At the same time, in order to fortify the position of Hong Kong as a financial centre, the Government should allocate more resources to train up local experts in information system management and finance.

I so submit. Thank you, Madam President.

**MR LEE CHEUK-YAN** (in Cantonese): Madam President, I wish to make a solemn statement here that the people of Hong Kong are in no sense "Afghan" residents, nor is our Government the Taliban Government or the Central Authorities the Northern Alliance currently engaged in guerrilla warfare. The "Afghan" residents are leading a terribly hard life because of their Taliban Government; even though the situation in Hong Kong is not as awful as that, it is worse enough to cause the people of Hong Kong to complain terribly. I also wish to solemnly make it clear that this policy address is not a "handout" address, but since it is poor taste, it can hardly improve the taste of the Government or restore the confidence of the public. So, the people of Hong Kong are disappointed once again! The public is particularly concerned about how the Government will resolve the unemployment problem to help relieve the hardships faced by the community. Later on, the Honourable LAU Chin-shek



will speak on behalf of the Hong Kong Confederation of Trade Unions (CTU) on the inadequacies of the Government's measures to create job opportunities. I will focus on the responsibility of the Government in connection with the restructuring of the economy and the role it has to play in this.

In the face of Hong Kong's restructuring into a knowledge-based economy, the Chief Executive always mentions the needs to pursue lifelong education and to invest in education. While he seems to suggest that it is most important to acquire knowledge, sometimes what he says may just give people the impression that they can do nothing if they do not acquire more knowledge. However, I wish to put down a reminder that not every member of society is equipped with enough education to enable him or her to catch up with this restructuring process. Investment in education is certainly important, for this is a matter of welfare for the next generation. But then, how about the current generation? Should the 1 million-odd middle-aged workers whose skills are no longer require in society "vapourize"? Unfortunately, the Chief Executive is short of means to address this issue. Antony LEUNG told us to read the book *Who moved my cheese?* The Commissioner for Labour told us to rear pigs, while Dr the Honourable Raymond CH' IEN told us to condescend to accept whatever jobs thrown our way. All these people are out of touch with the reality; they just do not know the suffering of the people. They are no different from the Chinese Emperor who asked why his subjects did not eat meat instead, or the French Queen who asked why the hungry people did not eat cakes. Their remarks have served to further fan the flames of the already infuriated people. We just hope those who are in high places will shift their paradigm. The world has changed, and so the role played by the Government should also change.

Madam President, here I should like to discuss the issue of paradigm shift with reference to the book *Who moved my cheese?* recommended by Antony LEUNG. This book is about two mice and two "little-people" living in a maze filled with cheese. The four of them used to live very comfortably as they could always find enough cheese to eat in the vicinity of their homes. Then, one day, the cheese in the maze started to diminish. The hardworking quickly moved to another maze to look for food. Those who were willing to make changes and managed to overcome their fear and adapt to the changing environment eventually survived. But then, one of them died in the end because he was unwilling to leave the maze and kept thinking of the good old days. I do not dispute that this is an inspirational story. However, I think the story has only focused on telling people to adapt to changes but failed to point out that changes

would cause people to perish. I consider the story incomplete because the cheese had indeed been removed from the maze by someone. While Antony digs a tunnel to get the cheese and Mr TUNG carries the cheese away by sea, Dr CH'IEN is looking upon the maze in the air with a golden spoon in his mouth. And so the cheese is gone.

Actually, the world economy is transforming and cheese is disappearing every day. What will happen in the end? For those who cannot adapt to high technology and remain in the maze, because they are too short and little compared to the high walls of the maze, they can only keep running in the maze to look for food even though the cheese has been removed. In the end, they just die of exhaustion. As for some others who also remain in the maze, they are very much concerned about their livelihood in the future because they cannot find any cheese. In the end, they are driven into insanity by their anxieties and some are even forced to commit suicide by burning charcoal in the maze.

What I wish to say is that adapting to changes is not so simple. As a matter of fact, the cheese is being removed continuously. One of the effects of the globalization of world economy is that a lot of cheese will be removed, only those who have mastered high technology can get on the economy express while the low-skilled ones just can have no more cheese. Unless we slow down the speed of removing the cheese or put some cheese back into the maze, the situation of those still trapped in the maze will turn from bad to worse. In fact, not every person can get out of the maze to look for food; some are really being trapped. The responsibility of the Government here is to change its paradigm, rather than telling the people to adapt to the knowledge-based economy. Since there are people whose starting point is less favourable than others, in order to enable everybody to adapt to changes, the Government should shoulder its responsibility to slow down the process and put some cheese back into the maze to make it possible for some people to continue to have food.

I really hope the Government will admit that during the process of economic restructuring it has a responsibility to control the market, distribute earnings, safeguard the dignity of people and invest substantially in manpower training. The Government's role in reining in the market is that it must recognize the need for striking a balance between the market and the people's right to survive, rather than refusing to intervene in the present situation in which workers are working increasingly long hours for increasingly low wages on the pretext of its policy of not intervening in the market. Otherwise, how can the

working population work in dignity? In the eyes of the Government, are people worthless? Is our community advocating a policy of letting the people to fend for themselves? We say we have to protect the environment and care about the endangered animal species. Yet on the other hand, we remain indifferent to the hardships confronting the poor and the beleaguered. In order to enable every person to work in dignity and to distribute earnings reasonably, the CTU has all along been urging the Government to set a minimum wage and to put an end to the present situation where there is not a base price for labour. With a wage level baseline, people can then work in dignity. Apart from that, we have also been striving for a limit on working hours to enable people to lead a balanced life.

In his policy address, the Chief Executive urges parents to spend more time with their children. This is certainly a good thing. But then, how many people can really afford to spend time with their children? Mrs LAW works 16 hours daily, so she is indeed a bad example. The Chief Executive urges parents to spend more time with their children every year. I notice that he has done so in the past two years' policy addresses. However, just making an appeal alone will not work, the Government should intervene in and hold the market in check to ensure there is a limit on working hours. Is our community happy to see people's energy and time being completely used up by work, with nothing left for their families or themselves? The Government says it shall refrain from intervening in the market. However, in reality, it has to intervene because of the huge risk to which society is exposed. Taking the air services sector as an example, the Government has to allocate over \$60 billion to intervene in the market. As we all know, the risks of the sector are indeed enormous; but then, we just cannot close the airport. In order to keep the airport open and to support the air services industry, the Government is willing to spend \$60 billion. That being the case, why does it not provide support for the people? Why does it not intervene in people's livelihood? After all, in both cases the Government's role is to share the risks. The risks society is faced with have reached such a high level that Hong Kong has already become a high-risk society. Thus, the Government should help wage earners to share the various risks existing in this high-risk society. The Government is will to intervene in the interest of the air services sector, is it willing to do the same in the interest of the working population?

In addition, the CTU has also been striving for the right to collective bargaining as an effective mechanism whereby the fruits of prosperity can be shared by all. Particularly at the present moment when there are so many wage cuts, layoffs and the recently raised requests on employees to take no-pay leave, a collective bargaining mechanism should all the more be set up to ensure that employers will negotiate with employees and representatives of trade unions. I am glad that the other day Antony has changed from emphasizing that the Government should take the lead in sliming down to expressing his hope that employers would open discussions with their employees. Discussion with employees is very important in that instead of resorting to layoffs in the first instance, employers should examine together with employees whether there are other means to open up new sources of income and cut back on expenses. Further still, I am also glad that the media have started to advocate enhanced communication between employers and employees. The right to collective bargaining is exactly this, which is to establish a mechanism to ensure dialogues between employers and employees instead of unilateral talks or appeals. While we are saying that everybody should have the right to work in dignity, the Government has nevertheless deprived workers of their basic bargaining right without providing them with sufficient protection. As the rate of unemployment continues to stand high, employees can hardly work in dignity. No wonder some people feel that wage earners are being trampled on like mud and dirt. However, I am worried even more by the Business Impact Assessment (BIA) suggested by the Government. I believe the Honourable James TIEN must have striven for the BIA for many years. Our grave concern is: Does this BIA reflect that the Government will further incline towards and become absolutely biased in favour of the interests of businesses? We now have Environmental Impact Assessment (EIA) and BIA, but so far we have never heard about livelihood impact assessment. Should we not conduct a livelihood impact assessment to strike a balance? The Chief Executive says that the measures will be people-oriented. What he says is simply empty talk because in the end the Government will only conduct EIAs and BIAs but not any assessment of the impact on the people. Under the circumstances, we cannot help but wonder whether the Government will push further forward the law of the jungle in society, where there are only business opportunities, not opportunities of life. We just hope this society can be better balanced, for people have to live in society after all.

Last but not least, I should like to speak on manpower training, an issue I have referred to earlier. After reading the policy address, I just could not help

but letting out a sigh, for it appears that the Government could offer nothing more than the "Mrs LAW's only stroke", which is the provision of training. I read the policy address over and over again, but all I could find was education and training. Because of this "only stroke", issues like minimum wage and limit on work hours mentioned by me just now remain untouched. Fortunately enough, this "only stroke" is applied with considerable punch this time. In response to our strive for a \$10 billion fund, the Government gives us a 50% discounted offer, which stands at \$5 billion. Had we known it, we would have asked for a \$20 billion fund and our original target could then be met by the 50% discounted offer made by the Government. Actually, we have made two major requests in this connection. The first request is of course the provision of training subsidies, which is now the \$5 billion fund set aside to subsidize people pursuing continuous education and training. As the Secretary is also aware, our second request is related to the training leave issue, which includes providing training leave for employees and looking into ways to subsidize employers so that they will allow their employees to undergo training during working hours. As regards taking training courses after work, from some interviews with wage earners we can see that many of them have to work overtime and just cannot spare any time for training courses. There are certain trades which require employees to work 12 hours a day, how can those engaged in such trades find time to receive training? We keep talking about creating more room, but do wage earners not need more room too? In order to keep their jobs, wage earners have sacrificed all their time. Now that the Secretary has given a 50% discounted response to our request, I wonder when she will give a 50% discounted training leave offer to ensure that workers can take training courses during their working hours. Actually, by offering employers subsidies to hire part-time workers to stand in for those employees on training leave, this training leave offer can also create more employment opportunities. I hope the Government will accede to our request in this respect.

Moreover, we have also noted a problem of polarization between the rich and the poor in terms of training. On the whole, only one out of nine people of Hong Kong can receive training. This is indeed too small a ratio. As regards those people who can receive training, many of them are tertiary institution graduates holding a managerial level job. As a matter of fact, it is always the middle-to-lower-skilled workers who have the least chance to receive training. For this reason, I very much hope that the Government will, as far as practicable, give priority to the middle-to-lower-skilled workers and people who hardly have any chance to receive training at present, and use that \$5 billion fund to provide

these people with training. How the problem of polarization between the rich and the poor can be rectified is my another major concern. I just hope those \$5 billion will not be spent entirely on training courses for full-time workers to the neglect of the retraining needs of the unemployed. After all, the unemployed must receive training in the relevant trades to adapt to their new jobs.

I hope the Government will not turn its back to me and say that my views are of poor taste after listening to my speech. I also hope the Government will hand out some active response to all wage earners in Hong Kong. Thank you, Madam President.

**MR LEUNG FU-WAH** (in Cantonese): Madam President, the Hong Kong Federation of Trade Unions (FTU) basically approves of the last policy address the Chief Executive presents during his term of office. However, as the Legislative Council has a responsibility to monitor the work of the Government, I am also obligated to point out the inadequacies of the policy address after giving it my approval.

The latest unemployment rate released on Tuesday reaches a record high of 5.3%, representing an unemployed population of 186 000 and an underemployed population of 84 000. While the employment hardship facing the public is uncommonly grave in recent years, the negligible confidence the public have in their own future is equally rare in these past few decades.

The proposal put forward by the Chief Executive in the policy address to create 33 000 jobs will help to alleviate the unemployment situation to a certain extent. In these past few days, we have heard many Secretaries of Policy Bureaux explaining how the new jobs will be created, for example, by expediting the launch of works projects, dividing the projects to enable small-scale local contractors to bid for the contracts, introducing direct employment by the Government, creating long-term jobs, and so on. Many of these measures are long-standing requests made by the FTU, as we believe they are conducive to the employment of local workers. We welcome the prompt response made in the policy address to cater to the needs of the people and to provide them with some immediate relieve from their hardship. Doubtless these 30 000-odd new jobs certainly cannot help much to resolve the overall unemployment problem.

Hong Kong is an export-oriented economy and the various local businesses and industries are generally influenced by external economic factors. In the

past when the stock and property markets were booming, the consumption power of the public was so strong that people's expenses on extravagances were indeed awesome. However, in the wake of the regional financial turmoil and the burst of the bubble economy, we finally realized that it was a mistake that Hong Kong had relied excessively on earnings in the property and stock markets over the past decade or two. Following the opening and reform on the Mainland, many plants and factories on which more than a million of manufacturing industry workers used to rely for their living rapidly moved northward. But due to the failure of the then Government to take proper measures to promptly retain such plants and factories in Hong Kong, tens of thousands of skilled workers are unable to find a job today. This is also a mistake. Seeing that cost of production is high in Hong Kong, the Government of the Special Administrative Region believes that we should develop high value-added industries to maintain our competitiveness. We consider this idea of the Government correct. According to the policy address, in order to invest in the future, significant investments will be made in education to enable the people of Hong Kong to meet the keen competition ahead. We agree that if we are to avoid any problem of structural unemployment in the future, far-sighted and well-planned manpower training will be indispensable. With regard to the proposal put forward by the Chief Executive to change the present three-year university structure to a four-year one, while we consider the four-year structure in line with the world trend, we still hope that the Government will communicate and co-operate sufficiently with the administrations of the various universities to ensure the smooth development of this major change.

The \$5 billion continuous education fund proposed in the policy address is certainly good news to those who have learning aspirations. Besides, we also welcome the Administration's idea of providing subsidies in the form of vouchers, so that the recipients can use the subsidy to pursue their preferred course of study freely. In fact, to those who are employed, time is a major constraint on continuous education. In particular, during the present economic downturn, as many enterprises have cut back on their manpower, it is commonplace for one to work until late at night to finish the work which used to be done by several workers. The labour sector just hopes that employers will think in the long-term interest of their firms and make flexible work arrangements for their employees.

Madam President, the livelihood of employees is all the more unprotected during times of economic recession. Over the past few months, many

professionals and middle-level management personnel have also been exposed to the threat of unemployment. Hong Kong is now faced with a critical challenge that is much more than a single economic issue. The thrust of the challenge is whether the people of Hong Kong can pull together in times of trouble, be mutually understanding towards each other and ride out the storm together. I hope employers will not kick their employees out of their mind when business is poor, for they have been working hard for their firms all along. I also hope that employers will fully consider other methods when seeking to cut costs, rather than laying off their employees casually. Human capital is a major business tool that has brought huge returns for their employers in times past. Once the economic environment improves, the returns on human capital will come naturally.

Apart from investing resources to create new jobs, we should also assess the development potential of the various trades in the labour market. On the one hand, efforts must be made to follow the market trend closely to provide training courses specific to the changes in manpower demand, so as to ensure the employment opportunity of trainees. On the other hand, the contents of training programmes should also be reformed, as private enterprises have already reformed the training programmes for their employees several years ago. In this connection, the secretary training courses designed by private enterprises have already incorporated such aspects as administration, public relations, and so on. The demand for multi-skilled employees has been on the increase in the market. The demands of employees are particularly harsh in times of economic recession. While we will not discuss whether such demands are lawful and reasonable for the time being, there is no doubt a trend of offering one single job with the work and responsibilities of several different jobs. Those courses teaching only one single skill offered by training organizations at present can no longer cater for the needs of the market, and that is why many trainees are unable to find a job after completing the courses. The damage done to the trainees this way is far greater than that suffered by people who have not participated in any training courses. This is because the trainees have spent time and money on those training courses, only to have their confidence injured in the end. We hope the Government will expeditiously complete the review of the roles and duties of the various training organizations in Hong Kong, with a view to launching bold reforms and setting up more flexible mechanisms that can respond promptly to the needs of the market, thereby supplying the labour market with the right manpower resources.



Speaking of the development prospects of the local employment market, as labour-intensive industries have almost disappeared completely, the employment problem facing low-skilled workers of low education is particularly grave. The Government has pointed out the need for Hong Kong to develop the logistics and tourism industries, yet at the same time we should not overlook the development potential of the local domestic helper market. Actually, the Employees Retraining Board has identified the demand for local domestic helpers and started offering the relevant training courses since a long time ago, only that the employment situation of trainees has remained far from satisfactory. Recently, thanks to the sudden awakening of the Government, the Education and Manpower Bureau commissioned a consultancy to study the demand and supply for local domestic helpers. According to the study findings, there will be tens of thousands of vacancies in the trade in the coming year. Such a rapid growth rate should be beyond comparison by any other trades. But then, as indicated in the vacancy survey results released by the Labour Department recently, the ratio of vacancies for domestic helpers to job seekers is 1:7, which is rather different from the picture presented in the study commissioned by the Education and Manpower Bureau. Indeed, the said study has also revealed that the majority of vacancies would be filled by foreign domestic helpers at a ratio of 4:1. The FTU holds that local workers should be given priority in employment, and permission for importation of labour should be given to those trades which have a shortage in the supply of local workers. It is regrettable that even though the foreign domestic helper policy has been in operation for over 30 years, a review has yet to be conducted. The Government only reviews the minimum wage for foreign domestic helper every two years without conducting any overall review in the light of the local labour market. This is just unreasonable.

Despite the fact that the unemployment situation in Hong Kong is deteriorating continuously, tens of thousands of vacancies that can suitably be filled by local workers are nevertheless given to foreigners. So, this is the contradiction between government policy and the reality. Perhaps some may say as local workers have higher expectations and ask for higher pay, it is of course more economical to employ foreign domestic helpers. We do not deny that as foreign domestic helpers usually live with their employers and can provide over eight hour's service, they are more suitable for looking after young children and elderly persons. Yet it is also an undeniable fact that their wage level is lower than that of local workers. Compared to the \$3,600 prevailing minimum wage for foreign domestic helpers, the \$4,500 median wage for local domestic helpers is indeed way higher. If competition should be conducted in a

level playing field, there would be no cause for complaint when wage levels were decided by market forces. But the fact remains that the competition between local and foreign domestic helpers is by no means fair. The minimum wage requirement for foreign domestic helpers just exists in name only, as it is open secret that a foreign domestic helper can be employed with a monthly wage of some \$1,000-odd to \$2,000. In addition to household chores, these foreign domestic helpers have to work in markets and food premises as well. Even though it is prescribed in the Immigration Regulations that foreign domestic helpers should be provided with individual accommodation, in reality there are numerous breaches of this requirement. What is more, some foreign domestic helpers even help to join with a few fellow foreign domestic helpers to rent accommodation. All this reflects that foreign domestic helpers have been gravely exploited in defiance of the law. Where there is no limit on the working hours of these foreign domestic helpers, they are forced to do work other than household chores and are not provided with proper accommodation. These are the results of the vicious circle of employers exploiting foreign domestic helpers and the Immigration Department failing to monitor the situation in accordance with the relevant legislation. However, foreign domestic helpers are not the only ones who suffer, for applicants for vacancies for local domestic helper are also made to lose opportunities of fair competition because of such cases of abuse and unlawful practices. We welcome the undertaking made by the Chief Executive in the policy address to ensure strict compliance with the laws and regulations on importation of labour and foreign domestic helpers and to eliminate illegal employment black spots. We hope that these measures can help restore opportunities of fair competition for local domestic helpers.

To alleviate the unemployment problem facing our workers is the first and foremost task before us. In order to enable more local domestic helpers to enter the market, the Government needs to offer more incentives. In the short term, information on job vacancies and transportation arrangements should be provided for trainees to make it more convenient for them to commute between their homes and that of their employers. As a medium-term measure, on top of training in household chores, multi-skilled domestic helper training courses should be offered to provide training in such areas as knowledge in the care and attention of infants and the elderly, special culinary skills, and so on, with a view to enhancing the competitiveness of local domestic helpers. As for the long run, an intermediary market for local domestic helpers should be set up to provide recruitment and insurance services for both employers and employees, so as to ensure the all-round development of the local domestic helper market.

Certainly, the local domestic helper market can help to alleviate the unemployment problem only in a limited way. But if no efforts were made in this respect, the problem would just deteriorate further and bring about social problems of an even greater gravity.

Madam President, we can learn from newspapers that although there are considerable grievances in society, there are also many other encouraging stories of people making good efforts to attain self-improvement. We have been keeping a close watch on the workers and trade union representatives among us since the publication of the policy address, and notice that the dissatisfaction harboured by the community is not as strong as described in the media. Many members of the public are treating this policy address in a practical manner. We believe that so long as we maintain our confidence and capabilities to seize the business opportunities arising from our country's accession to the World Trade Organization, the economy of Hong Kong will certainly revive as the present economic crisis subsides.

On the whole, this policy address has responded to the wishes of the people. Very unfortunately, however, some Members have deliberately shifted the thrust of the debate to their demand for the Chief Executive to step down, rather than reflecting the views of the public in an objective manner. I feel very sorry for this.

Madam President, I so submit.

**MISS LI FUNG-YING** (in Cantonese): Madam President, in the face of the economic restructuring, Hong Kong was badly hit by the "September 11 incident" in the United States following the traumas suffered during the Asian financial turmoil. It is the hope of the general public that the Chief Executive can put forward specific initiatives to alleviate their hardship, restore their confidence, and extricate Hong Kong from its predicament. However, the policy address has undeniably brought disappointment to a great number of people.

Just as pointed out by the Chief Executive in the policy address, there is much that the SAR Government can do amid the current economic hardships.

Unfortunately, much of the work seeks to invest in the distant future, rather than extricating the people from their predicament. The SAR Government's plan to embark on a long-term education programme as its prime task also reflects that the Government has either failed to keep tabs on the pulse of society or lacked the minimum political wisdom to resolve the social grievances. While the policy address has intensified its effort to strengthen education so as to equip the public to catch the train of knowledge-based economy, it has failed to propose any sound solutions to help the public resolve their imminent problems.

According to the unemployment figures published lately, the unemployment rate in Hong Kong has risen from 4.9%, or 172 000, during the period from June to August, to 5.3%, or 186 000, at present. The Government has even estimated that the unemployment figure will soar further. When we read the newspapers every day, we will find news of retrenchment and pay cuts by large and small enterprises, under different pretexts, of a scope and a magnitude rarely seen in Hong Kong. These waves of pay cuts and retrenchment do not affect only the labour sector. People of the middle class, who used to lead an affluent life, are badly affected too. Members of the wider community are now in constant fear for their livelihood. Can the \$55 billion ambitious programme of education proposed by the policy address help these people? Can the \$1.9 billion loan fund for the small and medium enterprises help ease the worries of these enterprises? Can those who are living on a hot pan share and look forward to the picture painted by the Chief Executive that everyone can "enjoy a healthy and positive lifestyle in a rich cultural environment"?

The unemployment rate in Hong Kong is now heading for 6%. Alongside the unemployed, there is a group of low-income earners who are now working long hours for the sake of keeping their "rice bowls" in face of the cruel economic reality. A survey revealed that nearly 1.25 million people, or 18.5% of the total population in Hong Kong, earned an average monthly income of less than \$2,550 last year. With this year's economy performing even worse than last year, these ultra-low-income-earners are expected to make even lower incomes. Though the Chief Executive reiterated in the policy address that he would be "implementing people-oriented policies", has he really extended a helping hand?

The policy address has proposed to create 30 000 job opportunities as an initiative to alleviate the people's hardship. As a representative of the labour sector, I welcome this proposal. Nevertheless, these 30 000 job vacancies *vis-a-vis* the 186 000 unemployed are like a drop in the bucket; they are unable to alleviate the social unrest arisen out of unemployment or fears of losing jobs. Furthermore, these jobs will not be created immediately. Neither can they address the unemployment problem plaguing various strata too. Madam President, during this critical period, I urge the Government again to abandon its golden rule of "non-intervention". Instead, it should seek to identify solutions with new thinking by, for instance, expediting and expanding the development environmental protection industries and recycling industries, conducting a comprehensive review of its overseas domestic helper policy, and formulating demographic and manpower policies compatible with the sustainable development of Hong Kong economy. I would like to point out in particular that under a market mechanism in which the weak stand as an easy prey to the strong, some supermarket chains have managed to continue opening "mega-stores" in public and private housing estates, thereby severely stifling the room for survival of small operators. As a result, small operators are forced either to engage in illegal hawking in the streets or to wind up their business and join the unemployment ranks. The Government must conduct another review of the relevant policies to curb monopoly, and formulate measures to help small operators.

Facing a persistently high unemployment rate, a large number of wage earners have been trapped in prolonged unemployment. Those who have little saving have already used up all their money. They are either suffering from a drastic drop in their living standard or struggling hard to survive at the peripheral of the Comprehensive Social Security Assistance net, in desperate need of government assistance. Madam President, the Federation of Hong Kong and Kowloon Labour Union (FLU) earlier made a request for the Government to set up a loan fund for the unemployed, we hope the Government can accede to this request so as to meet the urgent needs of the unemployed and ease the worries of the employed.

Since the Chief Executive has proposed in the policy address that the Government will endeavour to create more short-term employment opportunities, I think the prime task it has to do is to reconcile the conflict between increasing employment opportunities and constant "downsizing" of the Civil Service and statutory bodies. All "downsizing" actions taken by the public sector, under

whatever pretexts, must be frozen completely. The Government must not create more employment opportunities on the one hand and create new unemployment on the other, thereby creating self-contradiction and an offsetting effect among policies. In order to prevent turning the proposal of creating the 30 000 posts into a mere numerical game, the Government should enhance its transparency in implementing the proposal by tabling to this Council quarterly reports on the progress of this job creation initiative, as well as publishing the pay and conditions of various trades, the recruitment progress and the number of outstanding posts so as to keep various sectors of the community informed of the relevant situation.

The policy address has also proposed that a \$600 billion infrastructure programme involving the Government and the two railway corporations will be implemented over the next 15 years. According to the Chief Executive, these construction projects will not only help maintain Hong Kong as a regional transport and commercial hub, but also create abundant jobs. The public should still have a fresh memory of the mammoth infrastructure projects launched by the Government. Before the reunification, we had the construction of the new airport, airport railway and Tsing Ma Bridge. The scale of the construction works and the number of jobs created were unprecedented. Nonetheless, owing to the concurrent implementation of these mammoth programmes, many employers had to resort to the importation of foreign labour, subsequently affecting the job opportunities and pay of local workers directly. The SAR Government must learn from this lesson. Otherwise, it will make the same mistake again. Eventually, no improvement can be made to the employment of local workers notwithstanding the commencement of large-scale construction projects. Some of the large-scale programmes mentioned in the policy address were in fact proposed a long time ago but still the relevant work has yet to commence. We can well say that "there has been much talk but no action". Should the Government fail to implement these projects swiftly, people will lose their confidence completely, and the consequence will be even more serious.

With globalization of the world economy, the labour relationship in Hong Kong is now undergoing rapid transformation. In the policy address, the Chief Executive says, "The number of people employed by large corporations has dramatically decreased. As a result, more and more people have become self-employed and started their own small and medium enterprises. This will become a more prevalent trend." At the same time, it has become more and

more prevalent that, in order to evade responsibilities, a large number of employers including even including the Government choose to hire temporary hourly-rated employees under all sorts of pretexts. It has also become more and more prevalent that the existing Employment Ordinance has become obsolete for it only seeks to protect employees employed on "continuous contracts". In this connection, I have repeatedly pointed out that amendments are essential. We, Members from the FLU, would like to request the Government to introduce legislative amendments expeditiously to stipulate that employees must be protected once they are employed.

Similarly, in the new economy, more and more government departments choose to recruit government employees on non-civil-service contract terms. However, neither the Civil Service Regulations nor the Employment Ordinance is applicable to these employees. In order to give them the most basic protection in law, three Members from the labour sector, namely the Honourable LEUNG Fu-wah, the Honourable CHAN Kwok-keung and I, will jointly move a Members' bill to amend the Employment Ordinance, with a view to extending its scope of protection to cover these employees. Here, I would like to urge Honourable colleagues to support us then.

Madam President, an alternative voice calling for a comprehensive review of the labour legislation can be heard in society lately. It seeks to reduce the responsibilities of employers when hiring employees, instead of strengthening labour protection. Under the pretext of improving the business environment, people making such comments are actually taking advantage of the troubled situation, thereby adding to the misfortune of the general workforce. At this time of an economic downturn, various sectors of the community must effect cohesion to help each other out. Proposals on amending the labour legislation and reducing the number of provisions of employee protection will only intensify social conflicts and lead to further unrest in society.

Lastly, I have to point out that I have no objection to the proposal raised by the Chief Executive in the policy address to implement such measures as increasing education expenditure, granting \$5 billion to encourage continuing education, improving the environment, enhancing our living environment, and so on. It is only that what lies before us is the necessity to make the best choice between two rights. At the same time, the choice must be made on the basis of our understanding of the reality and the future. During this critical period, the

people very much hope that the Government can come up with resolute contingency measures to lead Hong Kong out of its predicament. I hope the Government can accommodate public opinions extensively and act immediately!

I so submit. Thank you, Madam President.

**MR ANDREW CHENG** (in Cantonese): Madam President, I shall speak for the Democratic Party on the manpower and labour policies contained in the policy address.

Regarding the emphasis placed by the Chief Executive in the policy address on the active development of education and training, the Democratic Party, first, supports the Government's allocation of \$5 billion for the purpose of providing continuing education and training subsidy to adults wishing to pursue studies to enhance their competitiveness. But while the Government lays stress on long-term ultimate solutions, it must at the same time seek to treat the symptoms by introducing some immediate measures to ease the unemployment situation at this very critical point of time. Given the high unemployment rate of 5.3% now, the creation of 30 000 jobs mentioned in the policy address is but a drop in a bucket.

Madam President, a couple of days ago, Executive Council Member Dr CH'IEN Kuo-fung made a heartless remark, saying that the high unemployment rate was attributable to the "pickiness" and "inflexibility" of Hong Kong workers. The workers of Hong Kong work very long hours every day, and their meagre earnings can suffice for a hand-to-mouth existence only. Or, in some cases, they earn just enough to pay their mortgage instalments, as if they were working to support property developers. They have been working that way without grumbling and complaining, but they have still been criticized for being "inflexible". Does Dr CH'IEN Kuo-fung think that they can be considered as flexible only when they work like slaves without receiving any payment?

Madam President, before the Chief Executive announced the policy address, the Democratic Party had met with him and expressed the hope that he would heed the opinions put forward by us in the submission. On manpower and labour policies, we advised the Government to allocate \$1.9 billion for the creation of 85 000 new posts. We proposed the creation of 85 000 new posts,



and the policy address talks about 30 000 posts. Let us not consider whether this official figure is any embellishment for the time being, but we can be certain about one thing — the Government lacks sincerity in tackling the problem of unemployment. When faced with an unemployed population of some 180 000, the Government is only prepared to create new jobs that amount to less than 20% of all the unemployed. The people of Hong Kong thus feel very disappointed and helpless. People who are observant have even queried the truth of the Government's statement that 30 000 new jobs will be created, for paragraph 99 of the policy address talks about "..... starting many of the projects endorsed by the two former Municipal Councils to improve recreational and cultural facilities and amenities". Can the word "starting" be taken to mean additional and newly created jobs?

Madam President, in recent years, the Government has been taking the lead in outsourcing. But amidst the current economic downturn and difficulties in finding jobs, by taking the lead in outsourcing, the Government is in effect taking the lead in promoting exploitation. Without adequate supervision, the Government's proclaimed intention of expediting infrastructure construction and creating jobs may well make more workers become the kind of "flexible" cheap labour expected to by Dr CH'IEN Kuo-fung. Worse still, sub-contractors may simply run away with workers' wages, plunging them into yet an even greater plight. Therefore, the Government is duty-bound to see to it that workers working for outsourced projects do earn reasonable wages, or else the expedition of infrastructure projects will only give a false impression of increased employment or become a trap for workers.

With the launching of massive infrastructure projects, there will inevitably be a corresponding huge increase in the number of outsourced government projects. This will lead to the problem of contract renewal between the Government and works contractors. The Democratic Party urges the Government to seriously consider the welfare of workers working for works contractors. Although the Labour Department seems to have noticed the problem of exploitation caused by outsourcing, and it has thus held seminars and issued guidelines. Still we think that these efforts cannot possibly plug the loopholes of the existing legislation. Therefore, the Democratic Party urges the various Policy Bureaux to seriously consider, when outsourcing government works, putting in place a system of "commonly accepted trade wages". As its name suggests, the system should cover the general wages payable to the majority of workers engaged in the same type of work in one particular place. I

must stress that this system applies to projects and work outsourced by the Government. The Government may attach a general guideline to public works contracts, so that the regulations on wages can be enforced. This guideline may cover the following three aspects:

- (1) The contractor concerned must state very clearly the methods for computing the hourly pay and daily pay for each type of work, and the wages offered must not be lower than the "commonly accepted trade wages". The contractor must also display the wages for different types of work at conspicuous places on the construction site;
- (2) The "commonly accepted trade wages" must be updated and printed by the Commissioner for Labour every year. Under the current administrative guidelines of government departments, there are already 29 types of work. It is not difficult to further set out "the commonly accepted trade wages" for each type of work;
- (3) the contractor must maintain a record of staff contracts for random inspection by the Commissioner for Labour.

Besides, such a system may also set out the penalties for various violations, so as to achieve a deterrent effect:

- (1) Fines: Upon the receipt of a complaint concerning the failure of a contractor to comply with the general guidelines on provisions in respect of wages, the Commissioner for Labour may conduct a hearing to determine each penalty, and the fines collected can be deposited into government funds, such as the Protection of Wages on Insolvency Fund;
- (2) Confiscation of payments: Either when a worker receives short wages or when a contractor fails to submit accurate reports on workers' contracts, the Commissioner for Labour shall have the authority to confiscate payments which are otherwise due to the contractor;
- (3) Administrative fines: The Commissioner shall have the authority to assess the discrepancy between the wages due to a worker engaged in an ongoing works project and the actual wages he has received.

When necessary, the Commissioner may conduct an investigation and instigate legal actions. The administrative fine shall be paid back to the worker; and

- (4) Suspension of bidding qualification: A contractor who violates these laws in the course of undertaking outsourced works shall have his bidding qualification suspended as a penalty, say, for three years in the case of the first violation, and five years in the case of a second violation.

Madam President, the provisions in the existing Employment Ordinance of Hong Kong on the legal responsibilities of sub-contractors and nominated sub-contractors in respect of staff wages are mainly about the legal liabilities of principal contractors, sub-contractors and nominated sub-contractors of general contract works relating to the payment of wages to their staff. We are of the view that such provisions can only provide very rough protection for the rights of workers engaged in contract works. Under the existing economic circumstances, it is necessary for the Government to amend the Ordinance, so as to strengthen the regulations on wages and working hours. We emphasize that when outsourcing any projects and work, the Government must strengthen its regulation of wages and working hours because without outsourcing, there must still be some internal regulation of wages and working hours. We hope that the narrow definition of a contractor in the Ordinance, which is confined to meaning a works contractor, can be expanded to cover contractors not engaged in works, such as those providing cleansing and security services. The reason is that with respect to the 30 000 posts recently mentioned by the Government, the Information Co-ordinator, Mr Stephen LAM, has disclosed that 25 000 posts are related to cleansing, security and infrastructure.

Although the Government has reiterated that it will make positive efforts to implement the three-shift security work system mentioned by it last year, I still wish that the Government can appreciate one point. As revealed yesterday by a survey on caretakers, of the 100 or so respondents, 90% had to work 12 hours a day with a monthly salary of less than \$6,000. Besides, the respondents generally showed a poor understanding of their own labour rights. The Democratic Party is worried that the three-shift system mentioned by the Government may cause a reduction in the wages of caretakers because of the resultant shortened working hours. In other words, because the introduction of the three-shift system, a problem of wage reduction may arise. It is hoped that

the Government can set down the commonly accepted trade wages system proposed by us when it outsources its security and cleansing services.

Madam President, in regard to the \$5 billion funding for continuing education and retraining, the Democratic Party has the following recommendations to make. We once proposed to introduce "training vouchers" as a means of providing training subsidy to people with no tertiary qualifications wishing to pursue studies, so as to upgrade their professional qualifications. The Honourable CHEUNG Man-kwong has mentioned this earlier. Under this proposal, a person with no tertiary qualifications will be granted a training subsidy of \$10,000. If the Government agrees to vote the \$5 billion in the form of "training vouchers", 50 000 people can benefit this year. When implementing the \$5 billion training fund scheme, the Government must pay attention to three points: (1) The Democratic Party maintains that the Government should at the same time introduce "training holidays", so that employees can be entitled to several days of holiday a year to take training courses related to their work or in which they are interested; (2) According to the statistics of the Census and Statistics Department, because of the continuous decrease in clerical posts, there will be an over-supply of labour by 2005, and the excess supply may amount to 160 000 people. The Democratic Party therefore proposes that the Government allocates at least \$1 billion a year in the future to finance people's lifelong learning, so that people engaged in clerical jobs can have access to training opportunities. Naturally, if the Government is to make effective use of the \$5 billion, there must be a fair and practical mechanism to ensure that those in need can receive government subsidy for their studies and succeed in finding jobs; and (3) The Government should consider the idea of establishing a course evaluation committee or mechanism composed of education professionals. The aim is to assess training courses offered in Hong Kong in great variety, lest some may offer substandard courses and try to make profits; worse still, some tutorial schools, as we learnt a couple of days ago, may simply close down and pocket all the tuition fees. If this happens, taxpayers will suffer in the end.

Madam President, I wish to say a few words on creating jobs for graduates of retraining. In regard to retraining, the Democratic Party also urges the Government to introduce a tax concession scheme for job creation. The aim is to encourage employers to create new posts and take on graduate retrainees, especially middle-aged unemployed persons. If the scheme works, the Government may receive \$360 million less in annual tax revenue, but 15 000

posts can be created. Unfortunately, the policy address makes no mention of this proposal.

As regards youth employment, we propose to introduce a scheme on wage allowances. The aim is to assist young people having completed the Youth Pre-employment Training (YPT) Programme and Project Springboard in finding jobs. If a trainee can be employed continuously for one year within two years from graduation, his employer will be entitled to an allowance amounting to one fourth of the trainee's salaries in that year. Assuming that the monthly salary is \$8,000, and since there are 16 000 trainees under the YPT Programme and Project Springboard last year, the Government will at most have to incur an extra expenditure of \$380 million; that way, it can ensure 16 000 jobs. The on-the-job training scheme recently introduced under the YPT Programme is actually very similar to the proposal made by the Democratic Party above. Under the on-the-job training scheme, an employer who provides a three-month on-the-job training course for those YPT Programme trainees under his employ is entitled to a monthly allowance of \$2,000 for each employee for a maximum period of three months. The statistics of the Education and Manpower Bureau show that as at 31 August this year, the authorities had received 3 970 "on-the-job training vacancies", and only 825 trainees, or about 28%, were given such training. Therefore, the Democratic Party views that the Government should make reference to the proposal mentioned earlier by the Democratic Party; it should keep the rate of allowance unchanged but extend the period from three months to one year and cover Project Springboard graduates as well.

Lastly, Madam President, I wish to respond briefly to Mr LEUNG Fu-wah who claimed that some people were trying to create a "Down with C H TUNG" climate following the announcement of the policy address. I hope that Mr LEUNG Fu-wah and his Federation of Trade Unions (FTU) can realize that many Hong Kong people are extremely dissatisfied with the policy address and Mr TUNG's governance. I must stress here that we cannot ask Mr TUNG to step down by means of the ballot box. So, if we do not voice our hope of his stepping down, what else can we do? If people even wish to gag us, there will be no hope for the people of Hong Kong. Actually, under the existing establishment, there is already no hope for them. But it surprises me to find that Mr LEUNG Fu-wah and his FTU would even wish to prevent people from venting their spleen. This is certainly not good to Hong Kong. Thank you, Madam President.

**MR MA FUNG-KWOK** (in Cantonese): Madam President, in this policy address entitled "Building on Our Strengths, Investing in Our Future", the Chief Executive repeatedly stresses his commitment to education; whatever our future economic development may be, the SAR Government is determined to invest in education, to allocate resources to pre-school, primary and secondary education, and the goal of achieving 60% popularization rate for tertiary education will remain unchanged. I welcome the SAR Government's commitment to increasing its investment in education on the year. This measure is crucial to Hong Kong's transition to a knowledge-based economy and the upgrading of its manpower quality. It therefore merits our full support.

In this policy address, the Chief Executive also talks about "changing the present three-year university degree structure to a four-year one". This is a correct direction.

The issue of changing the structure from three years to four years has been discussed for many years. The reason why it has not been implemented so far is that a myriad of complicated problems are involved: the convergence of academic structures, determining the total demand for secondary school places, assessing the demand for and supply of teachers, redesigning the senior secondary curriculums, and so on. But from the perspective of education, there has long since been a consensus on the effectiveness of a four-year structure. The real reason why the idea has not been implemented so far may perhaps have something to do with the Government's determination to allocate the resources required.

In fact, a four-year university degree structure will make curriculums more satisfactory in terms of completeness, and it will also enable our academic structure to converge with those in other countries. Besides, it will also give universities more confidence in fulfilling their mission of training up talents, because students will benefit immensely from one more year of university education, and there will be better assurance of the quality of university graduates.

With the urgent demand for quality manpower in mind, the Chief Executive puts forward the goal of making the reforms "within 10 years". But I think this timeframe is probably too long; I think the sooner the reforms are implemented, the better. We may consider allowing universities to take a first step in advance, permitting them to admit Secondary Five or Secondary Six

students with outstanding academic results to first-year degree courses during the transition period. This will enable universities and secondary schools to take account of actual circumstances and make corresponding adjustments in respect of the convergence of academic structures, thereby increasing the flexibility and pace of conversion.

In addition to applying flexibility to the admission of Secondary Five and Secondary Six students to university, we may also permit individual universities to implement a four-year structure ahead of others. Naturally, we still need to study whether all universities will need the same proportional increase in funding before they can meet the needs of conversion. Actually, circumstances do vary from one university to another. Therefore I hope that our universities can make good use of their resources. I mean, curriculums, facilities and resources permitting, a university should be allowed to decide on its own whether it should implement a four-year structure ahead of others. It is not necessary to require all the eight universities in Hong Kong to make a synchronized start.

Madam President, as we continue to increase our investment in education, we must note that while quantity can be used to judge the results, it is even more important to assure quality. Our universities should adopt a system of "easy entry, exacting exit", so as to boost students' motivation to learn, raise their sense of competition and thus upgrade their standards.

The strong social aspiration to a four-year degree structure actually stems from the hope that a four-year university education can effectively upgrade the standards of university graduates in respect of language ability, academic knowledge, perspective and vision, and, specifically, commitment to society and personal conduct. That the SAR Government and society at large are still prepared to increase the funding for the universities, despite the economic difficulties, is sufficient proof of the social determination to upgrade the standards of university graduates.

Precisely because of this, I hope that the universities, and also lecturers and professors, can respond sincerely and positively to the opportunity offered by the change in academic structure. In particular, at a time when the financial conditions of society are not so good, they must adopt a practical attitude towards the resultant needs for additional funding and make sure that the demands they make are reasonable. The four-year degree structure must be tailored very carefully, so that resources can be fully utilized, and the additional year of

university education must not be allowed to become a university preparatory course. There must be greater commitments to both students and society, so as to ensure the good conduct and quality of local university graduates.

What is worth mentioning is that university education is actually a need of society as a whole, which means that giving support to the universities should not be the duty of the Government alone. I wish to call upon the wider community, especially the commercial sector, to consider the idea of taking a more active part and render more support to the universities.

To sum up, I hope that our university staff can all work with one heart and join hands with the wider community and the Government to strive to upgrade the quality of our people within the shortest time possible.

Madam President, the SAR Government is indeed firmly committed to investing in education. But I hope that the Government can further promise that the resources thus saved from Secondary Seven education as a result of the change in university academic structure will continue to be committed to secondary education, so that secondary schools can have more resources to improve their facilities, quality of teaching and teacher to student ratios.

In fact, the policy address also proposes to increase the funding for secondary and primary schools, so that they can recruit more staff or teaching assistants to relieve the burden of teachers. Moreover, primary schools may, as required by their individual circumstances, recruit counselling teachers or social workers to deal with the crisis of the lowering age of problem youngsters. All these measures deserve our support.

Madam President, as we enter the age of knowledge-based economy, besides focusing on investment in education, we must also pay attention to our existing manpower policies. The Government has at last realized that with the challenges posed by globalization and knowledge-based economy, the key to success is the quality of manpower, and that the competition for talents has actually long started. That is why it proposes a number of measures aimed at encouraging continuing education. This is a correct direction, but care must be taken to ensure that these measures can achieve the desired effects.

The policy address says that we must attract as many talents as possible and facilitate the admission of mainland talents to Hong Kong for work. But it



has not put forward any specific scheme. Since the implementation of the Admission of Mainland Professionals Scheme in June this year, only some 170 successful applicants have come to work in Hong Kong. Does this reflect that the Scheme has not been very effective? Should we extend the scope of the Scheme to cover occupations outside the financial and information technology industries? Since the Government knows that many places overseas and even many mainland cities are competing for talents, can it tell us what measures are there for us to attract talents to Hong Kong?

The policy address says that the Government will encourage more foreign talents to take part in the development of Hong Kong by relaxing the restrictions that bar people who only invest capital in and do not participate in the operation of any businesses from living in Hong Kong. Put simply, this actually means to create a category of investor-immigrants. This acceptable, but still I wish to point out that what is most lacking in Hong Kong is not capital but talents. In particular, since our economy is restructuring, the quality of manpower is of crucial importance. Without the interaction of talents and good policies, and without a sound business environment, what is the use of the inflow of capital? Such capital may only be used for short-term speculation. How much can this help enhance the competitiveness of Hong Kong then?

Now that we consider it viable to create a category of investor-immigrants under our immigration policy, the Government should also actively consider other types of immigration measures, one example being the points systems for skilled immigrants adopted in other countries. Besides, while relaxing the restrictions on business visitors from the Mainland, we may also relax the entry restrictions on mainland professionals and academics. The issuing of multiple-entry visas should be considered, so as to give more flexibility to talents wanting to work in Hong Kong.

Incidentally, I wish to point out that there is actually a need to review the SAR Government's existing policy on foreign domestic helpers. Foreign domestic helpers, because of their wage levels, do not have to pay any tax. But they all the same use our social resources, so in a way, society is subsidizing their employers. Furthermore, the unique system of minimum wages for foreign domestic helpers has also lost its function of protecting local domestic helpers. I suggest the SAR Government to levy a tax of \$6,000 per annum on all employers of foreign domestic helpers. The revenue from this tax should then be used for meeting the expenditure on training and placement of local

workers. At the same time, the minimum wage level of foreign domestic helpers should be lowered correspondingly to reduce the impact of the tax on employers. This measure can increase the job opportunities for local domestic helpers and workers. Similar policies are not uncommon in other countries. In addition, the Government must clamp down on illegal workers, so as to protect the job opportunities for local workers.

My friends in the New Century Forum and I have always maintained that instead of formulating piecemeal immigration policies, the Government should set up a high-level commission under the Education and Manpower Bureau comprising representatives of businessmen, academics, professionals, workers and the relevant departments. Such a commission should formulate a long-term manpower policy for Hong Kong, and the departments concerned should implement corresponding measures to complement this policy, so as to ensure that the manpower in Hong Kong can meet the needs of economic development.

I so submit.

**MR LAU CHIN-SHEK** (in Cantonese): Madam President, a new storm of unemployment has blown up in Hong Kong. I believe that this storm will be more severe than the wave of unemployment caused by the financial turmoil a few years ago. It will definitely last longer than the last one. The bitter winter has arrived much earlier for wage earners; worse still, they simply have no idea of when spring may return, or when things may come to live again.

If one asks, "Under the existing economic circumstances, what do people most expect the Government to do?" I am sure that even without conducting any survey, one can sense that the people's strongest demand is that the Government must create jobs and stabilize the job market. No one would probably object to "investing in education" and "upgrading our hard and soft infrastructure", the development direction and broad principle proposed in the Chief Executive's policy address for the promotion of economic restructuring. But I do not think that the masses will still harbour any illusion that the Government can arrest the economic downturn overnight with a wave of a magic wand. Therefore, the people's greatest hope is for the Government to take concrete steps and do as much as it can to create jobs immediately. They also hope that it can seek to stabilize the already frail job market, so as to prevent a further rise in the unemployment rate.

It is proposed in the policy address that some 30 000 jobs be created, and this on the surface represents a substantial increase compared to the 7 000 temporary posts proposed to be created in the corresponding period of last year. But if one takes a close look at the details, one will be very disappointed! The Honourable LEE Cheuk-yan, on behalf of the Hong Kong Confederation of Trade Unions (CTU), wrote to the Secretary for Education and Manpower last Friday, inquiring into the details of the 30 000 or so jobs to be created. Thanks to the help of Mrs LAW, Deputy Secretary CHOK and colleagues from other Policy Bureaux and departments, we received a reply yesterday. Unfortunately, however, the reply of the Government proves precisely that our first response following the announcement of the policy address last week was well founded. I mean, many of the 30 000 or so new job opportunities are not any additional ones especially created in response to the economic downturn and rising unemployment rate over the past few months.

In the policy address last year, it was proposed that some 7 000 jobs requiring a low level of skill would be created, most of which being two-year temporary posts. But in addition to this, the Chief Executive also mentioned in the same policy address that, due to the normal growth of the services provided by the SAR Government, it would be necessary to create an additional 8 000 posts in 2001. So granting approval by the Legislative Council of the funding request, the total number of new jobs to be created by the Government in the one-year period of 2001 would be around 15 000. And, this is not to mention the hundreds and thousands of jobs to be created by the various infrastructure projects of the Government. In other words, as undertaken in the policy address last year, no less than 25 000 new jobs will be created by the Government.

The policy address this year proposes to create some 30 000 new jobs, of which 20 000 will be additional jobs brought about by infrastructure projects and those for the improvement and maintenance of public facilities. As I already pointed out yesterday, not all of these posts can be created in a short time to come; for some of these posts, there will be a lag of four to five years before they can be created. In its reply to the CTU, the Government confirms that of all the 20 000 or so new posts related to infrastructure projects, only about 13 400 ones will be created in 2002-03. As for the 8 000 additional posts to be created due to the expansion of government services, they are roughly the same in number as

the 8 000 additional posts undertaken by the policy address last year to be created to meet the normal growth of government services. These are obviously posts that should be created as a result of the normal growth of government services instead of any new jobs being created by way of additional resources allocated to meet the needs of the existing situation. Finally, the 4 000 security guard posts to be created by the Housing Department are actually the result of a change from the two-shift system to three-shift, and this may not involve any increased financial commitment on the part of the Government at all. What is more, according to the reply of the Government, it is estimated that only about 2 400 security guard and property management posts will be created in 2002-03.

No matter how we do our calculation, it remains that the number of jobs proposed to be created in the policy address this year is estimated to be 23 800 at the maximum in or before 2002-03. This number is even smaller in number than the 25 000 new jobs proposed to be created within a year in the policy address last year. But, as we all know, the problem of high unemployment is definitely much more serious than it was last year. But the number of jobs the Government has promised to create next year is even smaller than what it promised last year. To this, I must express my deep, deep disappointment.

Madam President, when a person loses his job, he will lose not only his income, friends, family and everything in life, but also his dignity. Over the greater part of this year, there have been lots of personal and family tragedies and even social crises resulting from unemployment and other financial problems. And, such cases have been on the increase and becoming more serious. This is in fact the most acute social problem faced by the Government now. If the Government still does not intensify its efforts to create jobs and ease the unemployment problem, then immense hardships will certainly await the people, and the Government, too. Worse still, even society at large will lose its confidence in enduring through this bitter winter.

The end of this year is a new hurdle, and there will be yet another hurdle after the Chinese New Year. I hope that the entire Government, in particular the Education and Manpower Bureau which is responsible for labour and manpower policies, will not treat the problem lightly again. Intensified efforts on the part of the Government to create more jobs immediately to ease the unemployment problem are the only way to restore people's confidence in the Government.

Next, I wish to say a few words on stabilizing employment. I am convinced that besides creating jobs, another important task for the Government now should be to stabilize the existing employment situation, so as to prevent the unemployment problem from worsening.

The soaring unemployment rate and the "slimming" exercises of both public-sector organizations and private enterprises have not only seriously eroded the confidence of unemployed workers in finding new jobs, but also plunged those wage earners who are still under employment into a state of panic. Enveloped by this high pressure of unemployment, even those who still have their jobs will not spend their money so very easily. As a result, the catering industry, the retail businesses and so on are dealt a further blow, and this may plunge more people into unemployment.

Therefore, at this critical moment, I think that it is imperative for the Government, employers and employees to work together to stabilize the employment situation. When he addressed some 200 people from the business sector the night before last night, Financial Secretary Antony LEUNG called upon companies to communicate and negotiate with their employees before taking any steps to reduce costs, including layoffs, so as to prevent the unemployment problem from deteriorating. I think this is also very important. I also agree with Secretary LEUNG that when a company makes any commercial decision, besides considering the interests of its shareholders and long-term development, it should also consider the interests of society as a whole. As far as my understanding goes, it is in the overall interest of society now to prevent the deterioration of unemployment as much as possible.

Let me once again appeal to friends in the industrial and commercial sectors. I hope that employers in various trades and industries can tide over the difficulties together with their employees and promise them that there will not be more layoffs in a considerable period to come. I also hope that employers can promise to have more communication with their employees, so as to put their minds at rest and restore their confidence in their employment prospects. Many Members here today belong to the industrial and commercial sectors, and I thus hope that they can take the initiative and dispel the pessimism in society brought about by the storm of unemployment.

To stabilize employment is to protect "rice bowls", and to create jobs is to increase the number of "rice bowls". Under the existing circumstances, "rice bowls" are the lifelines of wage earners.

Madam President, I so submit.

**MR TAM YIU-CHUNG** (in Cantonese): Madam President, the sluggish economy and serious unemployment are now tying up the people of Hong Kong like a straitjacket. Pessimism now prevails in society, and people are grumbling more and more. The policy address focuses on the difficulties in landing jobs and says that the various government departments will create some 30 000 jobs. This measure will undoubtedly shed a beam of hope on the job market. But unfortunately, this beam undoubtedly is quickly blocked by the new rate of unemployment.

The globalization of world economy and rapid economic restructuring have exerted immense pressure on the job market of Hong Kong. We can see that this is emphasized by the Government in the policy address as a challenge. But the difficulties faced by Hong Kong do not stop at here; Hong Kong still has to face the problem of population increase. Since the middle of 1996, the population of Hong Kong has increased by 7%, and the working population has even increased from 3.09 million in 1996 to 3.42 million in August this year, representing a rise of 10%. However, the number of job vacancies has failed to catch up with the growth in working population. Besides, overall, the education and skills level of the Hong Kong workforce are lower than their counterparts in neighbouring places. This has led to a temporary mismatch between the unemployed and the skills and knowledge required by new jobs, thus making it difficult for the unemployed to find suitable jobs.

The Government is now trying to deal with the employment difficulties by creating jobs through boosting the economy, improving the business environment and expediting infrastructure projects. All these are typical measures adopted by countries all over the world to deal with unemployment. Besides, the number of jobs offered by large enterprises in Hong Kong has gone down drastically in recent years. Many one-man or two-man companies and self-employed persons have instead emerged, and this trend is becoming increasingly

obvious. Therefore, the Government must put in place additional corresponding measures to help those self-employed persons trying to start their own businesses. Earlier on, the Government implemented the Self-employment Business Start-up Assistance Scheme through the Employees Retraining Board, but the scheme was queried by some people in the community. Critics say that the scheme will only do harm to business-starters and make them suffer losses. It is indeed true that self-employment and business start-up will involve a certain degree of commercial risks, but under our mechanism, there are various feasible measures, such as training, counselling and inspection of business start-up plans, to reduce business risks. This is far more positive than doing nothing and allowing business-starters to perish on their own. At a time when more and more middle management staff become jobless, encouraging them to start up their own businesses is a direction which should be vigorously promoted.

Economic hardships are equally painful to employers and employees. That is why we must now place even more emphasis on the communication between employers and employees, and we must ask them to join hands to tide over the difficulties. Good employers should discuss with their employees before taking any measures; they must not resort to layoffs so very easily, or else their employees will panic, and this is certainly not good to business development.

The frustration caused by unemployment is continuously eroding the determination of the Hong Kong people. So, the people have become increasingly demanding of the Government and public policies. Regarding manpower policies, one frequently heard viewpoint is: "There is no use". People say that there is no use doing anything; there is no use receiving any training, for after receiving retraining, one still cannot find a job. And, people even say that there is no use having two master degrees. They are right! Retraining cannot guarantee you a job, but this does not mean that retraining is thus useless. Training and retraining *per se* cannot create job vacancies or increase their number. Their aim is just to help the unemployed or those wishing to change their occupations to raise self-confidence, grasp communication and interpersonal skills and acquire and upgrade their knowledge and skills. In brief, the aim is to assist these people in re- entering the labour market.

The point I wish to make is that training and continuing education are a form of manpower resources development, and they constitute another important pillar besides education. As pointed out by the International Labour Office in its latest World Employment Report, for the development of enterprises, sound operation of the economy and promotion of employment, it is very important that the education and training standards of the working population be improved. We should not overlook the importance of training and continuing education just because of the current economic sluggishness. Instead, amidst the new economic conditions, Hong Kong must increase its investment in continuing education and training. There are two reasons for this. First, technologies are developing very rapidly, and so, the labour force is expected to attain increasingly high education and training standards. In addition, people must also update their skills continuously. Second, owing to increasing globalization, if Hong Kong is to maintain its productivity and competitiveness in the world market, its workforce must receive sound education and training. Third, to prevent the disadvantaged groups in society from being cast out by society or marginalized, we must upgrade their education and training levels. Fourth, in order to increase the ability of economic activities to create jobs, we must raise the operational efficiency of the labour market and eliminate lack of skills as the cause of the bottleneck situation.

The policy address pledges to set aside \$5 billion for the provision of continuing education and training subsidy to adults who wish to pursue studies. This is a big step forward in terms of the policies and measures on continuing education and training. But this is still not enough, because the policy address fails to propose a long-term planning for the development of continuing education and training in Hong Kong.

The manpower resources development policy of Hong Kong has all along overlooked the provision of continuing education to the 3.4 million workforce, and in particular, it has overlooked the work of upgrading the skills of workers with low qualifications. As a result, every time when a new round of economic restructuring comes, many workers are cast out and marginalized by the job market. Besides, the training policy is also fragmented, as many government departments and organizations are involved in manpower training and development, leading to structural redundancy and scattered resources. During the motion debate on developing continuing education held on January 1999, I urged the Government to review the mechanism of continuing education and



formulate short- and long-term objectives and strategies for the development of continuing education. I also urged the Government to put in place a transparent qualifications accreditation mechanism and a qualifications ladder, set up a continuing education fund, support and assist various organizations and institutions in organizing different types of courses, encourage employers to increase their investment in manpower resources, promote a learning awards scheme, and so on. Today, nearly three years later, although some of these requests have met with positive responses from the Government, I still have to urge the Government to formulate a long-term strategy for the development of continuing education and training.

The manpower training mechanism of Hong Kong is a demand-led model under the direction of the Government, and the conduct of continuing education depends on the spontaneity of enterprises and employees. The Government is now conducting a review on the reorganization of vocational education and training. Whether the training and continuing education mechanisms can be properly co-ordinated after reorganization will have a direct bearing on the competitiveness of the manpower of Hong Kong.

The Learning and Skills Council, set up in the United Kingdom last year, is worthy reference for Hong Kong. The new decision-making and executive framework to be set up in Hong Kong must be able to upgrade young people's skills levels and increase their participation in continuing education and training; it must also be able to arouse the desire of the workforce for further studies, raise the standards of courses relating to continuing education, training and skills upgrading, promote equal opportunities of continuing education and skills upgrading for all people, and increase the efficiency and cost-effectiveness of various providers of continuing education, vocational training and skills training. For these reasons, such a framework should be given authority to appropriate funds.

In August 1998, a Work Force Investment Act was passed in the United States. One of the main policy of developments under this Act is to offer direct training allowances to United States citizens, so that they can choose freely what training courses they wish to take, so as to encourage them to pursue studies actively and enhance their own competitiveness. The *modus operandi* of the continuing education and the training fund proposed in the policy address, as judged from the tentative views of the Government, is in fact very similar to the training allowances system in the United States. But the experience of the

United States tells us that this form of assistance is not so effective in assisting grass-roots workers in upgrading their skills and shaking off poverty. The reason is that only people with higher education levels are able to invest in upgrading their own skills. Therefore, Hong Kong must maintain a diversified subsidy system, so as to create favourable conditions for the relatively large numbers of low-qualification and low-skilled workers to upgrade their skills.

In order to encourage people to pursue studies, so that they can enhance their competitiveness and promote economic growth, apart from maintaining a diversified subsidy system, we must also, most importantly, seek to perfect the infrastructure of continuing education and training, including a unified and transparent qualifications accreditation mechanism. We must develop a multi-level system of learning and put in place a complete qualifications ladder. For specific measures, we can learn from the National Council for Vocational Qualifications of the United Kingdom, which sets down a comprehensive system for accrediting the qualifications and training systems in various industries and trades, and which, at the same time, develops a self-learning system of professional examinations, so that every self-learning individuals can take examinations and seek to upgrade their professional qualifications continuously.

Economic restructuring is a painful process, particularly because this round of restructuring is different from those in the past, in the sense that it will take quite a long time to upgrade the skills level of our workforce. The Government and employers are obligated to help employees adapt to this change. I hope that the Government, employers and employees can come together to pool collective wisdom. I also hope that they can join hands to face and adapt to this change, with a view to maintaining social stability and harmony. Thank you, Madam President.

**DR DAVID CHU** (in Cantonese): Madam President, with its focus on the future and its reiteration of the SAR Government's commitment to education, the latest policy address is very much a continuation of its predecessors. The Hong Kong Progressive Alliance (HKPA) supports this very much. But the HKPA also thinks that although there is no doubt about the determination and commitment of the SAR Government in respect of improving education, when it comes to actual implementation, quite a number of improvements can still be made. In particular, the HKPA hopes that the Government can continue its work of improving the quality of basic education. In this connection, we have the following points to make:

Firstly, language training must start early in one's life if it is to yield maximum effectiveness. For this reason, the Government's measure to recruit expatriate English teachers for primary schools should in principle be supported. Expatriate English teachers are different from their local counterparts in the sense that besides speaking English as their mother tongue, they are more flexible in their teaching methods and can thus arouse students' interest more easily. But since the number of expatriate English teachers that can be employed is after all limited, the HKPA is of the view that if we are to raise the English teaching standards of our basic education system, our long-term strategy should still be to enhance the language education training of local teachers. In addition to enhancing professional training, the Government should also consider the idea of organizing fact-finding and exchange tours to local international schools and overseas schools for local teachers, so as to improve their teaching methods.

Secondly, quality teachers are the key to improving basic education. According to the Government, the number of graduate teachers in Hong Kong will be increased. The HKPA hopes that the implementation of the relevant plan can be expedited, and that the proportion of graduate teachers can be increased as much as possible.

Thirdly, the HKPA welcomes the Government's decision to allocate more resources to schools for the purpose of improving the working environment of teachers. But we hope even more that the Government can allocate additional resources to primary and secondary schools to reduce the teacher to student ratio. Class size reduction is the only way to enable teachers to adopt flexible teaching methods and cater effectively for the needs of students with a wide spectrum of learning abilities.

Fourthly, in recent years, the Government has implemented many new initiatives and reforms for education; some of these initiatives and reforms are well-intentioned and marked by lofty policy objectives, but their implementation has often led to many arguments and even affected the confidence of the community in the Government's education policies. The HKPA hopes that during the process of formulating and implementing education policies, the Government can listen adequately to the views of education workers, students and parents; it should also maintain close communication and contact with them and work with them together to rectify the problems that occur during the course of implementation. It is only in this way that the education policies of the Government can be successfully implemented.

Madam President, with the general trend of economic restructuring, besides improvements to basic education, government efforts to promote lifelong learning and enhance the competitiveness of people from different walks of life are also indispensable. If a prevalent atmosphere of lifelong learning is to be created in society, the Government must provide appropriate backup in terms of soft and hard infrastructure. The HKPA is of the view that the Government's establishment of a \$5 billion continuing education fund and its review of the framework and delivery model of vocational education and training are all practical measures consistent with the existing needs. Lifelong learning should be a matter involving the entire society and all walks of life, and for this reason, when it decides on how to allocate the continuing education fund, the Government must ensure as much as possible that people with different education standards and from different occupations can be offered enough education opportunities. Moreover, for the hard infrastructure, the Government should provide enough libraries, study rooms and even information technology facilities to the people. Most importantly, apart from all this, the Government must also conduct some comprehensive and accurate studies on the manpower needs and economic development of Hong Kong. That way, people can know clearly what they should learn, thus avoiding wasting their efforts and any mismatch of resources.

Madam President, we know very well that the main concern of many people, particularly the unemployed, is still the problem of getting a job immediately. They all hope that the Government can do something to extinguish the "fire nearby". Last year, the HKPA advised the Chief Executive to create at least 30 000 posts on temporary contracts. This year, it has raised the same proposal again. The HKPA thus welcomes the proposal in the policy address this year that the Government will create some 30 000 short-term jobs. But if these posts are really to relieve the people's plight and achieve the effect of extinguishing the "fire nearby", the Government must pay attention to two aspects of work.

First, the relevant government departments must increase their efficiency or else the job creation measures of the Government will fail to achieve immediate effect and help people resolve with their immediate difficulties. Most of the 30 000 or so new jobs to be created shortly by the Government are related to public works and associated maintenance projects. The vetting and approval procedures for many government infrastructure projects are very complicated, and many of these projects should have been launched long before, some examples being the repeated delay of the \$20 billion projects left over by

the former two Municipal Councils. The Government should simplify and speed up the procedures of planning, environmental impact assessment, and so on, so that the projects can be launched as quickly as possible to really benefit the job market and relieve the unemployed of their immediate plight.

Second, since many of the new jobs are to be outsourced, the Government must ensure that workers can receive reasonable wages and do not have to be exploited by unscrupulous middlemen. According to the Chief Executive, the Government feels strongly that the work of supervision in this respect must be improved to safeguard the overall interest. The HKPA hopes that the relevant government departments can put in place effective and practical monitoring measures for outsourced work, so as to ensure that contractors will adhere to the relevant contract terms. That way, workers will really be benefited.

With these remarks, Madam President, I support the policy address.

**MR TOMMY CHEUNG** (in Cantonese): Madam President, education is always of great concern to the Liberal Party. Particularly in the advent of a knowledge-based era, improvements to education can brook no delay. Therefore, we certainly consider the extensive coverage on education by the Chief Executive in this policy address commendable.

The Chief Executive has put forth a host of concrete improvement proposals. For example, from the start of next school year, English language teaching will be strengthened in primary schools, with targets including the provision of native English-speaking teachers or teaching assistants in every primary school; increasing government provisions for secondary schools to create a better environment for teachers by 50%; and upgrading the qualifications of kindergarten teachers. All these do merit our support. That said, the Liberal Party is more concerned about whether the policy direction proposed by the Chief Executive is clear and focused and, more importantly, whether the relevant departments can actively implement the education reforms.

The Chief Executive had, in the past, proposed many reform proposals in respect of the education system. The consultation document on education reforms was published last year, proposing many innovative ideas, such as the "through-train" model, replacing the Academic Aptitude Test by Basic Competency Assessments, an integrated curriculum, and so on. No doubt the sincerity of the Government is praiseworthy. But as the education sector and the community were not fully consulted on many of these proposals beforehand,

the proposals consequently met with many criticisms even before they were actually put into effect. As a result, the Government had to withdraw them in haste, patching things up here and there, and rashly introduce some other proposals.

Members may recall that in February this year, I, in this Council, asked the Government to clarify whether the pilot scheme on two-mode teaching conducted by the Education Department will depart from the existing policy on the medium of instruction, in order to allay public worries. As a result, after the motion had been unanimously passed by Members of this Council, officials of the Department stated that there had never been such a scheme and instead, they subsequently introduced the Study on Enrichment of Language Learning Environment. Regardless of whether these initiatives can ultimately achieve the desired results, the ambiguous policy direction, poor co-ordination and wavering position in decision-making authorities of education have already undermined the confidence of the education sector and the community in the future of education in Hong Kong.

Another point that I wish to stress has to do with associate degree places. Although the Chief Executive made little mention of this aspect in the policy address, he still laid emphasis on the policy to raise the popularization rate of tertiary education to 60% within 10 years. The Liberal Party absolutely supports the popularization of tertiary education. Yet, we hold that the insistence on quality cannot be sacrificed for an increase in number. It is because the Liberal Party and the business sector consider that there is actually no shortage of university graduates in Hong Kong, just that their quality is varied. Many university graduates lack the ability to think independently. They also lack analytical power, creativity and vision. Moreover, what they have learned is out of keeping with the needs of the market and so, they are not welcome by employers. Considering that the unemployment rate in Hong Kong released by the Government recently has risen to over 5%, and tends to rise to 6%, and as youth unemployment figures continue to climb up, we suggest that the Government, while increasing associate degree courses, should focus on the need to tie in with the development of businesses and the market, instead of laying stress on the academic aspect only, so as not to create yet another group of well-educated unemployed people.

In our view, associate degree programmes can develop in the direction of practical disciplines, with a view to nurturing more professional talents for

society. For instance, as the Government has mentioned the need to vigorously promote the development of the local film industry, greater efforts should be made to train up talents in such areas as film editing, background music dubbing and directing. Besides, training should also be provided in the areas of fashion tailoring, design, management of front-line operation of catering establishments, accountancy, and so on, having regard for the needs of different trades and industries, in order to equip students with a broader range of expertise of different trades and industries. Only in this way can we create a "win-win-win" situation for society, employers and students, instead of using massive social resources to defer the onset of unemployment of students from graduation from secondary schools to graduation from universities.

Furthermore, the success of the education reform will, to a very large extent, hinge on the support of teachers. While the Liberal Party very much appreciates the increasingly heavy work pressure faced by teachers, we consider that teachers, being in the vanguard of the education reform, must continuously strive for excellence, fearless of the trend of reforms and allowing no room for complacency. They should strive hard to upgrade themselves. Only in this way will the education reform stand a chance to succeed.

Here, I would like to say in passing that the Liberal Party supports the Government's proposal to encourage unemployed professionals to receiving retraining as teachers. We think that this can reduce the exceedingly heavy workload and pressure of teachers, and also bring some impact and challenges to teachers, prompting the latter to upgrade themselves.

Finally, the co-operation of all sectors of the community is also essential. Parents must foster communication with schools, teachers and their children as well. Government departments, while avoiding indecision, must not start with grand ideas but put things to an end frivolously. They must desist from rigidity and bureaucracy, and ensure more communication and consultation on all issues. Adding to this close co-operation from schools and all sectors of the community, the education reform will then carry a real meaning, rather than just being empty talk.

Madam President, I so submit.

**MR CHAN KWOK-KEUNG** (in Cantonese): Madam President, recently, the Americans are most fearful of receiving letters with Anthrax. To Hong Kong people, they are most fearful of getting the "big envelope". The unemployment

rate has further risen to 5.3%, which means that 186 000 people are unemployed. Coupled with the underemployment figures, there are now a total of over 200 000 people living in straitened circumstances. While we can call the police for help on receipt of mail suspected of Anthrax contamination, who can we turn to for assistance when given the "big envelope"?

We believe most Hong Kong people will want to earn their own living. As long as they have a job, they do not want to seek government assistance. Therefore, in our proposals to the Chief Executive on stimulating the economy, the Hong Kong Federation of Trade Unions (FTU) first called on the Hong Kong Government to create employment opportunities, so that workers can land a job and do not have to rely on the Government.

The Chief Executive has undertaken to create 30 000 posts in response to the aspirations of the community. However, most of these jobs will only be available a year later. The problem that we face now is as pressing as a fire burning next door. The 30 000 additional posts pledged by the Government should be created within a couple of months.

Moreover, in the Question and Answer Session of the Chief Executive on 11 October, I requested the Chief Executive to guarantee that apart from posts related to works projects, all the other posts would not be outsourced and that workers would be directly employed by the Government to fill such posts. It is because exploitation will certainly arise once outsourcing is involved, whether the posts are for elementary workers or the middle class. Why does the Government keep on bragging about non-intervention but use the outsourcing policy to facilitate some contractors to reap extortionate profits in the process? To ensure that the additional posts can truly benefit workers, the relevant work must not be outsourced.

The FTU considers that the Government should stop all measures of "downsizing" and retrenchment. It should, at least, wait until the hard times are gone. As long as the staff of public sector organizations can keep their jobs, less people in society will become unemployed and less people will have to rely on the Government.

The FTU called for the setting up of a \$5 billion fund for pursuing studies, whereas the Chief Executive proposed a provision of \$5 billion for training and education purposes. But as to how this fund will operate, it has yet been



worked out. We have made a number of suggestions: First, this provision for training must benefit workers. Workers in all trades should be eligible for application, and individual industries or workers with a low level of skills cannot be excluded, for they need to upgrade their knowledge most. Second, employees must have the support of employers in taking training courses. Without employers' support, how can employees working 12 hours a day have the time to attend classes? Some employers in Hong Kong do not wish to pay for employees' training, holding that the employees will quit their jobs once they have completed training and thus their efforts, time and money will be wasted. But if learning has become a norm in society and most employers are willing to make an effort in employees' training, employers will ultimately benefit from it.

To this end, it is most desirable for the Government to formulate a policy on training leave. This will be beneficial to both employers and employees, and can meet the needs of a knowledge-based society.

The 1998 policy address proposed the development of Hong Kong into a centre for Chinese medicine and Chinese medicine practice, a fashion centre, a media centre, and so on. While the Government has embarked on some of these initiatives, little has been done to realize the other plans. This year, the Government has proposed the development of a logistics centre. We very much welcome this, but it is most important that the Government will carry it through.

As technology advances, the demand for logistics service in all sectors will rise in order to pare down the costs. After China's accession to the World Trade Organization, if Hong Kong can strive to become a logistics centre in the region, it will bring numerous opportunities, and will certainly create numerous jobs in the relevant industries such as the transportation industry. However, in developing the logistics industry, the Government must attach importance to the training of talents, so that people from all walks of life will have the opportunity to join this industry.

The policy address has also undertaken that the Government and the two railway corporations will carry out infrastructural projects totalling \$600 billion in the next 15 years. This indeed gives a boost to the weak construction industry. In recent years, many construction workers have been caught in long-term unemployment. They will have no food to feed on once they lose their jobs, and without a job, they will have no means to maintain a living. Now that the Government has pledged to implement infrastructural projects. This can create many job opportunities and certainly merits support. But from

past experience, large-scale projects were mostly taken up by big overseas companies, resulting in the job opportunities for local workers and professionals being greatly reduced.

The FTU considers that the Government must exercise care in granting the contracts for these large-scale projects to ensure that the job opportunities for local workers and professionals are safeguarded. The Government can also consider dividing the projects into small ones to facilitate tendering by local small enterprises, in order to truly bring more job opportunities to local workers.

Moreover, many of the approved projects have not yet commenced and construction works has been delayed repeatedly. The FTU hopes that the Government can expeditiously implement the projects and start the works as soon as possible, so that local workers can truly benefit from these job opportunities, thereby resolving the economic hardships and the unemployment problem.

Madam President, I so submit.

**MR SZETO WAH** (in Cantonese): Madam President, when people talk about education, they will often quote this familiar saying: "It takes 10 years to grow a tree but a hundred years to bring up a generation of good men".

The word "tree" reminds me of an essay written by LIU Zongyuan entitled *The story of the humped gardener named GUO*, which can be found in the book *Gu Wen Guan Zhi*. Through the mouth of a humped good gardener, LIU Zongyuan drew an analogy between the way to grow trees and the philosophy of governance. The gardener said, "I have no magic spells. I just let nature take its course and allow the tree to grow in its natural way as far as possible; ..... once planted in soil, I would leave it alone and not bother too much about it. .... But other people would come back every morning and evening to touch the tree they planted; even when they leave, they would glance over their shoulders to look at the tree again. Some would even scratch the bark and shake the trunk to inspect the tree. Although they do all these out of their love for the tree, they are in effect doing harm to it." This analogy can be drawn with not only the philosophy of governance but also the way to conduct education.

As indicated in a recent survey conducted by the Hong Kong Professional Teachers' Union, over 85% of teachers believe the frequently altered education reform is the source of the heavy pressure on them, and over 60% consider the

pace of education and curriculum reforms too rapid and warrant a review. From these views we can see that the present policy on education is running in the opposite direction of humped GUO's way to grow trees, which is also the way to conduct education.

The phrase "a hundred years" carries two meanings here. To society, it means that education is a long-term cause. To teachers, it means education is their lifelong career. The phrase "a hundred years" can be interpreted as "the whole life" or "lifelong".

The said survey also reveals that while over 85% of teachers love their job, some 80% are willing to make education their lifelong career. However, because of the existing heavy pressure, almost 40% of these teachers will leave the profession or take early retirement. So, their aspiration and mission to spend their whole life "bringing up a generation of good men" is being shaken by the present policy on education.

I also wish to speak briefly on the recent incident in which some 40 lecturers were dismissed by the Hong Kong Institute of Education. Only two weeks into the new academic year and all of a sudden these lecturers were dismissed wantonly and unreasonably, disrupting the teaching programme for the entire year. This is a typical example of capricious policy making. Such a wanton and unreasonable act is a blatant disregard for the dignity of the teaching profession. I just wonder whether the Chief Executive will consider this consistent with the Confucian thinking of "honouring teachers and respecting their teaching".

The Hong Kong Institute of Education is a teacher training institute, and its lecturers are the teachers of future teachers. The wanton and unreasonable treatment inflicted on them has served to deal a heavy blow to not only the lecturers but also the morale of the teaching profession as a whole. That is why a number of primary and secondary school principals and teachers have voluntarily initiated a signature campaign in support of these lecturers. I hope the Government will not take this incident lightly as an issue affecting just the institute concerned. If not resolved reasonably and properly, the repercussions of this incident will certainly extend to the various tertiary institutions, primary and secondary schools, kindergartens, and even the entire education sector.

It is mentioned in the policy address that "we are already seeing the initial results of education reform", and that "the resolve to invest in education is unshaken". However, my view is that many problems with the education reform have been exposed and must be resolved promptly; and that investment is not a panacea, it is more important to listen to the heartfelt wishes of front-line workers and to boost their morale.

**MR LEUNG YIU-CHUNG** (in Cantonese): Madam President, this year's policy address impresses the public that because the Government can do nothing with the existing problems, it has to focus on the distant future, hence the need to make long-term investment. In particular, the investment in education the result of which cannot be seen in a few decades is made the key of this year's policy address. Like government investments in other social items, the public will find it hard to oppose the Government investing enormously in education. However, the problem remains that Mr TUNG's performance in administration in the past four years has given the public an impression that even though he has many lofty ambitions, he is unable to implement any of them. Reviewing the past four years' policy addresses, it can be seen that the Chief Executive has put forward many proposals, such as an annual production of 85 000 housing units, developing high technology, Chinese medicine port, flowers port, and so on. But then, how many of these proposals have been properly completed? Under the present circumstances, how can the public indeed have any expectation of the Government's so-called investment in education? That is why the policy address can use very forceful and high-sounding words to claim that "the resolve of the Government of the Special Administrative Region (SAR) to invest in education is unshaken", and that "regardless of Hong Kong's economic situation, you can rest assured that in the next five to 10 years spending on education will continue to increase year after year". I believe there is most probably one more statement the Chief Executive has yet to make — he did not make it because he knew that nobody would love to hear him say that — and that is: "I would not retire if the efforts to develop education should attain no success." Actually, Madam President, the public do not want any post-dated cheque from the Government. Rather, they are expecting the Government to come up with an immediate measure that can improve the quality of education, and that while setting lofty objectives, the Government can also help them to relieve the hardship they are faced with in their everyday living at the same time.

Over the past week, both the Chief Executive and the Secretary have kept citing repeatedly figures concerning the amount of investment made by the Government in education in the past few years. But then, do all those figures necessarily point to improvements in the quality of education? According to a recent survey conducted by The Chinese University of Hong Kong, 40% of the parents interviewed indicated that they would certainly enroll their children in schools overseas or international schools if they had the means. As a matter of fact, Madam President, there have been more and more parents making arrangements to enrol their children in schools overseas or international schools recently. So, the public have voted with their feet to tell the Secretary their wishes. Regrettably, however, the SAR Government still makes no changes but keeps turning a deaf ear to the specific proposals for improving the quality of education. All along, we have been urging the Government to reduce the teacher to student ratio for primary and secondary schools, with a view to improving the quality of education and alleviating the work pressure on teachers, but so far the Government has done nothing. What is more, even though it was possible to reduce the class size and the ratio between teachers and students in 1997, the Government just did nothing in this respect. As a result of the implementation of whole-day primary schooling, each class has to take in two more students, while the measure to reduce class size in secondary schools have to be put on hold. If the Government is willing to achieve the target proposed in Education Commission Report No. 5 in 1992, which is to reduce class size from 34.9 to 32.5 students and from 38.3 to 35 students for primary schools and secondary schools respectively, it may have to construct an additional 32 primary schools, 33 secondary schools and employ some 4 000 teachers more. On the part of the Government, this may perhaps be a heavy burden; but for our part, we feel that so doing could improve the quality of education on the one hand, and create more employment opportunities on the other. The Government says it may not have enough resources to achieve this target at the present stage. This is not an issue. But why has the Government made absolutely no mention of this important measure in this year's policy address? Perhaps the Government is unable to achieve this target at the moment, but why does it not include this target in its development plans for the future? Why has it made no mention of this target at all? Yet on the other hand, the Government is making a lot of lofty and hollow promises. Just how can the public be completely convinced and accept this policy address gladly?

Moreover, despite its continuous advocacy of a knowledge-based economy, the Government is cutting spending on education considerably and freezing the

total number of first-year university places at 14 500 yearly at the same time. As a total of \$1.1 billion has already been cut over the past three years, and another \$1.9 billion will be axed in the next triennium, cuts in education spending will amount to \$3 billion in total. On the one hand, the Government is urging the public to upgrade their academic qualification; yet on the other hand it is cutting the amount of subsidy to students. What can students do to cope with the high tuition fees? They can only rely on themselves, such as taking up a couple more part-time jobs to help cover their daily expenses or tuition fees. That way, not only will the academic performance of the students concerned be affected, the employment opportunities of other people will also be affected as well. So, what good will such cuts bring? Quite the contrary, they have only served to reveal the contradictory aspects of the Government's education and manpower policies.

With regard to the hardship faced by the community, the latest rate of unemployment announced by the Government recently stands at 5.3%, and is expected to rise to over 6% towards the end of the year. Thus, we will face with an unemployed population of 186 000. But then, so far the Government has not come up with any specific policies to help alleviate the situation. Even though it is mentioned in the policy address that 30 000 jobs will be created, in reality, if we look further into the 30 000 so-called job opportunities, we would find that they are but a numbers game. As clearly explained by some Honourable colleagues earlier, the real number of new jobs created this way will not exceed a few hundred. The other jobs are created on a recurrent basis, and are therefore not additional jobs. As such, the Government is just fooling the public. I therefore hold that the Government cannot relieve the hardship faced by the community if it does not create more real jobs now. As a matter of fact, in view of the present economic downturn, the majority of the public understand that they should not ask too much from the Government. Nevertheless, they still hope that the Government will not trample on them even if it does not offer them any assistance. Regrettably, in his reply to us recently, the Financial Secretary said that government work would continuously be briefed out in the coming 12 months. This is indeed unacceptable, as the briefing-out exercises will affect 3 464 employees working in government departments and public organizations, thereby adding to the hardship confronting members of the public who are already in distress. What is more, an Honourable Member of the Executive Council even said mockingly that people remained unemployed because they were not flexible enough to take up inferior jobs. Actually, Madam President, the problem is not that people lack flexibility to take up

inferior jobs, but that there is hardly any inferior job available to them. Madam President, those people earning fat salaries just know nothing about the hardships of the people. I feel really indignant at their careless remarks which aim to cause the world to plunge into chaos. Currently, the problem of unemployment has already spread to the middle class and the situation is deteriorating every day. Rather than putting forward any effective measures to tackle the problem, the Government has only made some impracticable suggestions, such as telling the middle class to undergo retraining. Given that they cannot rely on their professional expertise to secure a job, what good will their academic qualification do to them?

**PRESIDENT** (in Cantonese): Mr LEUNG, your speaking time is up.

**MR LEUNG YIU-CHUNG** (in Cantonese): I so submit.

**MISS CHAN YUEN-HAN** (in Cantonese): Madam President, the fifth policy address of the Chief Executive has shifted the focus of the past four policy addresses. He used to put the emphasis on vision and some ambitious plans. But the latest policy address has taken on a more pragmatic outlook. We know very well and we feel that the Chief Executive has taken on board the views and suggestions made by people from all walks of life before he proposes some short-to-medium-term measures to relieve the hardship of the people and give a boost to the economy.

The policy address proposes to create 30 000 jobs. The Hong Kong Federation of Trade Unions (FTU) welcomes such a move, for this is made in response to popular demands. We hope very much that these 30 000 jobs can be made available very soon, so that workers can have more opportunities to get a job at this difficult time. Compared to a few hundred thousand jobless people, these 30 000 jobs are quite insignificant, but they are better than nothing. As we hope that these 30 000-plus jobs can be made speedily available to the unemployed, so we made that request on the day the policy address was delivered. However, I would like to tell the Government that we are very disappointed. It is because we think that even though the top management in the Government has devised some policies, the middle management has some other ways of doing things. I do not want to say that when a policy is devised at the

top, there are ways of getting round with it from below. But policies are actually enforced in a different way.

In the meeting held a few days ago in which the projects of the two former Municipal Councils were discussed, for example, Members of the Council were very unhappy in the meeting. Since I went with a group of business starters to meet the Secretary, so I did not take part in that session of the meeting. I only attended another session. I was very unhappy when I later learned about the contents of the meeting. Why were we so unhappy about it? All the Members were demanding that the Government should launch those projects which had been approved as soon as possible. There are 64 projects approved by the former Municipal Services Department which have gone through all the relevant procedures, but the Buildings Department said that these projects could only be launched in the year 2002-03 at the earliest. We thought that it was fine, for they would need one or two months' time for preparation. However, Madam President, how many has the Director picked out of the 64 projects for immediate action? Seven, only seven, out of a total of 64. Then Members asked when the 57 outstanding projects would be launched, the Director said that they would have to wait until 2004 to 2007. If I were one of those starved and jobless, I would have died many times and still am unable to get a job.

We are sensible people and so we asked the Director why these 57 projects had to wait so long. The Director said that a lot of work had to be done in respect of the contracts of these projects. Then we looked up the papers and found that among the 57 projects, some 40 of them were about parks, sitting-out areas and golf courses, and these projects did not require the construction of a lot of buildings. The Director said in reply that work had to be done to clear up the underground gas pipes, cables and other kinds of drains, and so discussions had to be held with the related parties. We cannot not help but ask, even if discussions have to be made, would these have to take a few years' time? Now the unemployed people are in dire need of assistance, and if we want to help them, we need to find a job for them. The current situation is, although the top management of the Government has devised some policies, there is nothing at the middle management. This is one of the examples I wish to cite.

Moreover, I would like to talk about an incident that has happened only recently. The Director of the Food and Environmental Hygiene Department (FEHD) said that after weighing the pros and cons, she had reached the conclusion that it was not right to arrest unlicensed hawkers and punish them, for



this would only drive them to a corner and they would become desperate and might do things to upset public order. So the Director says that the unlicensed hawkers will not be punished after they are arrested. But I would like to tell Members that the FEHD is cracking down on those peddlers near the Cultural Centre late at night. These hawkers are in fact jobless people who just want to make some money with their own efforts. I would like to tell the Government, these people are just trying to make a living. They peddle things after 11 pm and this will not affect other people doing business. The people who buy things from them are those couples having a stroll there or those who pass by after watching a movie. That will not harm the business of the shops, but why are the authorities being so harsh on them?

The reason why I have cited these two examples is that I would like to know whether the officials at the top or at the middle levels have accorded the unemployment issue top priority. I am questioning the Government and I am disappointed with it. Now we are only having a debate on the policy address. I hope the good intentions of the Government can realize. The Government says that it will create 30 000-plus jobs. The FTU thinks that this is a good thing, but the question remains how this idea can be realized and how the thousands of wage earners are going to be benefited. In my opinion, each and every Policy Bureau should address squarely the severity of the unemployment problem. I hope that the economic development strategy proposed by the FTU, which accords priority to employment, will be adopted by the Government as a vital strategy. For if not, the problem of unemployment is likely to deteriorate in the next few years.

Madam President, in the national day celebrations cocktail party, the Chief Executive said that if a consensus could be reached in society, and if we could be united and committed, we could certainly build a better Hong Kong. I am in complete agreement with what he said. I also know that if at this difficult time we are still quarrelling among ourselves, that would not do us any good. This is the last thing I wish to see. Many political parties in the Council have reached a consensus and proposed some measures, hoping that they can be embodied in the policy address this time. We hope that this spirit of co-operation can materialize. That is what we want.

However, I am really baffled to see some officials saying something to attack our position. For example, they said that some unemployed people did

not want to work. It appears they are saying that the jobless are lazy and do not want to work even if there are jobs such as in the barbecued meat and pig-raising trades. I think the unemployed will want to do these jobs. The fact that these trades are in lack of workers does reflect some problems there. The local domestic helpers, for example, also find it hard to get a job. Even if some employers want to hire them as part-time domestic helpers, but because of the absence of organizations acting as an intermediary for these workers and offer a guarantee to the employers, the employers will not put their trust in them. For example, the employers will not leave the door keys with them. Therefore, the relevant organizations should do some work in this respect. To solve the problem, the government departments concerned should endeavour to find out the reasons why people will not like to work in these trades. Sad to say, the officials have not done so. They only put it simply that the people do not want to do such jobs, apparently suggesting that these people are lazy. The objective fact is it is not the case. These people would like very much to work, but raising pigs is a job that requires the person doing the job to work 24 hours a day, then how can the unemployed take up such a job? There are some technical problems that the Government should solve and it should not shift the responsibility onto the unemployed and blame them for no justifiable grounds. To be frank, would people who used to say, make \$10,000 a month but now have become out of work not bow to the hard facts of life? Admittedly, there are indeed such people. But with countless failures in job-hunting, these people will be ready to take up any job that is available. The question remains the Government should do something more to help them.

Madam President, originally I wish to cite some more examples, but since time is running out, so I would like to make a quick conclusion. I hope that officials from all levels in the Government should share the same view and be equally committed. They should say more words of encouragement and stop damaging our morale. I hope that no more disputes will arise and that we can work together to overcome the difficulties.

Thank you, Madam President.

**MISS CYD HO** (in Cantonese): Madam President, in the face of global competition, to improve the quality of population is really a challenge to Hong Kong. The Government proposed that the proportion of students receiving tertiary education in Hong Kong be increased from around 30% at present to

60%, thereby giving rise to a new product — associate degrees. However, given that the objective, curriculum, prospects, teacher quality, and so on are still uncertain, both students and their parents in fact are not at ease. Even though Members of the Legislative Council voted for the appropriation of \$20 billion, they are just thinking that it is better to have one more education opportunity rather than none. Therefore, they vote for the funding.

However, the funding for tertiary institutions was cut not long ago. Principals of the eight tertiary institutions were grumbling but they dared not resist. And then, they embarked on "slimming" programmes one after another by reducing the number of teaching staff. We are very worried that in the wake of these two incidents, the quality of education will be adversely affected. Several tertiary institutions are reducing expenses and staff while we keep saying that the teacher to student ratios in primary and secondary schools are indeed unacceptable. However, some university lecturers I know have to teach three classes respectively with 140 students. In future, when the associate degree courses are offered, the number of students will be even larger. Apart from basic lectures, teachers actually have no chance at all to conduct more academic discussions with students after classes. Insofar as marking assignments is concerned, given that there are 188 students in one class and it takes an hour to mark one assignment, then how many assignments can be marked in one term?

Apart from reducing expenses, universities even have to consider opening up more sources of revenue. We were already tipped off that some tertiary education institutions, once started to offer associate degree courses, would allow associate degree students to have lessons with bachelor degree students together. We are very worried whether tertiary institutions will have to rely on offering associate degree courses to open up sources of revenue because of the reduction in education funding? It is because the tuition fees for associate degree courses are more expensive whereas the tertiary institutions need not increase any facilities such as library collections and space for activities, thus the purpose of opening up resources can be achieved. However, this will cause associate degree students to have lessons with bachelor degree students together, creating overcrowded classes in universities. Although the Chief Executive said that however worse the economic condition would be in the next five to 10 years, the Government would not cut education funding. However, the funding of tertiary institutions is cut on the one hand and the working objectives are to be increased on the other. In fact, the resources in cost for each unit will substantially be thinned down.

Given such circumstances, how can tertiary institutions operate, cope and maintain the quality of education. I hope that the Panel on Education of this Council will follow up at the earliest time possible by inviting each institution to come before us and brief us on their handling methods, thus improving the relevant transparency in order to be accountable to the public. I hope the Administration will consider reviewing the relevant policy after it has realized that these tertiary institutions are really having difficulties.

Here, I would also like to appeal to the teaching staff of tertiary institutions to unite as one irrespective of their seniority. In facing a reduction in funding, they should all accept a reduction of a certain percentage of their salaries. This is after all better than just axing some people and reducing the number of teaching staff by asking a certain percentage of staff to quit, as it will also lower the quality of education.

In fact, there are some other channels to increase the number of students receiving tertiary education. Chief Secretary for Administration Donald TSANG is not present in the Chamber. He once proposed that every student ought to have the opportunity to go overseas to participate in a one-year exchange programme, so as to widen their horizons with an international vision. In fact, I find that the policy address has proposed a development in this direction for there are 900 places this year for students whose travelling expenses and boarding fees will be subsidized by the Government. However, I hope the Government can be more generous and do more work on promoting overseas study programmes on public funding. If the Government can allow students to apply to study in recognized universities overseas, it can consider recommending students to study overseas with the same amount of grant for subsidizing students studying in local universities.

This way of increasing university places does not require land formation and campus expansion, nor does it require engagement of qualified teachers and course assessments. However, talents will become readily available to serve Hong Kong three to four years later upon completion of their studies and on returning to Hong Kong. In particular, we do not have a faculty that provides comprehensive programmes in training talents in some disciplines such as environmental technology. We should implement such publicly-funded overseas study programmes because this is the quickest way to foster local talents apart from recruiting talents from overseas.

In fact, this is not a new concept because it occurred twice in history. One of them occurred during the Meiji Restoration period in Japan; the other one took place when the Chinese Government used the Boxer Indemnity to send a large group of students to study overseas. These students returned after finishing their studies and became a major force in reforming China later. It was a successful experience in history.

Madam President, apart from tertiary education, I would like to talk about secondary and primary school education. Earlier, the Honourable CHEUNG Man-kwong mentioned that Direct Subsidy Scheme (DSS) schools have many merits: they are free to edit the curriculum on their own and set their own criteria for the admission of students. Moreover, they are free to choose their teaching methods and be responsible for their own school administration, thereby creating a better environment for teachers and students. We cannot help asking: If this method is so good, why cannot subsidized schools be given the same freedom? Is it because the Education Department has too many meticulous rules and too many ever-changing policies that have caused subsidized schools to be weighed down since teachers have to adapt to the changes on a continued basis, thus lacking the energy and time to nurture their students? I hope the Secretary will explain to us later: Why cannot the advantages and freedom enjoyed by DSS schools be developed in subsidized schools? Why is the mainstream traditional education bound to turn students into bookworms on completion of their studies and "remedial measures" can only be taken slowly afterwards? I hope the Secretary can explain this to us later.

**PRESIDENT** (in Cantonese): Miss Cyd HO, your time is up.

**MR HENRY WU** (in Cantonese): Madam President, this is the third session of this Council's debate on the policy address, and the policy areas under discussion are education and manpower. I will speak on the issue of unemployment and the ways to effectively implement the relief measures proposed by the Chief Executive. Like we said in the first debate session held yesterday, Members are clearly aware of the present economic situation of Hong Kong, and that as a result of a global economic recession, the challenge confronting Hong Kong is critical. As indicated in the latest data on the United States economy furnished by the Financial Secretary at the special meeting of the Panel on Financial Affairs held earlier on, the country has to take half a year's time or even longer

to revive its economy. Since the Hong Kong economy is affected by the external factors in the economy of the United States, it is believed that the local economy will take a much longer time to improve.

For this reason, businesses and trades in Hong Kong will face economic hardships for an estimated period of as long as one year. With regard to the measures of businesses and trades in the private sector to maintain operation, being limited by the overall economic situation, there are not many opportunities whereby new sources of income can be developed, and efforts must therefore focus on expenditure cuts. As such, they will inevitably resort to downsizing or layoffs to cut expenses. According to the latest unemployment figures released by the Government, the rate of unemployment for the period between July and September stands at 5.3%, representing an unemployed population of 186 000. Thus, the various measures put forward by the Chief Executive in his policy address to create more jobs and to relieve the hardship faced by the community, particularly the proposal to allocate more resources to create jobs and provide training, do merit approval and support. As regards the securities trade, members of the trade are generally in support of the Chief Executive's determination to alleviate the unemployment situation and to relieve the hardship faced by the community.

Madam President, in order to make the implementation of the policies on job creation and manpower training put forward by the Chief Executive a success, it is necessary to have the co-operation of all parties concerned. In this connection, while the support and co-operation of the public is certainly important, of even greater importance is the co-ordination between the various departments under the Government of the Special Administrative Region (SAR). When implementing certain policies, particularly at this crucial moment, care must be taken to ensure that the effects of such policies will not defeat the purpose of creating more jobs. If the implementation of certain policies would induce more unemployment, cause people to panic, stir up feelings of anxiety, thereby causing the community to become unstable, such policies must not be implemented, but must be reviewed and adjusted instead.

Let me cite an example. Recently, the Government is planning to implement a total ban on smoking in all restaurants and places of entertainment. This policy will certainly impact on the sectors concerned and make it very difficult for many establishments in such sectors to remain in business, thereby causing them to lay off their employees and close down. I support the ban on

smoking, but in view of the present economic slump, I do not think it is appropriate to implement this policy which will impact on the employment situation.

By the same token, under the present unclear economic conditions, it is also an inappropriate policy of the Government to support abandoning the minimum brokerage in April next year without paying any regard to the grave impact such a policy would have on the survival of the securities industry and the employment situation of the industry practitioners. It is estimated that if the minimum brokerage should really be abolished, as a result of vicious competition, at least 200 securities firms would close down one after another, causing tens of thousands of people employed in the securities trade to become unemployed and adding considerably to the unemployment rate.

Actually, like many other professionals, the securities industry also supports the object of the Government to reduce the unemployment rate. This is because members of the industry understand that under the present unfavourable economic conditions, so long as their firms can remain in business, they can provide job opportunities, alleviate the pressure for retrenchment, and thus help to alleviate the unemployment situation. However, if the implementation of certain policies should stifle their vitality, they would have no choice but lay off their employees and close down. So, even though the securities industry wants to support the government policy of reducing the unemployment rate, they just cannot do anything to help if the Government insists on abolishing the minimum brokerage.

Madam President, the initiative put forward by the Chief Executive in his policy address to create 30 000 jobs is indeed encouraging, albeit the jobs to be created are mainly concentrated in the construction industry. In this connection, has the Government really conducted any survey and analysis relating to the education level and skills of the present 186 000 unemployed members of the workforce? Such survey and analysis can help to make proper arrangement for the unemployed workers to enter a new trade, thereby avoiding the mismatch problem. Besides, has the Government provided adequate and suitable retraining programmes and matching measures for the unemployed in accordance with their education level and skills to enable them to get the right placements? According to my understanding, workers must have ample on-the-job experience to meet the stringent skill requirements of most of the jobs in the construction industry and to keep pace with the fast rate of progress of construction projects.

In case there should be a grave problem of unemployment in certain professional trades, including the securities industry, catering industry, and so on, and in particular if certain professionals should be laid off and become unemployed, could the Government offer sufficient retraining programmes to these talents who have been serving the public with their professional services to help them to enter the manpower market again?

I hereby urge the officials of the SAR Government to fully support and complement the object put forward by the Chief Executive in the policy address, that is, to resolve the problem of unemployment. They should actively review the relevant policies and provide assistance and support for the relevant trades and industries, rather than adding to their calamities to stifle their vitality, and thereby giving rise to another wave of unemployment and winding up of businesses.

Madam President, I so submit.

**MR FREDERICK FUNG** (in Cantonese): Madam President, the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I are disappointed that the policy address has failed to respond positively to the aspirations of the unemployed grassroots and young persons. Although the Chief Executive has emphasized that education and lifelong learning are long-term investments, and that the Government's resolve to make these investments will never weaken, his resolve to ameliorate the employment problem facing the middle and lower strata of society is rather weak. To these low-skilled workers of low education level, the employment problem confronting them is indeed fatal. As such, in addition to providing them with suitable retraining programmes to help them switch to other trades, the Government should also create more temporary jobs to alleviate the present unemployment situation.

To begin with, the policy address proposes that the Government will create 32 000 more jobs in respect of cleansing, security services, public works projects, and so on. However, given that the unemployment rate of the recent quarter has risen to 5.3%, representing an unemployed population of over 180 000, the creation of 32 000 additional jobs is but a drop in the bucket insofar as helping to alleviate the present unemployment situation is concerned. According to newspaper reports, over 27 000 of those 30 000-odd additional jobs will be created from April next year to 2007. Come to think about this. How can



those 30 000 jobs help to alleviate the situation when they will be created over such a long period of time? Actually, only slightly more than 10 000 jobs will be created next year. I therefore feel that the Government is playing with figures to present a good impression.

Besides, although the Chief Executive has undertaken to vote \$600 billion for infrastructural projects in the coming 15 years, the commencement of majority of the projects has to wait until 2003 the earliest. In reality, projects that will be launched shortly include only Route 9 (Tsing Yi to Sha Tin Section), the South East Kowloon Development, Route 10 linking North Lantau and Yuen Long Highway, as well as Central Reclamation Phase III. Given that these projects will only offer some 20 000-odd employment opportunities, just how can they provide sufficient jobs for the over 100 000 currently underemployed construction workers?

I therefore hold that the Government should expeditiously create more employment opportunities and allocate \$4 billion to create 50 000 additional short-term temporary jobs and make them available within a year. I urge the Financial Secretary and the Chief Secretary for Administration to consider the ADPL's proposal.

Furthermore, the Administration should keep a close watch on changes in the manpower market, with a view to creating more temporary jobs in the light of the unemployment situation which is expected to further deteriorate. Apart from creating jobs, the Government should correspondingly devote more resources to ensuring that the employed population can keep their present salary levels or reasonable salaries and benefits. With regard to the proposal of the Housing Department to change the duty roster for security guards from two shifts to three shifts, for example, we are concerned that it will turn out to be three persons sharing the pay for two jobs. That way, the proposal made by the Department out of goodwill just cannot do good to the security guards concerned.

On the question of retraining, Madam President, the Chief Executive has emphasized in his policy address that great importance would still be attached to retraining efforts. Nevertheless, looking back on the past few years, the effectiveness of the various retraining programmes was considerably undermined by the gravely overlapped structure of the retraining framework. At present, retraining programmes are mainly taken charge of and formulated separately by

the Employees Retraining Board and the Education and Manpower Bureau. Due to the overlapped structure of the retraining framework, many a time resources are either used repeatedly or excessively scattered, thereby affecting the effectiveness of training courses. Therefore, the Government should expeditiously integrate the various retraining organizations, so that the various programmes can be implemented centrally and resources utilized more effectively.

Apart from that, the knowledge or skills that some of the retrainees acquire are unable to cope with the rapidly changing knowledge-based economy of Hong Kong, and thus cannot help the unemployed to enhance their competitiveness to rejoin the labour market. The Government should therefore review regularly the various retraining courses, with a view to keeping the contents of the courses constantly update with the market needs. On the other hand, the Government should also put in more resources to extend the employment and follow-up services for retrainees, so as to enable them to acquire more knowledge and opportunities of learning in the face of hardships in job-seeking and other aspects.

The third issue I should like to discuss is the employment problem facing young persons. Actually, Madam President, in addition to catering for the needs of the middle-aged unemployed persons of low education level, the Government also has a responsibility to review the gravely high unemployment rate among young persons. As indicated in some information, the unemployment situation of young persons in Hong Kong has deteriorated. The unemployment rate of young persons between the age of 15 and 19 has risen from the 20.9% recorded early this year to the latest 25%, which is way higher than the overall unemployment rate. The ADPL and I therefore suggest the Government expand the present personal assistant programme by allocating \$70 million more and extending the target recipients from non-governmental organizations to other private organizations in Hong Kong. That way, the scale of the present programme will be doubled to provide 4 000 jobs for young persons yearly, thereby helping to alleviate the unemployment problem of young persons.

Speaking of short-term unemployment assistance, Madam President, however active the Government is in providing training and retraining courses to help the unemployed workers to rejoin the labour market, there will always be some who cannot benefit from the courses and secure a job. The pressure of

unemployment is always hard on wage earners, so much so that their self-esteem may be hurt before their families and relatives. In this connection, I believe the Government should provide short-term unemployment assistance for the unemployed, so that they can receive for a period of six months a monthly assistance payment equivalent to one third of the median wage, which is around \$3,300 at present. During this period the Labour Department and the unemployed persons concerned should actively look for jobs. Upon securing a job, the assistance payment will stop immediately. But for those who still cannot secure a job after six months, their cases transferred to the Comprehensive Social Security Assistance Scheme.

Madam President, on the whole, the Government is trying to leave the economic issues and the problem of unemployment to the market. However, in times of recession, the market will be running in an opposite direction. Rather than absorbing the unemployed, the market will push more people into the unemployed population. In this connection, I wonder whether the Government will consider changing the long-emphasized market-led principle to the idea of full employment.

Thank you, Madam President.

**MS AUDREY EU** (in Cantonese): Madam President, the Chief Executive, Mr TUNG Chee-hwa, has been making vigorous efforts in pushing through the education reform since assuming office. He has promised us that however bad Hong Kong economy might become, the Government will continue to increase the investment in education. We do not doubt the Government's determination to reform education. But why are there still so many people, particularly teachers and parents, dissatisfied with our education policies? In my opinion, this can be attributed at least to the following factors.

To start with, the emphasis of our education policies is on "quantity rather than quality", with the Government pursuing blindly numerical targets to the neglect of the substance of the policies. We will see a wide range of programmes and figures if we browse through the pamphlet on Policy Objectives. However, there is a lack of review of the substantial effect of the policies.

The policy address proposes to set aside \$5 billion to provide adults who are eager to learn with financial assistance. According to the Government's

preliminary idea, the \$5 billion is apparently going to be shared equally among 500 000 adults. In other words, each of them is going to receive \$10,000 — I can see that the Secretary, Mrs Fanny LAW, is shaking her head — I hope this is not the case.

Many members of the public are now studying at their own expense. The Government should indeed concentrate its resources on helping those who wish to pursue self-enrichment but lack the means to do so. This will enable us to utilize our limited resources meaningfully, rather than assuming that the target is reached through sharing the money equally among 500 000 people.

Let me cite another example. In last year's policy address, the Chief Executive put forward the ambitious target of enabling 60% of students to receive tertiary education within 10 years. But since it is virtually impossible for the existing secondary students in Hong Kong, given their standard, to reach this target, the Government can only give up its first preference and drastically increase the number of associate degree places instead.

Nevertheless, both the Government internally and society lack comprehensive information on associate degree programmes with respect to positioning, qualifications and curriculum quality. More importantly, since the Government has not promised providing associate degree holders with sufficient university places, I am afraid the programme will eventually turn into a plan with a bunch of figures but not substance.

As for the second reason, a number of Honourable colleagues have actually mentioned it earlier. Before the reunification, the then Education and Manpower Branch proposed that, starting from 1993, the class size of Primary One be reduced to 35, and the plan be gradually expanded to senior classes. Immediately upon assuming office, however, the Chief Executive decided to implement whole-day schooling for primary classes. Consequently, the plan to reduce the ratio of teachers to students in each class was suspended. What is more, the size of each class has to be expanded correspondingly.

In all honesty, the proposal of implementing whole-day primary schooling was originally well intentioned. It is only that the Government has overlooked the most fundamental problem of putting too many students in one class. This makes it virtually impossible for teachers to teach students in accordance with their aptitude, and to cater to the varying learning abilities of different students.

Actually, the phenomenon of excessively high ratios of teacher to student can be found in secondary schools and universities too. At present, it is not uncommon for tutorials conducted in universities to have a class size of several dozens. The meaning of tutorials is completely lost since some students are not even given a chance to speak.

Actually, the community has already reached a consensus with respect to the tackling of the problem of excessively high ratios of teacher to student. I really do not understand, nor can I accept, the position taken by the Government with respect to this issue.

Third, the Government has acted too rashly in implementing its education reform, lacking a process of brewing from bottom up. At the same time, the Government has failed to take good care of the feelings of the affected persons, such as parents and teachers. For instance, starting from this academic year, the Government has decided to reduce the number of performance bands for purpose of allocation of secondary school places from five to three in order to minimize the labelling effect. I agree that students should not be labelled. I also agree that students should be taught without discrimination. However, that does not mean students of different intelligence quotients, interests and aptitudes be mixed together in a rigid manner.

The meaning of "taking remedial and enhancement means" is to give outstanding students special care and, at the same time, to take care of those lagging behind. Equal opportunities do not mean equal distribution or equal mediocrity. The Government should encourage school sponsoring in different forms, in addition to the operation of mainstream government and subsidized schools. For instance, the Government may consider speeding up the development of Direct Subsidy Scheme and quality primary schools, setting up arts or sports schools, and so on, to give parents and students more options.

The Government must facilitate the cohesion of a social consensus and solicit support from schools, teachers and parents before the education reform can bear fruit. Launching the education reform hastily without going through serious consideration will put the Government in a difficult position as to whether it should go on or retreat on meeting resistance. This mistake has often been made by the SAR Government in administration.

Fourth, the policy address has failed to pinpoint the local education framework by, for instance, conducting a review of the departments responsible for policy enforcement to see if any improvements can be made. Let me cite the Education Department (ED) as an example. The Equal Opportunities Commission (EOC) has, since as early as 1997, pointed out to the ED that the mechanism for allocating secondary school places is discriminatory. It has almost been five years since the EOC brought the case to the Court which ruled in favour of the EOC in June this year, yet the ED has all along refused to carry out any reform in the interim and also failed to make any preparations for a possible defeat. Eventually, great chaos arose in respect of the allocation of secondary school places this year.

Insofar as university education is concerned, a number of structural problems can also be found with the distribution of resources. I understand that the University Grants Committee (UGC) is now reviewing the management framework for tertiary education, funding, and so on. I hope the UGC can accommodate the views expressed by people from different strata of universities for the purpose of identifying the crux of the problems, so that the right remedy can be prescribed.

In conclusion, we cannot upgrade local education and the quality of our manpower simply by setting up a few funds, or by merely setting some ambitious targets. I hope the Government will not only devote resources to achieving some numerical targets, but also distribute our precious resources carefully and effectively in the light of the reality.

Madam President, I so submit.

**MRS SELINA CHOW** (in Cantonese): Madam President, I believe all of us, whatever sectors or strata we come from, and whether or not we work under the government framework, would not like to see the unemployment figures continue to rise. I have to reiterate that I have all along insisted, in most cases, we cannot rely on the Government alone to resolve the unemployment problem since unemployment is a result of the economic downturn. If we are to resolve the problem radically, we must improve our economy and restore the confidence of investors. The unemployment problem cannot be resolved radically until the economy is "revived". In any case, the Government can certainly formulate some measures to alleviate the people's hardship. For instance, the

Government can introduce such measures as creating temporary posts or launching training schemes to help workers enhance their value. This is indeed a sensible policy. While creating job opportunities or encouraging retraining, the Government must first understand that it should not consider this as a means to provide relief. Instead, it should see this as a means to invest in the future. This is very important indeed. We can definitely make use of this opportunity to add value to the labour sector.

The unemployment problem currently facing us is somehow different from the past in that more and more people of the middle class and of the management level, and professionals were dismissed. This can be attributed to the fact that their salaries are generally or even a few times higher than the incomes received by the grass-roots workers. Employers prefer laying off senior employees to laying off five to 10 lower-ranking workers since more money can be saved. This explains why the current unemployment problem has produced a group of intellectual and highly educated unemployed people. What shall we do to pinpoint this problem in order to help this group of people? I greatly admire a proposal made by the Secretary, Mrs Fanny LAW, that is, this group of people are aptly qualified to take up teaching posts. Those who are in possession of IT skills or high language standards are precisely the sort of teachers we lack most at the moment. Of course, they must undergo teacher training since they have not received such training before. Perhaps they can undergo on-the-job training so as to facilitate their switch of jobs.

As a matter of fact, there is nothing bad about job switching. According to the findings of a survey conducted in the United States, society is no longer the same as it was. People now no longer stay in a trade throughout their lives. A number of people switch jobs several times throughout their working career spanning three or four decades. There is nothing strange about it at all. For professionals or people of the middle class who are currently confronted with unemployment, they should perhaps seriously consider whether they should join the teaching profession. This can be a win-win solution since they can apply their knowledge and switch to a profession requiring their service at the same time. We understand that the Government has been unable to implement a number of policies because of a shortage of teachers. For instance, we have been unable to implement our plan to reduce class sizes because there are not enough teachers. Owing to the shortage of teachers, some unqualified people are even occasionally allowed to work as teachers in the past. This was nonetheless a solution when we were unable to come up with a better one. Now

the situation is different and we are given a golden opportunity. I hope Members can refrain from looking at the profession through protectionist glasses. I strongly believe that most people from the education sector do not look at it this way. Nevertheless, I was slightly disturbed by what I had heard lately. In my opinion, if we are to upgrade the standard of education in Hong Kong, we must try every possible means to accommodate talented people and allow them to join the teaching profession.

I would like to say a few words on the tour-guide industry, a trade I am familiar with. Despite occasional criticisms against tour guides in Hong Kong, we do have some excellent tour guides. Many long-haul tourists agree that the standard of our tour guides is very high since most of them are well versed in a number of foreign languages such as English, Japanese, and so on. Undeniably, some short-haul tourists did level criticisms against tour guides in Hong Kong. In this connection, the Government plans to launch a licensing scheme for tour guides. Under this licensing system, tourism practitioners will be required to undergo training. However, this scheme has been put off to the indefinite future, and the relevant training work has been postponed accordingly. If we can advance the timetable of implementing the licensing system so that some people can receive training early, they will be able to join the industry upon acquiring their licences. I believe unemployed people of the middle class who are willing to join this profession will be able to help add value to tourism by virtue of their knowledge and skills.

Madam President, I wonder how many people will remember I was the one who strongly promoted a training scheme for domestic helpers back in 1995. I was criticized by some colleagues who were sitting in the Chamber at that time that I should not advocate the idea of encouraging women to take up such a lowly job. Some also criticized me of "making a wrong diagnosis and prescribing an inappropriate medicine". Now it seems that my proposal has become a "trend". People who now express their concern over this matter are actually six years behind. At that time, there were only 140 000-odd foreign domestic helpers in Hong Kong. Now their number has exceeded 200 000. If the scheme can be implemented earlier and, just as the Honourable CHAN Yuen-han said, if the Government can assume an intermediary role and pay attention to the matter earlier, we can have helped a lot of qualified people to join the industry.

Thank you, Madam President.



**DR YEUNG SUM** (in Cantonese): Madam President, may I seek your permission to speak on education policies. As the spokesman for the Democratic Party on such policies, I consider this opportunity extremely important.

This is the last policy address delivered by the Chief Executive during his tenure of office. We have much regret when we review the development of education in Hong Kong. Let me start by giving a brief account of the positive side. Such measures as setting up a \$5 billion fund to subsidize continuing education, increasing the number of posts in every primary or secondary school to alleviate pressure on teachers, recruiting additional native English-speaking teachers in primary schools to upgrade the English standard of students, and so on, are indeed worthy of recognition. Nevertheless, it appears we look at investments in education purely from an economic angle. A report compiled by an international panel of consultants in the '80s pointed out that investment in education should not be linked purely with economic consideration. Education *per se* should have a positive significance. The panel also raised the point that, given the lack of natural resources in Hong Kong, our only resource is "manpower". Therefore, the nurturing of our manpower is of paramount importance. Apart from economic advancement, the development of education is of enormous significance to the political, cultural, and socio-economic developments. We must not look at education solely from the economic point of view.

Madam President, I would like to make four points of comments to conclude the mistakes made by the Government in respect of education policies over the past years under the administration of the Chief Executive. First, the Government's policies have been wavering. In particular, I would like to say a few words on mother-tongue teaching. After the reunification, the Government ordered that mother-tongue teaching be implemented on the ground that this is of the utmost importance from the angles of education and social culture. In the course of implementation, however, opposition from parents and some schools eventually forced the Government to "brake", allowing a hundred or so schools to continue to teach in English. In doing so, the several hundred secondary schools in Hong Kong were virtually divided into two classes. Schools using English as the medium of instruction were considered first-class schools, and those using mother tongue second-class. There was negative impact on schools where mother tongue was used as the medium of instruction for it gave people the impression that students were forced to enrol in these schools after they had

failed to enrol in English-teaching schools. Such a consequence was probably unexpected by the Government when it made the concession. The lesson we can draw from this incident is that however good the intention of an education policy might be, problems are bound to arise if the policy is not implemented properly, or if the authorities fail to gauge the responses of the community or make the matching measures dovetail with enforcement. The relevant authorities have probably learned a valuable lesson from this. Obviously, the education sector still has to continue with its effort to demonstrate to members of the community how mother-tongue teaching can benefit students in terms of their thinking and study in Chinese, English and Mathematics subjects, and so on, and the fact that mother-tongue teaching compares favourably to English-language teaching. We must continue to work hard in this area.

Second, I think the introduction of innumerable new reform initiatives by the Government and its constant change of mind warrant detailed examination for many parents and teachers are deeply disturbed as a result. Although the recruitment of more teachers can alleviate the pressure on serving teachers, I was told by some teachers that they would naturally face less pressure if the Government could stop launching too many reforms. The so-called "school-based management" concept proposed by the Government, and such other reform measures as student-based curriculum, developing information technology subjects, upgrading language standards, implementing the "through train" model, abolishing the Academic Aptitude Test, and so on, were introduced within a short period of time. How can we expect schools to be able to catch up with such rapid change in policy? Some critics commented that even government officials had failed to catch up with the changes since they were subject to frequent posting. In my opinion, it is very difficult to reap good results if policies are formulated in this manner. There is nothing bad for a government to "be ambitious". But numerous problems will arise if a government is "overly ambitious".

Third, the quality problem. Our Government has apparently put its emphasis on quantity rather than quality. For instance, it suddenly announced the target that 60% of students should receive tertiary education. Earlier on, some critics remarked that 18% of university students were not up to standard. A number of problems have also been raised by members of the community: Should the primary and secondary education structure be five- or six-year? Should universities adopt a three- or four-year structure? How can the teaching quality of kindergartens be enhanced? Even before these problems had been

resolved, the Government suddenly announced that 60% of students should receive tertiary education for the apparent reason that we needed to surpass other places since we were lagging behind. What about the standard of students? The Government indicated not long ago that university graduates would be required to sit for a centralized English graduation examination. If the Government can introduce sound language policies for primary and secondary schools and for pre-primary education, do universities still need to emphasize enhancing language education? Obviously, the Government is often chasing blindly after figures or quantity at the expense of quality. This is precisely the biggest problem with the education reform. I hope the Secretary can listen to my advice carefully.

Four, the consultation procedure. It appears to me that the relevant bureau has a very strong will of pursuing its way as a superior. Let me refer back to the proposal of enabling 60% of students to receive tertiary education. This proposal has never been discussed by the Legislative Council Panel on Education. Neither has the Education Commission gone through any brewing processes with respect to it. The Government suddenly made the proposal and then a number of remedial measures were taken, followed by a belated public consultation exercise. Is such a will displayed by senior officials related to the philosophy of governance of the Government? I believe this warrants a review.

Lastly, Madam President, I would like to say a few words on the Direct Subsidy Scheme (DSS), a topic that upsets me. If traditional elite schools feel that they have to switch to direct subsidy because they are unable to enrol quality students and this will affect their quality education, does it imply that only students with outstanding academic results and whose parents are able to afford exorbitant school fees will be accepted by these schools in future? Will outstanding students be barred from these schools just because they come from poor families? Will society be divided as a result? Personally, I have no objection to the decision made by those schools to switch to the DSS. As a parent, I agree that parents should have a right to choose. In implementing the scheme, however, we have to examine whether society will be divided and whether positive effect will be produced on social cohesion. The Honourable SZETO Wah resented the term "10-year programme" very much since it was the pet phrase of the Communist Party. The Chief Executive is apparently fond of "10-year programme" too. I hope the Government can appreciate that it should not act too hastily in implementing its policies.

**PRESIDENT** (in Cantonese): Dr YEUNG, your time is up.

**DR YEUNG SUM** (in Cantonese): Thank you, Madam President.

**PRESIDENT** (in Cantonese): It is now 5.35 pm. The speaking time limit for Members in this session has expired. 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 EDUCATION AND MANPOWER** (in Cantonese): Madam President, first of all, I wish to thank Members for their many valuable views on the areas of education and employment as presented in the policy address. In fact, from what I have listened in this debate, many of the suggestions made by Members seem to be very similar to those currently under our consideration, particularly those in respect of manpower training. This will be conducive to the co-operation between the Education and Manpower Bureau and Members of the Legislative Council in the coming year. Before I specifically respond to the issues raised by Members, I wish to give an account of the overall situation of manpower resources in Hong Kong currently and the Government's strategies in the development of human capital in future, as well as how they will dovetail with the overall development of society.

Let me start with the overall situation of manpower resources in Hong Kong. At present, the overall education attainment of Hong Kong people is on the low side, which is not conducive to the development of a knowledge-based economy. Of those aged 15 and above, only 18% have post-secondary qualifications or above, whereas the percentage of those having an education of Secondary Three or below is as high as 48%. There is indeed a need for us to train up more people who are creative, adaptable and with high education attainment and ability for self-learning.

Dr the Honourable YEUNG Sum mentioned earlier that in vigorously expanding tertiary education, we appear to have attached importance only to quantity rather than quality. Last year, in the study on manpower needs in the next five years, we already stated clearly that a larger workforce with education below university but above secondary level would be needed. We do have a

large demand for these paraprofessionals. Therefore, it should be a good thing that the Government can respond to this need promptly.

In fact, the tertiary institutions also actively support this direction. The programmes provided by them initially are all undergraduate programmes. In formulating these programmes, the universities must seek approval from their academic accreditation committees because universities are self-accrediting institutions. So, we should not have misgivings about the quality of these undergraduate programmes.

Competition in the 21st century is a competition for manpower. In view of this, the Government will inject massive resources and spare no efforts to improve education and manpower training regardless of how tight public finance is, in order to achieve the objective of "solidifying strengths to restore vigour", upgrade the quality of talents and promote lifelong learning, thereby enabling Hong Kong to more effectively grasp the opportunities in the New Economy.

In Hong Kong, manpower training has all along been provided by a number of training institutions separately. They include the Vocational Training Council, Construction Industry Training Authority, Employees Retraining Board (ERB), and so on. As tertiary institutions also work independently, there is a lack of overall planning and co-ordination among them. We are currently conducting a review of the organizational structure of vocational education and training institutions as well as the delivery model of training services. Our goal is to strengthen co-operation among the Government, employers, employees and training providers, with a view to conducting regular overall evaluation of manpower needs, determining training requirements and priorities in a more systematic and efficient manner, so that manpower training efforts can more effectively meet the needs of social and economic development in Hong Kong. Although the Honourable MA Fung-  
kwok is not in this Chamber now, I am very grateful for his suggestion of setting up a high-level commission to co-ordinate efforts of manpower resources development. We will certainly make consideration in this direction actively.

Moreover, to encourage lifelong learning in the community, we have to build up a qualification ladder to enable learners to see more clearly the road ahead. We also need to establish a mechanism of qualification accreditation and quality assurance so as to provide people who wish to pursue studies with sufficient information, thus enabling them to make informed choices. To

respond to the training needs of the community more flexibly and promptly, we hope to open up the training market so as to encourage more social organizations and private enterprises to participate in vocational education and training, thereby providing diversified programmes to meet the needs of different people. This can avoid the situation mentioned earlier on by the Honourable LEUNG Fu-wah, that trainees may not have the chance to bring their abilities into full play, or they may not even find programmes that suit their needs. The Education and Manpower Bureau will consult this Council's Panel on Manpower and the relevant organizations on the specific arrangements within a month or two.

As regards the direction of training, we have to take account of the needs in three areas. First, we have to provide abundant talents in a timely manner for new domains or industries with potential to grow, so as to cater for their development and at the same time attract inward investments. Second, we have to provide focused training to help in-service workers acquire new knowledge and skills to cope with the changing needs of their jobs, so that they will not be made redundant. Third, we have to provide retraining for the unemployed to help them rejoin the workforce. To the unemployed, it is very important that they be given assistance in keeping tabs on the position of the labour market and assess their own ability and potential in order to set reasonable expectations. On the question of whether legislation should be made to provide for training leave as raised by the Honourable LEE Cheuk-yan and the Honourable Andrew CHENG earlier in the debate, we have recently introduced a skills upgrading pilot scheme for implementation in six industries initially. We do not consider it necessary to rigidly provide for training leave. However, suitable training timetables have to be drawn up through consultation between employers and employees in the training groups for these training courses to proceed smoothly. So far, 57 courses have already started, and response has been very good. I believe consultation between employers and employees is essential to arranging for the most reasonable training timetables. Results of surveys showed that over 500 000 people are currently taking various types of continuing education courses in Hong Kong. All of them attend classes using their own time and in consultation with their employers.

In a fast-changing social environment, individuals and society should continuously strive forward in order to maintain an edge in competition. Lifelong learning can be achieved only if social beliefs and attitude change accordingly. Success cannot be achieved simply by financial investment. Everyone must actively pursue learning on his or her own initiative to sustain momentum.

In the policy address, the Chief Executive announced that \$5 billion would be earmarked to subsidize adults wishing to pursue continuing education, with a view to promoting lifelong learning and facilitating the economic restructuring of Hong Kong. Yet, lifelong learning cannot be achieved by relying on the Government alone. We must seriously think about how this colossal funding should be utilized. There are four basic principles: First, applicants must be adults aged 18 or above. Second, the programmes under application must be recognized by the Government. Third, the programmes must meet the needs of the economic development of Hong Kong. Fourth, applicants cannot enjoy double subsidies at the same time. Given limited funds, we must set priorities to ensure that the resources will produce continued and multiplying effects. We hope not only to help an individual, but to see that after receiving training, the individual can exert his influence to benefit more people in society. As to the specific proposals, including the ceiling of subsidies and whether subsidies will take the form of a remission in school fees, we would like to listen more to the views of the community and give effect to the relevant measures only after consulting with all parties concerned. We hope to start accepting applications in April next year.

Apart from vocational training, we also have to expeditiously upgrade the overall education attainment of Hong Kong people. In this connection, we have made lots of efforts in recent years. The Government announced last year the expansion of tertiary places and the provision of sufficient senior secondary places for all Secondary Three students who have the wish and ability to pursue further studies to receive education. In the meantime, we have endeavoured to inject diversity into the education system and promote reforms of the curriculum to provide students with more choices and enable them to bring their unique potentials into better play in accordance with their interests and aptitude.

In the next five years, many quality private schools, Direct Subsidy Scheme (DSS) schools, senior secondary schools and tertiary programmes with unique characteristics will come into existence one after another. I can foresee that education in Hong Kong will allow more flexibility, more diversification and will better meet the objective of tailoring teaching and learning to students' needs, nurturing for Hong Kong a pool of elites who excel in various disciplines.

Earlier on, the Honourable Cyd HO and Dr YEUNG Sum raised some questions on DSS schools. I wish to stress once again that DSS schools are an important component of the education reform. They are meant to provide more

diversified curricula in our education system so as to accommodate the needs and choice of different people. It is impossible for the education reform to meet all expectations across the board. So, all we can do is to create more options in the system to satisfy the needs of parents and to tie in with the learning ability and aptitude of students, with a view to achieving the objective of tailoring teaching and learning to students' needs.

Under this premise, we allow DSS schools to exercise greater flexibility and autonomy over their curriculum and enrolment of students, which is absolutely necessary. As DSS schools are subsidized on the basis of students intake, their curriculum must meet the genuine needs of society and students. I have also mentioned in the paper a school of arts, design and media under our proposal. Indeed, there is a need for this type of school in Hong Kong, and it is because we have the DSS that we can come up with the idea of setting up this type of school. As this type of school will only admit students with special aptitude and potentials, they must be given autonomy in the enrolment of students, and this is just a matching measure.

The Government has not ignored the ordinary subsidized schools. Over the past five years, the Government has continuously channeled resources into subsidized schools. Given the large number of subsidized schools, the results of our efforts may not be readily tangible to Members. I very much welcome Members and would encourage them to visit these schools if they have the time and see for themselves what changes have been made in the front line since discussions of the education reform began. I hope that Members will not incorrectly relay erroneous messages or believe in hearsay, taking the view that the education reform has been completely ineffective. We absolutely attach importance to quality. It is not the case that we simply attach importance to quantity alone. I think more DSS schools can indirectly help relieve the burden of subsidized schools. The financial burden of the Government may also be slightly reduced accordingly, because parents are willing to meet part of the school fees to give their children education of a better quality. As we have always emphasized, DSS schools are also subsidized by the Government, and the subsidies received by each student are no less than the average amount of subsidies for students in subsidized schools. Therefore, whether school fees will be increased and whether they are expensive entirely depends on the decision reached between schools and parents. They are not a causal result of the Government introducing DSS schools. We have also required DSS schools to offer scholarships to no less than 10% of students who can then enjoy school



fee remission and subsidies. The school that charges a comparatively high level of school fees as mentioned by a Member earlier on even provides subsidies amounting to over 30% of school fees. Therefore, DSS schools are absolutely not schools for the rich. Our objective is equality for all in that everyone has the opportunity to study in these schools.

Since its establishment, the Government of the Hong Kong Special Administrative Region has endeavoured to improve the quality — and I stress quality — of education in Hong Kong. Efforts are made mainly in three areas. First, to set the system free. The objective is to change the examination-led mode of learning in order to make learning a more meaningful process and encourage students to learn in a more willing and active manner. I believe lifelong learning will be achieved only with this active attitude of learning. As I said just now, lifelong learning is an attitude. Reforming the education system, abolishing the Academic Aptitude Test for Primary Six students and changing the assessment methodology are some of the ways to achieve this objective. Second, we have to improve the learning environment, create the space and conditions for whole-person education, so that learning life will be more interesting and enriching. For this reason, we have to promote whole-day primary schooling, speed up school improvement works, design new school premises and build schools of the new century to provide students with a more satisfactory learning environment. Third, we have to endeavour to enhance the effectiveness of teaching, which is also one of our top priorities. I wish to remind Members that if the first two areas are ignored, it would be impossible to achieve the objective simply by relying on teachers to improve the quality of teaching and promote the activity approach, for teachers' hands are also tied by the examination framework and system.

To make teaching more effective, the prerequisite is to upgrade the qualifications of teachers and improve the curriculum and teaching approach. These are all tasks on a more microscopic level that need to be adjusted in the light of the actual circumstances of individual schools. So, in pursuing these objectives, we have to adopt a school-based approach and encourage experience sharing among teachers. Certainly, we must provide support for teachers and create a better environment for them, so that they can have more time to take care of their students and focus on teaching. In this regard, lots of efforts have been made. Schools are now allowed greater flexibility in the use of funds to reduce the workload of teachers and employ teaching assistants. Last year, a provision of \$500 million was made to provide a Capacity Enhancement Grant

for use by schools flexibly in the light of their own conditions. From the information that we have obtained, over 5 000 people have been recruited by schools to alleviate the pressure on teachers. Starting from the next school year, the Student Financial Assistance Agency will handle all applications for remission in school fees and subsidies for travel expenses, in order to expedite the processing procedure and reduce the workload of teachers in handling these applications. This measure will be put into effect in September 2002.

In this year's policy address, the Chief Executive also proposed employing more teachers for primary schools, including information technology coordinators, curriculum officers, counselling teachers, and native English-speaking teachers. With the provision of increasingly more resources over the years, and not taking into account teaching assistants employed with the one-off grant, the teacher-student ratio in primary schools has been improved from 1:22 in 1997 to 1:21.7. Coupled with the improvement measures to be taken next year, we expect that the ratio will come down to 1:19.7, which means one teacher for every 19.7 students. The teacher-student ratio in secondary schools will be improved from 1:19.9 to 1:18.5. With the provision of additional resources next year, it could be further improved to below 1:18. From this, we can see that the teacher-student ratio in Hong Kong is not bad at all and definitely does not pale in comparison with many countries (particularly Southeast Asian countries). However, given limited classrooms, the number of students in each class is still very large. At present, the average class size in primary schools is 37 students, whereas that in secondary schools is 40. Many schools have now divided students into small groups for teaching by flexibly placing students in classes, rearranging timetables and exploiting social resources. We must realize that reducing the size of school classes and teaching in smaller classes are two entirely different matters. We encourage schools to flexibly deploy teachers to teach in smaller classes for the most important subjects, such as language subjects. We absolutely encourage and support the adoption of this approach. In fact, the Education Department is looking into many success examples and we hope to make known their experiences to other schools.

In carrying out the education reform and injecting resources, we fully appreciate the importance of basic education. In this connection, the first and foremost task is to perfect basic education by, among other things, making every effort to ensure quality early childhood education. Our priorities include cultivating a reading habit among pupils and improving their language proficiency. Starting from next year, the Government will inject close to \$200

million for employing native English-speaking teachers and teaching assistants. We have two objectives. One is to fortify the environment for learning English in primary schools. But more importantly and more often ignored is the need to promote a new culture of teaching, facilitate the professional development of local English teachers and improve the overall standard of language teaching, for we cannot rely on outside assistance permanently.

The Standing Committee on Language Education and Research Support is conducting a comprehensive review of the existing language policy, including the curricula, teacher qualifications, teaching methods, social environment, the effectiveness of mother-tongue teaching, and so on. It is expected that recommendations will be submitted to the Government in the middle of next year. Moreover, the Advisory Committee on Teacher Education and Qualifications is also carrying out a study on how to improve pre-service training, induction guidance and continuous education for teachers. It is expected that the Committee can submit its report in the middle of next year. The Education Commission (EC) is studying the detailed arrangements and timetable of reforming the academic structure of senior secondary and university education. It is hoped that specific proposals will be ready next year.

I am grateful to Mr MA Fung-kwok for his objective views on the transitional arrangements for the change of the academic structure. I will certainly reflect them to the EC faithfully. Earlier on the Honourable YEUNG Yiu-chung urged the Government to consider increasing Secondary Six places. On this issue, while we certainly feel sorry for those Secondary Five leavers who cannot continue with their Secondary Six studies, just as Mr YEUNG does, we must also consider many other issues in expanding the number of Secondary Six places, including the increase of tertiary places under study now. We should examine if the Secondary Six curriculum is really suitable for these students or whether tertiary programmes are more suitable for them. There is now a disparity between students in the arts stream and those in the science stream, in that the latter cannot find a place in Secondary Six even though their scores appear to be higher. Do we have other ways to improve this situation? When senior secondary schools emerge in 2003 to 2004, should we subsequently increase the number of Secondary Six places? Should we reserve some places for senior secondary schools? If we are really going to increase Secondary Six places, how should they be distributed? I can tell Mr YEUNG that we have not

given up efforts in studying ways to enable Secondary Five leavers to have more opportunities to pursue education. However, we do need time to conduct these studies.

Education is a long-term commitment. I very much agree with the advice tendered to us by Mr SZETO Wah earlier on. The Honourable David CHU also suggested that more public consultation should be conducted. I wish to share with Members some of my feelings in carrying out the education reform. In pushing ahead with the education reform, particularly in 1999, the EC actually conducted an unprecedented consultation in terms of its extensive coverage in society. Proposals were finalized only after this consultation which spanned two years. We had listened to many suggestions, learning that there were people opposing the reform and there were people supporting it. Unfortunately, insofar as education is concerned, we are often caught in situations in which we may accommodate the needs of one side but not the other. It is impossible for us to meet the aspirations of all sides. However, I very much hope that those who had shown support for the education reform and its notions during the public consultation will not easily change their mind in the face of pressure.

The Honourable Tommy CHEUNG and Mr SZETO Wah both mentioned that the education policy had been wavering and decisions constantly reversed. In fact, I have heard of such criticisms for many times. But other than the policy on mother-tongue education, I really cannot think of any other specific example (but I am glad to exchange views with Members on this issue again after the meeting). Regarding the policy on mother-tongue education, I wish to remind Members that when this policy was introduced in 1998, it was already decided that schools would have full autonomy to decide whether or not to revert to using English as the medium of instruction when students advance to Secondary Four. We had at that time set out three basic principles and insofar as these principles are concerned, we have never wavered in our position. These principles include: first, the language proficiency of students must have reached a certain standard, so that they can learn effectively in a foreign language; second, the teaching ability of teachers will not be affected by the use of English as the medium of instruction; and third, sufficient bridging programmes must be put in place to ensure that the effectiveness of learning will not be undermined by the use of English as the medium of instruction. Under these three principles, schools are allowed freedom, not that the Government's policy has wavered. I very much wish to stress these three principles. I remember I did talk about them before, but some impressions just appear to be lingering on.

The Honourable LEUNG Yiu-chung opined that the education reform has hardly delivered any result, thus driving many people to use their feet to cast a vote of no confidence. I think basically parents do agree with the direction of the education reform. They feel that the education currently provided by schools may not satisfy their needs, and as their children grow up day by day, they can no longer keep on waiting. Therefore, they would rather take other alternatives. I am more positive and optimistic, so I think they identify with the direction of the education reform. If we do not wish to see parents using their feet to cast a vote, we must introduce education reforms. I would not venture to say any more about speeding up the pace. Instead, we should respond to the aspirations of parents selectively and make improvements to the key areas as soon as possible, in order to ensure that students in Hong Kong are provided with quality education.

The Honourable Audrey EU made some comments on the education reform. I wish to respond to her comments on reducing the number of bandings from five to three in the secondary school places allocation exercise. I believe this is also the concern of many middle-class families, and it is an area covered in the public consultation. We knew at the time that there was no consensus in the community on this issue. But if we look at it from the angle of democracy, it was because the majority of people were in support of changing the number of bandings from five to three that we decided to effect this change. Of course, sometimes conflicts are bound to arise between the "greater self" and the "smaller self". One may support a measure if it does not affect the "greater self", but may oppose it once his children are affected. This is also where the difficulty lies. I can provide some figures to allay Members' worries. Members may take the view that changing the number of bandings from five to three may widen the difference in learning ability among students, in which case teaching would definitely encounter many difficulties and class discipline would be in chaos. In fact, the difference in the ability of students has remained totally unchanged in 42% of schools after this change in banding, and has even narrowed in comparison to the past. In 27% of schools, this difference has indeed been slightly widened by not more than 10%. In other words, close to 70% of schools are not significantly affected; and only 22 schools have been affected most. The Education Department has sent colleagues overseeing education matters in the relevant districts to provide active assistance and support. We will absolutely not give up students. Nor will we allow any damage to be done to them.

Now I wish to turn to another topic — promoting employment. Faced with the double effects of external economic setbacks and internal economic restructuring, the unemployment rate in Hong Kong is expected to remain on the high side in the short run. In the policy address the Chief Executive undertook to create over 30 000 job opportunities by increasing public expenditure to speed up infrastructural projects. We will make these jobs available as soon as possible. As the Financial Secretary said yesterday, the Chief Executive has met with Policy and Bureau Secretaries to specifically study ways to speed up the provision of these jobs.

Both the Honourable LAU Chin-shek and the Honourable Frederick FUNG considered that many of these 30 000 posts are expected to arise from natural growth and are planned long before, and so they do not amount to additional posts. I wish to emphasize here that with regard to creating job opportunities to resolve unemployment, it has been the position of the Government to flexibly draw up the timetable for the actual creation of posts to provide job opportunities in areas that genuinely require additional social investment, having regard to the special needs of society and the economy. If, according to Members' understanding, the posts that need to be created do not amount to additional posts, I think this understanding is wrong, because these posts may not be automatically created right away even if there is a need for them. Despite the huge deficit, the Financial Secretary is still willing to provide additional resources for the early creation of these required posts. This precisely reflects the initiative of the Government to create additional posts despite the economic downturn.

Let me also share with Members some statistics. In fact, in the year 2002-03, \$5.6 billion will be required for the provision of additional services as pledged. This belongs to recurrent expenditure, and includes the recurrent costs of newly completed capital works projects. The costs of employing teachers and administrative staff of new primary and secondary schools, for instance, are not included. To launch new services or improve the existing services, a total of 8 000 jobs will be created, which will require an additional provision of \$4.3 billion. All these posts are created for the provision of new services. They are not posts arising from natural growth.

We will pay close attention to the advice constantly given to us by Members and are grateful for their input. In outsourcing projects, we will try our best to prevent exploitation of workers by employers. In fact, the

Government has since May this year adopted new outsourcing and tendering arrangements to ensure that workers employed by contractors will enjoy reasonable working conditions. Under the new arrangements, contractors are required to sign written employment contracts with their employees, setting out such conditions as wages, working hours, rest days, and so on. Employers are required to provide a copy of the employment contract for retention by employees, so that employees will know clearly their rights and benefits, and this will also facilitate follow-up actions by the Labour Department in the event of violations of contract provisions.

Moreover, government departments will adopt a marking scheme for evaluation of tenders. The marking scheme will cover the wage level and working hours specified in the tender, and a passing mark will be worked out in respect of the relevant employment terms and conditions. In evaluating tenders, government departments will consider whether the tenderer has any past record of conviction for breaching the Employment Ordinance, if so, the tenderer will be disqualified. The successful tenderer must comply with the binding provisions in the tender document, including the wage level and working hours. Under the new tendering arrangement, all departments must put in place effective internal monitoring mechanisms to facilitate inspection by heads of department for non-compliance with the provisions of the outsourcing contracts on the part of contractors. If government departments suspect contractors of breaching the Employment Ordinance, they can submit information to the Labour Department for follow-up and investigation. In the event of departure from contract provisions by employers, employees of contractors can lodge complaints with the Labour Department in writing or by telephone through the Department's existing complaint mechanism.

Apart from creating additional posts and safeguarding the employment conditions of workers, we have also endeavoured to strengthen the employment services provided for unemployed workers, enhance the competitiveness of grass-roots workers and create employment opportunities for them in the private market. Our efforts are focused on three types of jobs, namely, domestic helpers, security guards and care workers at homes for the elderly.

In respect of domestic helpers, many Members have suggested the Government to consider ways to enhance the competitive edge of local domestic helpers. According to the survey on the market of domestic helpers conducted by the Education and Manpower Bureau last year, some 14 000 vacancies of

domestic helpers were expected to arise in the next 12 months, and these vacancies might be suitable for local workers. To help job seekers upgrade their service quality and land a job, the Employees Retraining Board (ERB) will provide one-stop training and employment matching services for local domestic helpers, and introduce new modules into the training programme, including cookery and skills for caring the elderly and children, in order to meet the needs of employers.

The ERB will, under its established Internet system, set up a central database of vacancies of domestic helpers and information of job seekers to keep abreast of the supply of and demand for domestic helpers in the market, in order to make prompt matching and duly arrange jobs for part-time workers to address the mismatch of workers with districts.

Furthermore, the training institutions will also provide employer-oriented one-stop services. After employers have registered the vacancies, the responsible training institutions will match the vacancies with domestic helpers who meet the employers' requirements, and will, where necessary, provide the venue for conduct of interviews. They will also help employers to prepare the employment contract, and make arrangements for employers, such as taking out insurance for employees, arranging physical examination for employees, and so on. In the event of local domestic helpers having to take leave, the training institutions will arrange for temporary substitute workers. So, that is why we call it employer-oriented employment service.

When a job seeker has landed a job, the training institution will follow up on the performance of the domestic helper and provide counselling for the employee or arrange for the employee to take skills enhancement modules. All this is provided with the purpose of upgrading employees' skills. We will submit this whole range of measures on promoting employment of local domestic helpers to the Panel on Manpower for discussion. I hope that these new services can be launched on pilot basis in April next year.

As regards cases mentioned by Mr LEUNG Fu-wah where employers of foreign domestic helpers have breached the contract provisions by hiring foreign workers to work illegally at places other than their residence and violating the requirement of the minimum wage, we will absolutely spare no efforts to stamp out such illegal acts. However, we must have the co-operation of employees. First, they must be willing to lodge a complaint. Second, they must be willing



to act as a witness for the prosecution, or else the Labour Department can do nothing at all. As for the requirement of providing housing for employees, the stipulations in the contract are indeed unclear and embody grey areas. We will pay attention to this and tighten the relevant provisions.

Regarding jobs in the security service sector, following the completion of housing estates and given the increasing awareness of home safety among Hong Kong people, we expect the demand for security services to go up continuously, and security services will become more professionalized. I believe that by improving the working hours of security guards, more people can be attracted to take up these jobs. The Commissioner for Labour wrote to a number of government departments in April this year, urging them to reduce the working hours of security guards. The Hong Kong Housing Authority has agreed to change the two-shift system to a three-shift one in drawing up new security service contracts. The tripartite committee of the property management industry under the Labour Department is conducting studies, in order to further understand the mode of work and employment characteristics of security guards, with a view to formulating better strategies in the longer term.

Local care workers working at homes for the elderly are another sector with potential employment opportunities. Given the ageing population and the trend of small families in society, demand for care workers in the community has been on the rise. The ERB has provided training for a total of some 3 000 care workers in the last two years, but about half of those graduate trainees who subsequently took up jobs as care workers have quitted their jobs after working for less than three months. In the past two years, while we have continuously provided training for care workers, many homes for the elderly still have to import care workers through the Supplementary Labour Importation Scheme. In November 1999, the Government reduced the term for imported workers from two years to one year, and required employers to organize local training courses jointly with the ERB before they could apply for labour importation, so that local workers could be provided with training and given priority in employment. The requirement that workers must have relevant working experience has also been abolished.

On 1 April this year, a Memorandum of Understanding was signed between the ERB and employers, which includes an undertaking concerning the employment of trainees. Employers who do not honour this undertaking will not be permitted to import care workers in two years. Given an increasingly abundant supply of local care workers, we will further take measures in the

coming year to further reduce the number of imported care workers, in order to provide more employment opportunities for local care workers.

Apart from creating job opportunities in these three sectors, the Government also intends to provide greater support for people who wish to start their own businesses. We will review the Self-employment Business Start-up Assistance Scheme introduced by the ERB as scheduled. We will take on board the views of business starters on, for instance, the contents of training courses, eligibility for loan application, the loan ceiling, and so on. These will also be considered in the review, in order to benefit more applicants and to better cater for the needs of business starters. We will continue to discuss with banks the possibility of providing more favourable terms and conditions, such as lower interest rates, lower handling charges, extending the loan repayment period, and so on. But after all, these are private operations. We have to continue discussions with the banking sector.

To end, I must stress that while the economic restructuring has reduced the supply of labour-intensive posts, it does not mean that conventional posts will completely disappear. As at the end of September 2001, a total of 1 600 foreign workers have been imported through the Supplementary Labour Importation Scheme, and there are over 220 000 foreign domestic helpers. An overwhelming majority of these jobs requires a low level of skills. Indeed, we must really think about and look into the question of how we can take back some of these jobs from foreigners.

Hong Kong is facing a critical challenge. All of us must join hands and gear up to meet the challenges with a cool head. I fully appreciate the discontent among members of the community towards the present situation and their concern over the future. In fact, faced with an uncertain economic outlook, every family is affected by the increasing pressure of living. All people, whether employers or employees, whether those with a high income or those with a meagre income, are facing pressure. At a time when we are under straitened circumstances, employers and employees are mutually dependent. We must sympathize with each other's situation and join hands to ride out the hard times.

Incidentally, I also wish to respond to the layoffs by the Hong Kong Institute of Education (HKIED) as raised by Mr SZETO Wah and Dr YEUNG Sum in this session. I just wish to reiterate one point, that is, this action of the HKIED and the reduction of government funding for universities are totally

unrelated, because the HKIED will be the only institution to be given the greatest addition funding in the next triennium. The mandatory retirement scheme is proposed mainly to meet the relevant requirements for the upgrading of the HKIED. Furthermore, the Institute has full autonomy over the decision to lay off its staff. There is absolutely no question of any "black hand" working behind the scene.

We are faced with economic hardships, and it requires the concerted efforts of all members of the community to break away from such doldrums. The Government will certainly make the utmost effort to create new posts in the short run, so as to promote employment opportunities, and will enhance employment guidance services. In the medium term, we will work in line with the development of society and focus our efforts on manpower training and skills upgrading. In the long term, reforming the education system and enhancing the effectiveness of education are measures to be taken at the final stage.

To strive forward, it must ultimately rely on the hard work of Hong Kong people who must pursue lifelong learning and always strive for continuous improvement. For Hong Kong to develop in the direction of a hub of value-added services, all trades and industries must correspondingly undergo their own process of restructuring. Honourable Members of this Council are social leaders of Hong Kong. I hope they will co-operate closely with the Government to rebuild the confidence of Hong Kong people, change the social culture of looking for quick success and instant benefits, and work in concert to nurture talents and promote lifelong learning, in order to usher in the new opportunities. Thank you, Madam President.

**PRESIDENT** (in Cantonese): This Council will now move on to the fourth debate session. This debate session is on the policy areas of Environmental Affairs, Food Safety and Environmental Hygiene as well as Housing.

Members who wish to speak will please press the "Request-to-speak" button to indicate their wish. It is now 6.16 pm. As Members have up to approximately three hours to speak in this session, I reckon Members may speak up to around 9.16 pm in this session.

**MR HOWARD YOUNG** (in Cantonese): Madam President, the housing policies which used to occupy an important position in past policy addresses,

have not appeared in the policy address this year. Nevertheless, I still wish to take this opportunity to say a few words on housing policies, which are closely related to every member of the community.

It was not long ago that the people of Hong Kong shared the wish that the Government could help them achieve the goal of home ownership. In the policy address of 1997, the Chief Executive therefore announced the policy of "building 85 000 flats", and pledged to achieve a home ownership rate of 70% in 10 years. In order to realize the relevant target, the Government embarked on an enormous and expedited programme of public housing construction, expanded the quota for home purchase loans, and even launched the sale of flats to sitting tenants scheme.

The housing policy of "85 000" was originally well intentioned. There was indeed such a need at that time, only that the financial turmoil subsequently led to an unexpected sharp drop in property prices. Nevertheless, we still feel that the Government of the Special Administrative Region (SAR) has failed to adjust its housing policies in time. In spite of the changes in circumstances, the Government continued to implement its housing policies as scheduled. This has consequently given rise to massive negative assets and, worse still, led to a serious social problem. The criticism leveled against the SAR Government with respect to its handling of its housing policies can be summed up as "wavering and uncertain". An obvious example is the Government's failure to take decisive measures to rectify its housing blunders. It was only until mid-2000 that the Government announced, or revealed, so to speak, that the housing policy of "85 000" no longer existed. At that time, no one seemed to know when this policy had ceased to exist.

In view of the seriousness of the negative assets problem, the Liberal Party organized a demonstration for negative assets holders in the middle of last year in a bid to request the Government to address the seriousness of the problem. Early this year, it also moved a motion in this Council to urge the Government to expeditiously take effective measures to help negative assets holders. Nonetheless, the Government has all along refused to render them assistance. It has merely attempted to stabilize the property market by taking a series of administrative measures such as suspending the sales of Home Ownership Scheme (HOS) flats for six months, constructing fewer HOS flats, and so on. However, the result has been far from prominent. The property market has not only failed to stabilize, but also slipped further, bringing prices of private flats on a par with those of HOS flats.

Although the Chief Executive has not directly lent a helping hand to negative assets holders in the policy address delivered earlier, we can notice that there has been a subtle change in the Government's attitude. Finally, the Hong Kong Monetary Authority (HKMA) took action by relaxing the guidelines issued to banks with respect to offering mortgages on negative assets properties. As a result, banks can now lend up to 100% of the value of properties in negative equity, thus reducing the difference payable by mortgagors when securing remortgage. While we welcome this arrangement, the relevant policy still falls short of completely resolving the negative assets problem. This is because in order to enjoy the concession offered under the new guidelines, a fraction of people are still required to pay a large sum in cash to cover the difference between their outstanding mortgage loans and the market price of their properties. The amount involved may often range from several hundred thousand dollars to more than a million dollars for households in self-occupation of the premises. This is not going to be easy for negative assets homeowners. But still it is better that having no one to turn to. Therefore, we welcome this measure.

According to the findings of a survey completed by the HKMA lately, it is estimated that there are only 65 000 negative assets owners in Hong Kong, far fewer than 200 000, a figure projected in researches conducted by other banks. The HKMA even pointed out that more than half of the negative equity borrowers were servicing their housing loans at rates below prime. I believe this has been a result of the fact that many people in the community have been constantly expressing concerns over this problem over the past year or so. Some banks had therefore decided to offer help in sympathy with negative assets holders even before the HKMA took action. Nevertheless, I still wish to point out that this figure has only taken into account the number of loans arranged through seven major banks. Second mortgages provided by property developers and figures of mortgages offered by other banks are not included. We therefore believe the actual number of negative assets holders is still higher than the estimate by the HKMA.

I would like to stress that no one will dare to deny that negative assets is a serious social problem, whether the figure is high or low. This is because this problem has severely dampened confidence in the local consumer market. Moreover, it has exerted tremendous pressure on a number of middle-class households who are now hit by the tide of layoffs and pay cuts. More importantly, a number of small and medium enterprises operators, whose properties are bought for the purpose of operating businesses such as cafes,

travel agencies, retail shops, and so on, have found it difficult to secure financing when they are encumbered with negative assets because of the "bricks and mortar" policy adopted by banks. As a result, many of them have been forced to wind up their businesses because of shortage of capital, or to push up the unemployment rate because of the need to lay off staff or cut wages.

I therefore earnestly hope that government officials can stop equating this group of self-occupying negative assets property owners with stock investors in general. They should also stop playing numerical games to confuse the public by saying that it will be too risky for the Government to expend \$300 billion on helping all negative assets holders, or at times displaying an indifferent attitude by saying that it is a "heartening sign" that there are only 65 000 negative assets holders.

Given the fact that the Government is convinced these self-occupying property purchasers have merely made bad investments, many people and I will definitely ask the Government the same question: Why did the Government strongly encourage the public to purchase property and use public funds to help them to purchase property for investment purpose? I find this somewhat paradoxical. Therefore, we hope government officials can stop treating helping negative assets holders — those who purchase property for self-occupation — as helping investors or speculators. This is unfair to them. In addition, we should not use "moral risks" as an excuse to refuse giving assistance to negative assets holders. I very much hope that governments officials can rack their brains to find solutions. If they are willing to do so, we might turn something impossible to possible. Although the coalition formed by eight parties has not raised this issue, many parties have made a number of proposals. In my opinion, this matter warrants examination. The Government should not refuse to make any consideration. Let me cite the remortgage rate of 100% as an example. Many said at that time that 90% would be the ceiling. Even the Liberal Party considered it impossible for banks to offer mortgages at higher than 90% of the property value. Surprisingly, the HKMA finally managed to come up with a remortgage rate of 100%. This is somewhat unexpected. At least, the HKMA has shown willingness to examine the matter.

As I mentioned earlier, the root of the housing problem is public housing and private housing are "competing for customers", thereby greatly impeding the recovery of the property market. Under the influence of the financial turmoil and the Government's chaotic housing policies, property prices continue to drop.

Thirty-one major housing estates in Hong Kong have seen their prices going down by 57%. Flats asking for less than \$2 million have also emerged one after another in a number of prestigious housing estates. With the asking prices of many newly launched developments in the New Territories dropping below \$2,000 per ft, and the prices of certain second-hand property dropping below \$1,500 per ft, the price level of property in the northern part of the New Territories is now the same as that in Shenzhen. Those who were previously only able to purchase HOS flats can now switch to private flats. As a result of declining demands, the total number of subscriptions for HOS flats has dropped as much as 80% from more than 110 000 at the end of 1997 to a little over 18 000 lately. We can thus see that the existence of HOS flats is no longer of great significance.

Before the "September 11 incident", the Government announced once again that the sales of HOS flats would be suspended for a period of 10 months and undertook to conduct a comprehensive review of its housing policies in the interim. Although the Liberal Party considers the suspension of sales feasible, it is an expedient measure only. In the long run, it is advisable for the Government to review whether the HOS should stay. In addition, it can perhaps consider substituting the provision of home purchase loans for the construction of HOS flats. In doing so, the Government will be able to continue with its plan of constructing 23 000 rental housing units annually to realize its ideal of shortening the waiting period for public housing to three years by 2003 and, at the same time, fulfill its commitment of providing subsidy to 50 000 homeowners each year through expanding the quota for home purchase loans. In a word, people are now at least given an opportunity, whether through obtaining loans or by other means.

I would like to point out that housing reform involves more than the construction volume of HOS flats and public housing. It involves distribution of land resources too. Even construction of public housing alone involves three departments or bodies, namely the Housing Department, Housing Authority and Housing Society, as well as the cobweb of relationships and overlapping frameworks. We deem it necessary for the Hong Kong Government to conduct another review of its housing framework from a holistic angle and put various policy-making mechanisms involving housing and land as well as various home purchase loan arrangements in order.

Besides, the Chief Executive in his first policy address set a target of achieving a homeownership rate of 70% in 10 years. In the chapter entitled "Better Housing for All" of this year's Policy Objectives, although the Government still mentions "an overall home ownership rate of 70%", it has not further elaborated when this objective would be achieved. What impact will it have on the target of constructing 50 000 public housing units annually? Will it affect the quota for home purchase loans? I hope the Administration can clarify this matter as early as possible to avoid adding one more uncertainty to the property market.

Madam President, according to our observation, although property prices and mortgage interest rates have hit new lows in recent years, members of the public are still lacking the desire to purchase property. They find it difficult to decide whether they should purchase property mainly because of the uncertainties of the Government's housing policies. Apparently, the Government has, in recent years, realized the importance of the operation of a free market. So it has started gradually reducing its interference in the operation of the estate market. For instance, it has relaxed restrictions so that banks can now offer remortgages at up to 100% of the value of properties in negative equity, thus changing its former practice of "supplying flour as well as bread". While the Liberal Party supports this move, we feel that reducing the interference with the market alone cannot rescue the flagging property market. What Hong Kong urgently needs now is a clear set of long-term housing policies and a concrete housing framework to allay people's doubts about housing policies so that they can build up confidence again. Only by doing so will stability be restored to the local property market.

Therefore, the Liberal Party would like to urge the Government to expeditiously complete and publish the findings of the housing review to ameliorate confusion with respect to its housing framework. At the same time, it should examine the existing housing policies, including such issues as overlapping of public and private housing resources, and so on, instead of delaying the publication of the conclusions until the middle of next year. I believe only by doing so can we restore public confidence in the property market, and speed up the recovery of Hong Kong economy.

Madam President, I so submit.



**MISS CHOY SO-YUK** (in Cantonese): Madam President, Hong Kong made a number of blunders in respect of its policies and direction regarding environmental protection before the reunification. Thus, the environmental efforts of the colonial government were far out of keeping with the actual needs of Hong Kong. A lot of resources were thus wasted. After the reunification in 1997, the SAR Government completely changed the negative attitude of the former government and came to grips with promoting work in environmental protection. It has been working hard at improving the quality of air and water and at improving waste recovery. This merits our commendation. For example, in the past few years, thanks to the efforts of the Government in improving air quality, results have been seen. The Government has set as a target the year 2005 by which particulates and nitrogen oxides emitted by vehicles should be reduced by 80% and 30% respectively. It has achieved half of that objective or more to date. Despite the SAR Government attaches importance to environmental protection and sustainable development, it has to work extra hard to rectify the situation because of the problems that have accumulated in respect of the environmental protection policies adopted by the government before the reunification. Having said that, I still feel that the Government is not trying hard enough in a number of areas. In this session of the debate, I will focus my discussion on policies concerning waste management, sewage treatment, improvement in air quality and environmental protection.

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

Madam Deputy, the most criticized part of past government policies on environmental protection was the wrong direction adopted, as a result of which resources were misplaced. Take the treatment of waste as an example. The Government almost used all of its resources on the ultimate treatment of waste, that is, on landfills, rather than dealing with the sources from which wastes are generated, and thus failed to reduce and recycle waste. Consequently, landfills in Hong Kong will not be able to cope with the waste production. As we all know, the three present landfills will be filled to saturation in 10 years or so. By then, Hong Kong will have to face the difficult situation of not being able to find a place to dump our waste. The Democratic Alliance for Betterment of Hong Kong (DAB) considers that a correct policy of waste treatment should be "reducing, reusing and recycling" waste. The Government should apply most of the resources to recycling and reducing waste. Recently, the Government put forward a proposal called a first step in waste treatment. It has on the whole

tried to rectify what was a wrong policy and consciously implement the policy of "reducing, reusing and recycling" waste. That is worthy of our support. Waste recycling has long faced such difficulties as a lack of land, high transportation costs and a lack of awareness on the part of the people. The proposals made by the Government recently, such as the proposals for reserving land in Tuen Mun for recyclers and the introduction of waste separation bins, are indeed a first step in the right direction. However, the relevant initiatives still lack the necessary punch. The Government has yet to put forward a more comprehensive mechanism to promote recycling on a large scale across the community.

In the past, the proposal to impose a landfill charge on construction wastes had not been successfully implemented, partly because no agreement could be reached with the transportation industry on the charging method, but more importantly, because the prevalent view of the Government then was that imposing a charge could reduce waste and promote recycling and reusing, without considering the provision of opportunities for the construction industry to carry out recycling. Thus, the recycling industry cannot build up and the construction industry can only deal with its waste by paying money. Waste is hence not reduced and the relevant trades have to incur higher costs. Such a policy has obviously failed to gain support from the community or the relevant trades. The DAB is of the view that for the "polluter pays" principle to be implemented effectively, there must be a comprehensive recycling policy so that producers of waste can have the incentive to carry out initial separation before they send the waste to recyclers, thus lowering the costs of the recyclers in treating the waste.

Madam Deputy, the DAB urges the Government to invest more resources into waste reduction and expediting the implementation of various measures to support recovery. The Government should review immediately the effectiveness of various pilot schemes carried out in the last few years and, having taken the whole picture into account carefully, devise a comprehensive recovery system to be launched territory-wide as soon as possible. In the long run, the Government should make reference to overseas experiences and to proposals made by environmentalists. It should carry out a study at once on the idea of "zero waste". The idea has been on the green agenda of governments in other countries. Though these countries are bigger and less densely-populated than Hong Kong, they still put the idea on their agenda. Hong Kong, with its high population density, time-consuming and complicated administrative procedures, has a more urgent need to start the study. At any rate, as Hong

Kong people become increasingly aware of environmental protection, I believe Hong Kong will certainly be able to achieve "zero waste" soon.

In addition to waste treatment, another very disappointing area of government work on environmental protection is sewage treatment. I must criticize the Drainage Services Department (DSD) for the blunders it has been making, blunders that caused enormous hardship to the people of Hong Kong. Examples abound. They include the failure to solve flooding problems in various parts of Hong Kong, Kowloon and the New Territories, ground settlement at Tseung Kwan O resulting from works projects there and the issues relating to the Strategic Sewage Disposal Scheme (SSDS). All these blunders have caused huge financial losses to the people. On the issue of SSDS, the DSD decided to accept a so-called settlement by the tunnelling contractor for Phase I, despite a judgement in favour of the Government on major arguments in an arbitration. Against an original claim of \$1.3 billion, the Government could only recover \$600 million-odd. What was more glaring was that the Government allowed the same contractor to continue bidding for government works projects. In past proceedings, the Government paid unreasonable compensation for fear that it might lose in a lawsuit, which could be a barely acceptable reason. The settlement mentioned is, however, absolutely unconvincing, given the high probability for the Government to obtain an award in its favour. The Government was thus squandering taxpayers' money.

Madam Deputy, another issue I would like to talk about relates to the measures taken by the Government in improving air quality. The DAB does appreciate the co-operation between the SAR Government and mainland authorities in conducting research into cross-boundary air pollution issues. Unfortunately, progress has been slow. Work still remains at a stage where research is done to ascertain the sources and characteristics of pollution across the boundary. Though the policy address states that by April next year, both Hong Kong and Guangdong will put forward proposals on ways to improve air quality in the region. However, the standards and sources of pollution in both places are different. It would be an extravagant hope to expect pollution problems to be eliminated quickly. What the DAB expects in a future proposal is not a one-off co-operative project, but a coalition to tackle pollution in the long term so that the pollution problem is followed up over a long period of time. I wish to stress one particular point, which is that the SAR authorities in working with their mainland counterparts to improve the environment must be realistic and ready to shoulder responsibilities. The SAR authorities must

wholeheartedly work on the problem for the benefit of Hong Kong; otherwise, no matter how many meetings are held with their mainland counterparts, no results will be forthcoming.

To tackle air pollution, the Government must, in addition to working more closely with the Mainland, lay down long-term energy policies. The energy market is very political as the interests of different groups are involved. More importantly, the development of the energy market is ultimately led by the Government. It is government policy that ultimately determines whether a certain type of energy can be used in Hong Kong or whether a certain type of car can run on Hong Kong roads. From the pilot scheme for liquefied petroleum gas (LPG) taxis to the use of alternative fuel light buses under planning, we can see that the Government has been too rigid by insisting on the use of a certain type of fuel for our vehicles. The Government has not considered designing a policy to encourage the use of other fuel types, often causing the relevant trade to become over-dependent on the Government for long-term assistance before a plan can be implemented. Indeed, environmentally-friendly fuels come in a large variety nowadays. For example, there are rape seed oil and bio-diesel. But the use of such fuel products cannot become popular because the Government lacks a clear long-term energy policy, making suppliers and investors shy away as a result. Various sorts of environmentally-friendly energy sources have not been able to compete with fossil fuel and LPG in the Hong Kong fuel market because government policies and approval standards are absent for these sources.

The DAB maintains that the Government must formulate a clear energy policy such as a set of minimal standards for environmental protection and emission standards, so that vehicles meeting these standards can run in Hong Kong. This would enable "alternative fuels" to be introduced into Hong Kong more readily, and the quality of such fuels may then be assured, thus allowing the relevant trade to have more choices of fuel. In that case, fuel prices will be maintained at a reasonable level through market competition. This is more desirable than having the Government somehow influence oil companies in price reductions or make great efforts in promoting the use of LPG through administrative or financial means.

Lastly, I would like to request the Government to formulate a comprehensive environmental conservation policy as soon as possible. We can see the lack of a government policy on long-term nature conservation from

incidents such as the residential development plan at Sha Lo Tung, Tai Po, the plan for a spur line of the East Rail through Long Valley and the dispute about a north-south road link on Lantau Island. Because of this, the Government cannot find an effective solution for the conflict between nature conservation and urban development. The Government must vehemently protect rural areas with natural ecological values. There should be no doubts about this. But the Government should not ignore the interests of the people thus affected. To reconcile this conflict, the Government should set up a fund to acquire land from residents to achieve unified conservation management. Since natural resources are jointly owned by the whole community, it is only reasonable that the Government should spend public money on them. The Government should identify places with good conservation value, including places with good ecological value and worthy natural sites with beautiful scenery, which are not yet part of the protection zone. It should then formulate a policy to protect such areas.

Madam Deputy, I so submit.

**MR AMBROSE LAU** (in Cantonese): Madam Deputy, in this year's policy address, in respect of the housing policy which is significant to the people's livelihood, some measures are proposed to relieve the burden of mortgagors. These include the reduction of rates payment for the coming year and raising the tax deduction ceiling for home loan interest. On the day the policy address was delivered, the Hong Kong Monetary Authority (HKMA) issued a letter to all authorized institutions saying that it would not object to these authorized institutions, acting in their commercial interest, departing from the 70% mortgage rule when dealing with the remortgage of residential properties of negative equity.

This is a good beginning which shows that the Government and the HKMA are paying attention to the need to relieve the hardships of people whose properties are in negative equity. However, the relevant measures cannot effectively help those beset with a serious problem of negative equity, for property prices in general have plummeted by as much as 50% and for some homeowners suffering from negative equity, they still have to pay 20% to 30% of the price of their property to redeem it before they can effect a remortgage. Most of the people with negative equity do not have such a large sum of money at hand and many of them are threatened by a reduction in income or

unemployment in this current trend of pay cuts and layoff. Some of these people holding negative equity are even unemployed.

Madam Deputy, the problem of negative equity has far-reaching effects on our economic development and social stability. The problem is definitely not caused by wrong personal investment or speculation decisions, for it is not a problem confined to a handful of people, but a large proportion of the middle class. These people from the middle class are the elite and the backbone of society. They contribute to the creation of wealth and consumption, and they bear the greatest tax liability. Yet they do not enjoy any social welfare and do not live in public rental housing units. Nor do they benefit very much from the relief measures introduced by the Government. What the Government should face up to is that the problem of negative equity is not a personal problem, but a problem of finding a way out for the middle class people who are the main contributors to our tax revenue, the creation of wealth and consumption. If these people do not have a way out of their present predicament, our society will be shrouded in a gloomy uncertainty. For the middle class people who have made such tremendous contributions, they now find themselves in a much worse off position than the other classes. This will have a great adverse impact on social justice and the credibility of the Government.

Madam Deputy, there are different opinions as to the exact number of homeowners with negative equity and how much resources should the Government use to help them effectively. Some figures put the number of people with negative equity at 300 000, some put it at more than 200 000 and some at more than 100 000. However, the latest figures reportedly coming from the financial authorities are 65 000 and that 60% of these properties are mortgaged at an interest rate below the prime rate. That is to say, if there is a fund of say, \$300 billion, or \$30 billion, or even \$3 billion, that will be enough to relieve the mortgagors' hardship, though the exact figures have to be determined by the Government. Even if the number of people with real negative equity is only 65 000, that is already a great social problem. When the banking system is in trouble, the Government cannot stand aloof and do nothing about it. Given that the problem of negative equity is a problem with great social and economic implications, the Government cannot remain as an onlooker. It must help the people with negative equity and provide a solution which can effectively help them steer away from their present predicament. As to whether relief can be given to the problem, it can be said to be closely related to the housing policy of the Government.

Unfortunately, the policy address has not explicated and defined the housing policy. When the market is in want of a clear message in this respect and the property market is still beset with uncertainties, property developers, homeowners with negative equity and potential home buyers are all at a loss as to what they should do. In such circumstances, the developers will promote the sale of their flats by slashing the prices, the potential home buyers will hesitate to make a move and when the property market is gloomy, the plight of those with negative equity will get even worse. Therefore, the Government must clearly define its housing policy as soon as possible, stop avoiding the problem so that unnecessary speculations can be prevented.

In the past few years, there have been frequent changes to the housing policy and the result is sheer confusion. The housing policy is self-contradictory, and there is an absence of consistency.

All along the Government has been avoiding to draw a clear definition of its housing policy. The announcement on the 85 000 units housing production target and the 70% home ownership rate in 10 years' time in the first policy address by Mr TUNG was made out of goodwill. The purpose was to lower the high costs of living and production as a result of the soaring property prices and to make Hong Kong more competitive. However, with the burst of the property market bubble in the wake of the financial turmoil, property prices plummeted at a rate far greater than normal market adjustments, and what the Government should have done at that time was to make a prompt announcement to revise the housing production target. Had that move been taken, the public would have understood and approved of it.

Of the numerous policy changes and confusions, the most prominent one must be the announcement made by the Chief Executive in June 2000 that the housing production target of 85 000 flats had ceased to exist as early as 1998. Even when the Chief Executive had said that the 85 000 target had ceased to exist, some officials still insisted that the 85 000 target was a long-term policy. That shows clearly that there is inconsistency within the Administration in respect of housing policy and that there are too many interpretations of a policy. The institutional framework of housing bodies overlap and their functions are confusing. Such a situation leads to a confusion of information in the property market. Not only will this affect the investment incentive of developers, but also make those homeowners with negative equity and potential home buyers feel baffled and at a loss as to what they should do.

This will create a certain degree of negative impact on the property sector which is one of the linchpins of the Hong Kong economy. The severity of the problem lies in the confused market information and the gloomy and sluggish property market resulted from the lack of a clearly defined housing policy. The problem of negative equity is therefore likely to worsen and proliferate. The negative equity shouldered by the public is also a kind of negative equity for the Government politically. If the Government can clear up the ambiguities in its housing policy and ameliorate the problem at root, then it can also relieve itself of the political negative equity.

Madam Deputy, speaking from the long term, if the housing policy is not clearly defined, property prices will unlikely go up steadily as the inflation rate rises. Then there will be no way out for owners of negative equity. In view of the great economic changes that Hong Kong has witnessed in recent years, it is necessary for the Government to conduct a review of the long-term housing policy, including the target of home ownership for 70% of the households in Hong Kong in 10 years. The Housing Bureau stated in last year's Policy Objectives that "the target remains a useful discipline. .... This year also saw the implementation of measures to improve the operation of both the Private Sector Participation Scheme and the Home Ownership Scheme". The Hong Kong Progressive Alliance (HKPA) welcomes the decision to impose a moratorium on the sale of Home Ownership Scheme (HOS) flats for a period of 10 months, for such a move should help to stabilize the property market. The present state of the economy and the attitude and needs of the public towards homeownership have become very different from those in the 1970s when the HOS was first launched. Therefore, the Government should strike a right balance between the actual demands for HOS on the part of the public and the developments in the private sector property market. That will prevent an oversupply of flats at a certain time, leading to competition between the Government and the private sector developers for profit; or an undersupply of flats which leads to a drastic rise in the prices of private properties, thereby adding to the burden of sandwich class mortgagors. Of equal importance is that the housing policy in Hong Kong presently involves different bodies such as the Housing Bureau, the Planning and Lands Bureau, the Housing Authority, the Housing Society, and so on, and there is an overlapping of functions among these bodies. What the Government should do is to revamp the institutional framework for housing to prevent wastage of resources and inconsistency or even self-contradiction in housing policy.



The HKPA hopes that the Committee on the Review of the Institutional Framework for Public Housing chaired by the Chief Secretary for Administration will complete its review of long-term public housing policy, the improvement of the institutional framework for housing and such like issues as soon as possible. This will strike home a clear message to homeowners, potential home buyers and property developers so that the property market which has suffered so much as a result of the wavering housing policy can breathe a sigh of relief and even regain vitality. This is the best relief to the problem of negative equity. If the review can be completed before the start of the new financial year in the following year, and if the property market can manage to stabilize, then the Financial Secretary will certainly have less of a headache in compiling the budget for the new financial year.

Madam Deputy, I so submit.

**MR TOMMY CHEUNG** (in Cantonese): Madam Deputy, this year is a year of troubles for the catering industry and the industry has never had a good time throughout the year. In the spring, the contributions to the Mandatory Provident Fund began and as much as \$20 billion was taken away from the consumers. Consumption dwindled. In the summer the avian flu broke out. In the autumn the September 11 terrorist attacks on the United States happened. All these have impacted on the catering industry adversely. During the period from February to August this year, the sales turnover of most food establishments recorded a double-digit drop compared to the sales turnover last year; discounting the September 11 factor. Even as winter has yet to arrive, the industry is convinced that this winter is going to be bleak and bitter.

Under such gloomy economic circumstances, the Government makes use of justifications like environmental protection, food safety and environmental hygiene, and so on to introduce a number of laws to regulate food establishments and places of entertainment. Moreover, the Government has issued consultation papers on the appointment of hygiene managers and a total ban on smoking in food establishments. All these help to make the business of the industry go from bad to worse. This is totally in contradiction with the goal of improving the business environment as raised in the Chief Executive TUNG Chee-hwa's policy address. The policy address is entitled "Building on our

Strengths, Investing in our Future". There are really too many areas which the catering industry needs government assistance and consolidation. I will talk about them one by one.

On the issue of food safety, the first thing I would like to mention is the avian flu incident. This year saw the second outbreak of avian flu in Hong Kong after it first broke out in 1997. The Government raised the idea of centralized slaughtering, but this is not tackling the problem at root. Despite the fact that centralized slaughtering has been in force for ducks and geese, it is not that useful in the prevention of avian flu. The sale of ducks and geese was suspended and that was a good example of the failure of centralized slaughtering.

Avian flu is a very complicated issue. In the wake of the avian flu in 1997, the Government formulated a system of quarantine, monitoring and disease prevention in association with the mainland authorities. This is aimed at imposing stringent control on the export quota of chickens and to ensure that the chickens are healthy. These measures have won the support of the poultry industry. However, the enforcement of these measures has led to vicious competition and the result that mainland companies have unilaterally imposed restrictions on the daily number and breeds of poultry to be exported to Hong Kong. As the buyers, local poultry stall owners can no longer buy chickens in the light of market demand and they do not have the right to choose between different breeds of chickens. Nor do they have any bargaining power. This has seriously distorted the free market economy which is well-established and something we are all proud of. The supply and demand equilibrium in the market is upset. I think we can all recall that there had been a long time when there were no chickens for sale in the market and the public had to buy chickens at expensive prices. When the supply of chickens resumed, there were only the brown-feathered chickens on sale in the markets, and there were no other breeds such as pheasants, chukars and guinea fowls.

Thanks to the efforts made by the authorities in Hong Kong and Guangdong, we are glad to learn that the problem has been resolved. Market supply and demand went back to normal and there are different breeds of chicken for the consumers to choose. However, the present mode of a seller-led market remains sort of a time-bomb for the free market economy. One just asks how can the buyers or the consumers not being allowed to view the products, make

their choice and bargain? No one knows when chickens are not put up for sale in the markets again and when we have to buy chickens at expensive prices. The local and the mainland authorities must maintain close contact on this issue to ensure that market operations are normal and that the worries of the industry operators are dispelled.

To ensure that the chickens are healthy, we need the right kinds of matching hardware and software. Recently, the Government has introduced a series of measures such as the prescription of a rest day every month, that the poultry cages should not be stacked too high and that they should not be too crowded, and so on. All of these measures are well supported by the industry. One of the important points is to keep the markets clean. At present, the hygiene conditions in the poultry stalls and the ventilation systems are not satisfactory. There is a lack of fresh air and so germs can start to grow and spread easily. Even when chickens are healthy, they can easily become sick in a hot and stuffy environment.

Currently only 12 of the 81 markets managed by the Food and Environmental Hygiene Department (FEHD) are installed with air-conditioning. As far as I know, the Government has plans to use \$2.3 billion to improve the ventilation systems in 19 other markets, but there are no plans to improve the remaining markets. The poultry stalls in some of the markets are packed together, for example, there are 36 poultry stalls in the Tai Shing Street market and 24 in the Yeung Uk Road market. I urge the Government to allocate funds as soon as possible to renovate and improve the ventilation systems in older markets and to revise the layout of poultry stalls *a la* those new markets such as the ones in Chai Wan, Ap Lei Chau and Sai Ying Pun where poultry stalls are all placed in one side of these markets. The ventilation system for the poultry stalls should be separated from the ventilation system for other stalls so that the system for the poultry stalls can operate round the clock without affecting the rest of the market.

On the question of environmental hygiene, the Government invariably likes to use "environmental protection" and "environmental hygiene" as the grounds to impose all kinds of unreasonable charges and harsh controls on the catering industry. If you wish to start a business in the catering industry, you have to apply for a host of licences before you can do so. Besides, the fines are heavy, some of the offences are criminal offences — offences that may lead to the arrest of owners and closure of the food establishments. How can

investments be attracted under such a business environment? The problem of surcharge for trade effluent has been a source of trouble for the catering industry for many years. Since 1995, the industry has made it clear that it does not oppose the "user pays" principle, but the charges must be set at a reasonable level, must not be expensive and can contribute to the improvement of the environment. Moreover, a reasonable mechanism for appeal must be put in place. I am very disappointed to see that the Chief Executive has not addressed this problem in his policy address this year.

Not only is the Government unwilling to make any improvements on the unfair treatment accorded to the catering industry throughout the years, it has also imposed all kinds of harsh control and legislation on the industry to kill its vitality. These include the Public Health and Municipal Services (Amendment) Bill 2001 presently deliberated by the Council. Under this piece of legislation, the Director of FEHD is empowered to, by reason of hazard to public health, issue an order of immediate closure to food establishments suspected of endangering public health. The industry is worried that the powers of the Government in this respect are too extensive and vulnerable to abuse, likely to cause industry operators to suffer losses beyond imagination. Thus the industry feels very insecure and worried.

Another piece of legislation that has aroused an even greater controversy is the Karaoke Establishments Bill. Acting on just one case of arson, the Government has made an across-the-board move to let the Buildings Department, the Fire Services Department, the Hong Kong Police Force, the FEHD and the Home Affairs Department, and so on to oblige the industry to take the most stringent fire prevention measures and comply with very strict licensing requirements. To meet these new requirements, the industry must spend a lot of money to renovate and make structural changes to their premises which will entail huge expenses. It is reasonable to require the industry to improve on fire prevention and emergency facilities, but is it reasonable to oblige the industry to renovate its premises and will the fire prevention efficiency be raised as a result? Will this eliminate criminal acts like arson, and so on?

The Karaoke Establishments Bill empowers the police to confiscate equipment used in the operation of a karaoke. The industry is concerned that this power will be abused as well. It will also cause harassment to the industry and affect its business operations. Unfortunately, the Government refuses to make any amendments.

Apart from these new bills, the FEHD acted for reason of food and environmental safety and issued the Inspection and Categorization of Food Establishments Consultation Paper in January which proposes to set up an open categorization scheme and to require appointment of a hygiene manager for each food establishment. This has aroused serious discontent in the industry. In the opinion of the industry, the requirement to appoint a hygiene manager is not reasonable and it will inevitably add to the operation costs of food establishments. For the public, they would visit a food establishment if it is clean and licensed. In the categorization scheme proposed by the Government, it is difficult to tell the difference between a food establishment which is awarded 89 marks and another which is awarded 79 marks. It is difficult for the public to tell the difference and the result will be just confusion.

In fact, the FEHD makes frequent inspections of food establishments and such inspections can be said to be the most frequent in the world. According to the information provided by the FEHD, more than 370 000 inspections were made to the toilets of food establishments in Hong Kong in 1999 and the number of inspections made in 2000 was close to 490 000. When I made a study tour to the United States in April this year, the public health officials at Los Angeles told me that they made three inspections to each food establishment every year and an appointment was made with the food establishment before every inspection. The main purpose of inspection is health education, not the issue of penalty tickets and fines. They were all shocked to hear that in Hong Kong, 490 000 inspections were made every year, for that would mean hiring a lot of staff.

Mrs Rita LAU, the Director of the FEHD, admitted that the hygiene condition food establishment in Hong Kong is better than in other places. But why has the catering industry to bear additional financial burdens and pay more money to make improvements? Would this be just fault finding? I also urge the FEHD to revise the present inspection policy to make the aim of inspection educational instead of just issuing tickets and administering fines.

In the area of environmental protection, the catering industry has all along supported recycling wastes. Food remains, empty cans, bottles and even cooking oil can all be recycled. However, the process of recycling is very complicated and it is difficult for all the nearly 10 000 food establishments to take an initiative to do it. The Government must take the lead in recycling and put in resources and work together with the industry while not adding, I stress, not adding, to the operation costs of food establishments. For example, the Government can send staff to the food establishments to collect the separated

wastes. The industry can then co-operate by streaming the wastes. The Government can also set aside land for the recycling industry. Things such as food remains can be used to make animal feeds, the waste oil can turn into soaps, or as Mrs Miriam LAU has said, it can be turned into bio diesel. All these wastes can be recycled. The Kowloon City Merchant Association made a suggestion this April to place some large rubbish bins at the alleys in the district to separate the wastes and to reduce rodent pests. The suggestion was rejected by the relevant government departments. I hope that the Government can put in more efforts in this respect, and I think the industry will be very glad to co-operate.

The Government has also invoked the reasons of environmental protection and health to propose the idea that smoking should be prohibited in all food establishments. A consultation paper has been issued to this end. Once the proposal is put in force, the adverse impact on the industry will be very great indeed. According to the findings of a survey conducted by an international consultancy, if smoking is prohibited in hotels and food establishments in Hong Kong, their income will drop by 10.6%, or \$7.9 billion a year. If the number of employees employed in hotels and food establishments is reduced in accordance with the fall in income, then the industry will lose 21 500 jobs.

In his policy address, the Chief Executive pledges to create 30 000 jobs with an expenditure of \$3 billion. However, if smoking is prohibited in food establishments, according to the estimates made in the consultancy report, the loss to Hong Kong economy will be \$7.9 billion and 21 000-plus jobs. Not only will the good intention of the Chief Executive in creating job opportunities backfire, but the losses would also be much greater than our gains.

The consultation paper proposes that the management staff of food establishments should be required to enforce the ban on smoking, but it is totally impractical to require staff to prosecute the patrons who are in essence also their bosses. As a matter of fact, ever since the Smoking (Public Health) Ordinance came into force in 1999, the greatest pitfall of the legislation is its requirement on the staff to be law-enforcers. But the Government has turned a blind eye on this. On 2 October, nearly 7 000 owners and workers of the catering industry took to the streets to express their worries and discontent with the consultation paper. This shows the gravity of the issue.

At present when our economy is so bleak and gloomy, the Government should stop invoking reasons like "food safety" and "environmental hygiene" to

impose all kinds of unreasonable controls and legislation on the catering industry. For the markets, cooked food centres, and retail and wholesale businesses, what the government departments, as well as the Housing Authority and the Housing Society should do is to effect a full-scale reduction of rentals on all business premises in markets and shopping malls managed by them. That will ease the pressure of the businessmen in operating their businesses. It will also give due encouragement to those doing business or making investments to keep their cool in face of difficulties and to put in more efforts to overcome their difficulties and to wait for the dawn at the end of a long dark night.

Madam Deputy, I so submit.

**MR WONG YUNG-KAN** (in Cantonese): Madam Deputy, at the beginning of the 21st century, Mr TUNG Chee-hwa, the Chief Executive, presented the last policy address in his term of office. The policy address is entitled "Building on our Strengths, Investing in our Future". In the policy address, the Chief Executive has tried his best to answer the aspirations of most people in the community. However, for the agricultural and fisheries industries, it seems that the bitter winter is still here. The industries and I sincerely hope that the Chief Executive could find a way to assist the agricultural and fisheries industries that still have a lot of potentials in respect of sustainable development. Even though the industries may not be able to become a "millionaire", it will at least not be "written off at one stroke".

Madam Deputy, it is the International Year of the Ocean in the 21st century, as the demand for the Government to inject more resources to facilitate the sustainable development of the agricultural and fisheries industries has become my appeal every year during our debates on the policy address and the budget. But the Government has given us a disappointing response on each occasion. It has made certain pledges from time to time but these pledges have mostly been "dishonoured cheques". For example, in the 1999 policy address, the Government said it would conduct a study on the feasibility of developing an off-shore fishing industry for Hong Kong, however, we have yet to see the details to date.

At present, there are tens of thousands of fishermen in Hong Kong engaging in the fishing and fish culture industries. While some operate in Hong Kong waters, most of them operate in the South China Sea. But after the

Mainland implemented an annual fishing moratorium in the South China Sea since 1999, the duration of operation of fishermen each year has been reduced by two months. During this period, thousands of fishing vessels are berthed in the typhoon shelters in Hong Kong. As fishermen have to work to make ends meet, their livelihood is seriously affected. Although the Government has allocated resources to offer loans to fishermen, and it is still extending these loans today, the livelihood and operation of the industries have encountered a lot of difficulties. If the industry does not change its existing mode of operation, it will be eliminated sooner or later in the long run. The fisheries industry used to have great expectation of the study on the feasibility of developing an off-shore fishing industry for Hong Kong. It wished that the industry would accordingly undergo transformation and make a breakthrough. However, it is a pity that it has all been thunder but no rain with the relevant study. The industry and I worry that the industry will miss an opportunity for transformation as a result of the procrastination of the Government.

I do not mean to make threatening remarks here but my remarks are supported by facts. This summer, some fishermen and I travelled to Thailand to inspect the development of an off-shore fishing industry there. We discovered that tuna catching in the Indian Ocean was developing rapidly. Four years ago, there were only dozens of fishing vessels from Taiwan in the Phuket fishing ports, but there are over 300 fishing vessels from Taiwan and China now, most of them from Taiwan. The fishing vessels from Taiwan will make US\$2 billion in net profits every year, showing that tuna fishing is a profitable operation. As regards fisheries management in the Indian Ocean, there is not any quota system restricting the number of fishing vessels in the area. As far as I understand it, the allocation of quota in the future will most probably be based upon the existing number of fishing vessels. If local fishermen fail to take action as soon as possible at this stage and join the capture fishery, I am afraid that they may be too late and may not be able to have a share in future.

To restore the vitality of the local fisheries industry to that during its glorious days in the past, I hope that the Government will adopt positive support measures, for instance, offering low-interest loans to the industry, assisting fishermen in the purchase or modification of fishing vessels, providing professional training, in particular, providing fishermen with training in off-shore fishing especially by the end of this year or during the fishing moratorium next year as well as assisting in the organization of fishing fleets. It can also consider setting up fish processing factories. I would like to say that after the



outbreak of the mad cow disease and foot and mouth disease in Europe, the meat-eating habits of Europeans and Americans have changed. They have changed their habits of eating pork chops, steaks and lamb chops and some of them have changed to eating fish chops. This year, fish merchants in Taiwan have begun to regularly transport 5 tonnes of tuna a month for sale in the Mainland. This precisely illustrates that the fisheries industry has promising prospects. Why does the Government not consider doing so since the fisheries industry has promising prospects and can increase profits and create jobs? Madam Deputy, whenever there are economic difficulties and workers become unemployed, especially when there is unemployment in the construction industry, some people who used to work in the fisheries and agricultural industries will return to these industries. Over 100 people in our organization have already rejoined the fisheries industry.

Having talked about the fisheries industry, I would like to talk about the agricultural industry. It has always been the wish of the industry that the Government would open up land for the construction of a priority zone for the agricultural industry so that farms can be separated from residential flats. However, the government effort still remains at the study stage. In my view, it has entirely overlooked the needs of the industry and I hope that the Government will respond to the requests made by the industry over the years to set up a priority zone for the agricultural industry on derelict slopes or in fringe areas at the Shenzhen - Hong Kong boundary. The Government should provide the matching facilities such as a transport network, irrigation systems and a central waste treatment system so that farmers can invest in the construction of multi-storey farm structures and greenhouse plantations. Thus, they can conduct livestock waste treatment and make housing arrangements in a centralized manner. Thus, Hong Kong will be able to maintain the production of quality agricultural by-products.

Madam Deputy, I would like to discuss food safety and environmental hygiene in this session. As a result of another outbreak of avian flu and an increase in cases in which antiasthmatic agents are found in pork and viscera as well as an increase in cholera cases, the public has become more concerned about food safety. Food is mainly imported in Hong Kong, therefore, food quarantine service is the first protective screen to safeguard public health. The Government has improved food quarantine work after the first avian flu incident and the contaminated vegetable incident a few years ago. Since the Environment and Food Bureau and the Food and Environmental Hygiene

Department (FEHD) have taken over the work of the two former Municipal Councils in respect of food safety, the whole food safety monitoring system has been functioning satisfactorily. But some front-line officers who did their best to perform their duties were attacked by the unruly elements. We send them our best regards and wish them early recovery. Yet, I still wish to express my views on the food quarantine policy of Hong Kong.

As we all know, food monitoring in Hong Kong mainly relies on the health certificates issued by the exporting countries and random tests. This system is well-established in the international arena and reliable, but there are quite a few loopholes. I wonder if Members have noticed that there was discord between pig raisers in Hong Kong and the FEHD concerning the import quarantine for ice-cold pigs from Thailand not long ago. Some pig raisers even claimed that they would transport live pigs to the airport to block the passage and stop the import of ice-cold pigs from Thailand. Such a vigorous action was taken mainly because the government policy relied excessively on the health certificate system and failed to equally implement the detention and test system on ice-cold meat imported from Thailand. I must do some explaining for this system. Live pigs raised by local farms must be isolated for urine testing before being transported to the Sheung Shui Slaughterhouse to ascertain if they have been fed antiasthmatic agents. Besides being isolated for testing at the farms, live pigs imported from the Mainland must undergo another random test before being slaughtered. Before the confirmation of the test results, the pigs will still be detained and they will not be slaughtered. Thus, pigs slaughtered by the Sheung Shui Slaughterhouse should be free of antiasthmatic agents.

However, the quarantine procedures for ice-cold pigs imported from Thailand into Hong Kong only comprise a random test, and the whole shipment can then be sold in the market before the confirmation of the test results. Yet, there were only three instances of positive test results after the carcasses had been sold in the market. These incidents reflected that the health of the public was affected by the faults of government policies. Certainly, the problem is not very serious now, but it would cause enormous troubles if very serious problems should arise in the future.

Actually, the industry and the FEHD officials have held many meetings on this issue and the industry has proposed that the quarantine arrangements for live pigs should equally apply on ice-cold pigs and the system of detaining and testing each shipment of pigs should be uniformly implemented. However, the

Government turned down their proposal resolutely. The industry is also dissatisfied because the ice-cold pigs from Thailand are thinner than pigs raised in Hong Kong and the Mainland, probably because those pigs have been fed antiasthmatic agents. Yet, the Administration took no heed of the views of the industry and still relies on the system of health certificates issued by the exporting countries and the so-called risk-evaluated random test system. It has never tried to explore whether the views of the industry are true. Furthermore, many countries such as Japan, Australia and Singapore do not permit the import of ice-cold pigs from Thailand. Let me use Singapore as an example. It is reported that Singapore had sent two specialists to Thailand to conduct a study there for two and a half months this year. Finally, Singapore refused the import of ice-cold pigs from Thailand. The FEHD has not taken the initiative to understand why our neighbouring countries prohibit the import of ice-cold pigs from Thailand and it still conservatively emphasizes time and again that the existing systems comply with the international practice, showing no regard for the health of the public. I hope the Government will carefully consider if the views of the industry are well founded and immediately study why the ice-cold pigs from Thailand have proportionally more lean meat. It should also implement the detention and test system on the pigs to be slaughtered to guarantee the hygienic consumption of meat by the public.

Madam Deputy, the public is also concerned about another outbreak of avian flu. In the latest incident, we found that the Government had handled the case in a very decisive manner and that it had really learnt a lesson from the inadequate co-ordination among various departments in the last avian flu incident. Some people have subsequently said that it is essential to establish a system for the centralized slaughtering of chickens to prevent another avian flu. I clearly pointed out in our motion debate on 6 June this year that centralized slaughtering involves food safety and it will force the public to change their eating habit as well as affect the livelihood of tens of thousands of employees in the catering trade. It is not easy to solve these problems. Furthermore, the main cause of the spread of avian flu is the unsatisfactory hygiene conditions of the places where live chickens are sold. The Government should set about improving the cleanliness of markets and installing more ventilation and air-conditioning systems to maintain the existing mode of sale.

Madam Deputy, I have just mentioned the improvement of the hygiene conditions of markets briefly. Besides facing the problem of environmental hygiene, traders in public markets are also facing such survival problems as

difficult business and intense competition. Public markets were established to provide the public with places where they could conveniently buy daily necessities and food at inexpensive prices. More importantly, they could solve the serious problem of on-street hawking. Through preferential policies, the Government attracted hawkers to move to public markets and hawkers would have room for survival in the long run. The Government's action was understandable. But most markets still have backward facilities today. They are as hot as food steamers, dark and wet. How can these markets meet the challenge of new supermarkets that have abundant financial resources and comprehensive facilities and are clean and comfortable? Hawkers are most dissatisfied that, to standardize the rent adjustment mechanism for public markets, the Government has used the prevalent market rent as the basis of rent adjustment, thus, most hawkers have to put up with the pressure of a rent increase. The Democratic Alliance for Betterment of Hong Kong (DAB) thinks that the establishment of public markets has a historical background. Unless the Government changes its policy on public markets and regards public markets as places for general business operation, it should not overlook the business difficulties of small traders and propose to increase rents at this stage. At this stage, the Government should improve the hygiene conditions of public markets and the ventilation systems as well as install more air-conditioning facilities. It should even consider a downward adjustment of rents and continue to provide the tenants of public markets with room for operation and survival. Hence, they will have a chance to survive even in the face of an economic downturn and intense competition.

Madam Deputy, lastly, I would like to discuss the problem of ice-cold chickens ..... (The bell rang)

Thank you, Madam Deputy.

**MR FRED LI** (in Cantonese): Madam Deputy, I am going to talk about the work of the Food and Environmental Hygiene Department (FEHD) and the public housing policy.

A few years ago, to curtail the public's scope for political discussion, the Government conducted a major administrative overhaul and the two Municipal Councils comprising representatives of the public were eventually dissolved. This led to the creation of the Environment and Food Bureau and the FEHD, and

the Government took over the functions of the Municipal Councils, directly formulating and implementing policies on municipal services. Whenever there is a controversy, the Government becomes the direct target of public criticisms. Politically, this will increase the pressure on the Government's administration and erode public confidence in the Government. The most obvious example is the recent controversy concerning the rents of markets. The FEHD is responsible for the management of dozens of public markets of various sizes housing over 10 000 stall operators. It is necessary for the Government to be sympathetic to their livelihood. If the rents of these stalls are increased to a level comparable to market rates without careful consideration, it will only provoke the opposition of stall operators.

Even though the Government told the Legislative Council that the ceiling of increase for the rents of market stalls was 20% yearly, in the first year when the proposed rent mechanism is implemented, nearly 95% of the stall operators in Hong Kong will have to pay higher rents. This means that small-scale stall operators will have to face rent increases for three successive years, which will in no doubt substantially drive up the operating costs of these stall operators, further weakening their competitiveness *vis-a-vis* supermarkets. I would like to remind the Government that back in the eighties, when the former Urban Council arranged for hawkers to move into these markets, the object of fostering an environment conducive to their operation was established. Excessively high rents would force them to give up doing business in these markets and head for the streets and become unlicensed hawkers. This is to nobody's advantage. The Government's high-rent policy will not do good to Hong Kong's urban outlook and will contribute to social instability. Therefore, I hope that the Government can show more compassion as far as the rent of these markets are concerned.

Regarding issues of food safety, we have the following views. More specifically, in relation to food testing, at present the work in this area is undertaken by the Government Laboratory rather than the FEHD. I believe that insofar as communication and liaison are concerned, it would be more effective for one single department to be directly responsible for co-ordination. For example, earlier on although chilled pork containing asthmatic agents was found in the market, the news was publicized only a long time afterwards. The incorporation of the Government Laboratory into the FEHD will enhance efficiency and offer greater protection to the public in respect of food safety.

In fact, after the dissolution of the two Municipal Councils, it seems that some of the projects conceived by the former Municipal Councils will be aborted. The most obvious example is the construction of markets. Of the 12 markets proposed by the two former Municipal Councils, the Government considered the construction of five of them unnecessary and said that it was necessary to review the construction of another three markets. The Government may think that individual markets no longer meet the present needs, however, in view of the fact that it is necessary to conduct reviews for two thirds of the markets, and by this I mean the new markets to be constructed under the original proposals, it appears the future policy on the development of markets is involved. Regrettably, the Government has not explained to the public whether the construction of markets will be halted in the future. What is the policy on this? Often, the Government's explanation is that there are already superstores in the areas concerned. If this is indeed the reason, then I think the Government should think twice. If the construction of markets is halted because there are superstores, then I believe in the future the public can only buy their daily necessities and fresh foods from the two superstore chains controlled by large consortia. This will leave hardly any living space for individual business operators in the retail industry or any choice for consumers, and I believe the effect will be far-reaching.

Another issue which demonstrates that the Government "decides but takes no action" has to do with licensed itinerant hawkers. The two former Municipal Councils adopted different approaches; the former Urban Council planned to phase them out compulsorily, whereas the former Regional Council encouraged the voluntary surrender of licences. I hope that the Government can give an account on the future direction to the Legislative Council as soon as possible.

Lastly, I will comment on the Policy Objectives of the Environment and Food Bureau. I agree that over the past year, the Government has made some achievements on ensuring food safety and its efforts should not be denied. Of course, the Government still has to implement the labelling system for genetically modified food as soon as possible, so as to enhance consumers' right to know. In addition, the Government said that it would propose a mandatory food recall mechanism to the public in the coming year. The Democratic Party supports this move, but in view of the repeated occurrence of food-related incidents since the mid-nineties, such as ice cream contaminated by *Listeria monocytogenes* and eggs contaminated by dioxin, the progress made by the Government in this policy area has been far from satisfactory. At that time,

members affiliated with the Democratic Party sitting on the two former Municipal Councils already proposed putting in place a mandatory recall mechanism, but it is not until now that the Government has made a response. All we can say is that it is "better late than never". I have given my views on food safety.

As to housing issues, since the Deputy Director of the Housing and the Secretary for Housing happen to be present, I would like to comment, not on macroscopic issues such as the number of flats to be built or the moratorium on the sale of Home Ownership Scheme flats, but on some micro issues. I would like to point out two issues. Firstly, I have convened residents' meetings in four housing estates located in Kwun Tong and Wong Tai Sin, including both new and old housing estates, in order to collect residents' views on the policy address. What they are strongly — strongly dissatisfied with is that perhaps the rent for December only will be waived. This policy is yet to be decided by the Housing Authority (HA) until the 23rd of this month, however, it is believed that the policy will be approved, since Mr TUNG and the Secretary for Housing both support it very much. The residents opine that waiving their payment of rent for one month is just to give them a candy, but since they are starving, it is hardly of any use to give them a candy. They request that the Government, in particular the Director, to review the rent for Harmony public housing blocks. What I mean is those four-person flats. The monthly rent of these flats is \$2,600. If the income of the people living in one of these units is just \$8,000, then \$2,600 takes up a large share of their income. Why do I say so? This is because among these people, some are unemployed, some have been laid off, some have been subjected to salary cuts, and some have had their income reduced because their companies are downsizing, but the rent is just being frozen, that is to say, the burden imposed by the rent is become heavier all the time. Therefore, their suggestion is not to waive their rent for one month, but to reduce it by 30%. The Democratic Party has also proposed a reduction of the rent of public estate households by 30%, as well as that of shopping centres and markets in housing estates, since the latter are also affected by diminishing consumption power. We hope that the HA and the Housing Department (HD) can take this into consideration.

The second issue is related to new housing estates. Concerning the arrangements on the occupation of these housing estates, I wish to express my regrets in the strongest terms. For example, the same problem occurred in both

Po Tat Estate and Phases 15 and 5 of Sau Mau Ping Estate in Kwun Tong, that is, the shopping centres and markets were not completed even though the residents had moved in, causing a lot of problems. Firstly, residents had to travel to other places to buy food, placing an additional burden on them. Secondly, the bus routes and transport links were not yet fully in place and other corresponding facilities were not completed, so that residents had very little choice. The problems in respect of external transport, going to work and the purchase of food has increased their financial burden. All these problems could be attributed to human factors, that is, the HD failed to carry out its responsibilities, causing delays in the completion of shopping centres and markets. The market of the housing estate in Sau Mau Ping was commissioned one year behind schedule. Madam Deputy, it was as much as one year behind schedule and the residents who had moved in became "pioneers". There were no facilities whatsoever and the elderly had to walk up and down more than two hundred steps to do their shopping, even if only to buy a toilet roll. What sort of Government is this? Why has it treated the residents this way? With so many grievances, it is not surprising that the public is so resentful. These are grass-roots people, residents who moved from older housing estates into new ones and they have to pay new and higher rents. However, they found themselves in an environment which has no matching facilities or improvement. In some housing estates, even the entrance had not been completed before the residents were made to move in. Why did such a situation occur? There were problems with the supervision undertaken by the architect and the HD. Even though a housing estate has been occupied for over half a year, its entrance is still not completed, and residents had to use a shaky steel stairway as the temporary passageway. Why did such a problem occur? I believe such problems could have been avoided, but why did they still occur? What upsets me most is that no remedy or interim solutions were devised even though problems had occurred.

On behalf of public housing residents, I wish to convey the message that the HD and the Secretary for Housing should make greater efforts to understand public sentiments. Residents in housing estates have a lot of grievances. Apart from the high rent that takes up an increasing proportion of their income, they also have to face the problems of poorly co-ordinated planning and construction projects, as well as unwarranted increases in travel expenses. All these problems are not the result of any calamity, strokes of misfortune, excessive rain or onslaught of a typhoon, but they are all created by people. Therefore, I am obliged to convey the resentment and dissatisfaction of tens of



thousands of residents in this debate session concerning housing. Some government departments have failed to carry out their responsibilities and did not respond speedily to the problems encountered by the public, making them very resentful of the Government. In addition, since many of them are unemployed, they have a lot of pent-up anger. Here I would like to express and convey their views. I so submit.

**MR NG LEUNG-SING** (in Cantonese): Madam Deputy, I would like to make use of the fourth session in this Council's discussions on the policy address to talk about the issue of housing policy which is not given much coverage in the policy address. The housing policy of the Government has been a much discussed topic for many years. Looking at the matter objectively, before 1997 and under the high land price policy pursued by the British administration, property prices soared and there were heated speculative activities. A bubble formed in the property market and the constant inflation of the bubble led to its inevitable burst. The relentless onslaught of the Asian financial turmoil only served to speed up the sudden collapse of the property market. As the financial crisis was a storm which raged outside the territory, and like other places in the region, there was no way we could escape from its devastation. And there was no one who had the mighty powers to wave a magic wand and save the economy from falling into ruins.

Immediately after the reunification, the SAR Government launched some housing policies. No doubt they were done out of goodwill. However, these policies became mismatches because they were unable to cope with the unexpected impact exerted by external factors. Some people made use of this opportunity and criticized the Chief Executive's governance of the territory, and this was not surprising for this is a political truth that those who are not in power can make all sorts of criticisms with wisdom after the event. But at the time when property prices were constantly on the rise, those people would only think that the Government had not been doing enough in curbing speculative activities. We had never heard of these people say that the Government should think of ways to prevent the fall in property prices. Any policies which are now considered as having a stabilizing effect on the property market could have been dismissed then as pushing property prices higher and fanning the fire of speculation. Criticisms on the Government by political groups such issues such as the target of producing 85 000 flats a year or enabling 70% of all the families

to become home owners, and so on, should be made in an objective and unbiased manner. Criticisms should not be made just for the sake of making them, for this will only expose the self-contradictory nature of the demands made on policies.

If a constructive approach is taken on the subject of the economic impasse and the sluggish property market, I think the Government should make the proper moves such as expediting the review of public housing policy or housing policy in general and minimize the impact and intervention on the property market as a result of government input. Such a kind of intervention would lead to serious adverse impact. It will cause a great change in the mentality of the public and people would then think that buying properties is a kind of welfare, or a necessary benefit to which they are entitled as a result of the direction or effects of government policies. Buying properties would no longer be a kind of investment whose value may rise or fall. With respect to public rental housing, the right to lease enjoyed by the tenants is gradually becoming a right to ownership. Tenants are having more and more rights which they are entitled to enjoy outside their tenancy agreements. Public housing has led to more and more expectations from the tenants and the same is true of those engaging in business activities in the shopping malls of the public housing estates. Some Honourable colleagues have mentioned earlier that operators of these businesses are expecting some kind of public assistance and they think that this is perfectly justified. As compared to operators in private sector shopping malls, this will lead to a business environment which is clearly unfair. On the other hand, the long-standing government intervention in this respect has become entrenched and the Government is cornered into a dilemma. Any move made by the Government on issues like economic difficulties or the problem of negative equity would only invite criticisms. This will not only undermine the stability in the property market and the compliance with the market rules, but will also add to the financial pressure on the Government.

In my opinion, any subject can be brought up for discussion in the course of making a review of public housing policy. No subjects should be avoided for the sake of political correctness. Take the problem of housing supply as an example, the existing supply of land is controlled through the mechanism of land reserves. The future supply of private residential properties can rid itself of the former distortions and achieve a balance in supply and demand which is more in line with the market reality. When this is added to the present market conditions, the authorities are perfectly capable of formulating some more

flexible mechanisms. These will enable the reduction or the suspension of the production of Home Ownership Scheme (HOS) flats not exerting great interference in the private sector market in respect of the supply of flats which includes the building and sale of flats. A favourable condition will then be created for a stable property market. Besides, the subjects of whether or not to set aside prime sites for the construction of public housing, the kind of public housing to be constructed and its quality should all be subjects that merit bold examination. Public housing is a form of direct subsidy involving the use of public money, thus it is simply not right that it will not be subject to any criteria or ceiling. The Government should use the most effective ways to use resources and help more needy members of the public. It should encourage the people to work hard to obtain a better life. After enjoying subsidized public housing for some time, the people should enter the private sector property market with their own hard work to improve their quality of life. Public rental housing should not continue regarded as a form of lifelong benefit taken for granted. It must be pointed out clearly that public rental housing is there for those in need. A life or permanent lease will definitely bring an enormous burden on flat production and severe pressure on public finance. It is only when leases of a specified term of years are offered and renewal approved and determined on the basis of the actual financial situation of the tenants that the long-term and practical problems in respect of the waiting time for public housing applicants can be handled in a fair manner. As to the role played by the Housing Authority (HA), it should not be allowed to grow into a public enterprise which embraces every aspect of housing. When a review is made expeditiously, the HA should gradually withdraw from housing management and maintenance for these can be operated by private companies. Likewise, it should withdraw from work in managing shopping malls, industrial buildings and car parks so that the private sector can have more opportunities to expand their business and thus helping to build a better business environment for Hong Kong.

Madam Deputy, the housing problem is a complicated and long-term problem for Hong Kong. It is only when there is a review of the housing policy which is comprehensive enough and showing a boldness to commit that the overlapping and distorted market relationships can be ironed out and the way paved for the long-term stability of the property market and soundness in public finance.

Madam Deputy, I so submit.

**MR LEUNG YIU-CHUNG** (in Cantonese): Madam Deputy, the housing policy as presented in the policy address is entitled "Better Housing for All", but under this premise it is doubtful whether the policy will be able to provide better housing for all. For those owners with negative equity, the low-income groups and tenants in public rental housing units and commercial tenants in public housing estates, even if some form of assistance is given under the housing policy, it is only minimal and can do nothing to address the urgent needs of the people. The so-called slogan of "Better Housing for All" is nothing but empty talk, for housing has not been made better and not all people can benefit from it.

When the property tycoon Mr LI Ka-shing received his Grand Bauhinia Medal earlier in the week, he told those owners of negative equity to forget about the bubble economy of the past. This is sheer mockery in that such a remark was made by the person who had reaped the greatest benefit from the bubble economy. It is also an irony to the people of Hong Kong. Nonetheless, an even greater irony is the newspaper story of a woman with negative equity who jumped to her death from a building as she was unable to bear the financial pressures. She was trying to plead her case by killing herself. This society of ours is a true reflection of the popular saying, "He who kills and sets fire is rewarded with riches, but he who lays bridges and paves roads dies unburied". The people of Hong Kong have worked hard to build a prosperous society and when they are beset with the problem of negative equity, they are kicked aside by the Government. The big property tycoon even came out and spoke in a mocking tone. We are all sympathetic to those property owners with negative equity, but what about the Government? It only stands aloof and looks at the situation with folded arms. And the tycoon says, the people have to be responsible for what they have done.

Do these owners of negative equity need to bear all the responsibilities? I agree that they ought to bear some of the responsibilities themselves. But apart from that, should the Government and the big developers not also bear some even greater responsibilities? Take the Government as an example. Ever since the Chief Executive has come into power, he has been putting forward over these past few years all sorts of new goals and targets, one of which is to raise the proportion of home ownership from 50% of the population to 70% in 10 years. In order to achieve this target, the Government has been using all kinds of ways and means, such as expanding the loan schemes and promoting home purchase. The result is that apart from paying mortgages, the people have found themselves heavily in debt. Some people may say that this is entirely due to the

investment decision of these people and they have themselves to blame. But have we ever considered the social problems behind these personal decisions? The Government has been devising all sorts of policies to drive the tenants of public housing into the private sector property market. Such policies include the strict restriction on children to succeed the right to live in the public housing units of their parents, and the removal of those exceeding the assets and means criteria in unreasonable proportions from public housing estates. In addition, after the Government had pledged in 1997 to produce 50 000 public housing units every year, it engaged in a play on words and revised its pledge to providing 50 000 applicants with housing assistance opportunities. These so-called housing assistance are meant to further push the people into the private sector market. And so all those who want to rent or buy a flat have to go to the private sector market. Talking about buying flats, the Government can be said to have driven the people to take such a step. Now we have a lot of people with negative equity who want the Government to give them some help, but the Government is playing the same trick again and frightens the public off by some figures. It said that if the problem of negative equity is to be resolved, a minimum amount of \$300 billion would have to be spent. However, the Hong Kong Monetary Authority later pointed out that the amount involved would be about \$120 billion only.

THE PRESIDENT resumed the Chair.

If the Government is sincere in considering this problem, then why does it raise some figures to fool the people? I think the Government really lacks sincerity in tackling these problems and sincerity is what the public needs.

Apart from lacking in sincerity, the Government has also done something which the people find most repulsive, and that is, to showing favouritism for some giant consortia. When property prices fell drastically, the developers were hoarding a lot of flats. What the Government did was to accede to their demand in a very short time and slash the powers of the Housing Authority (HA) and made the decision to suspend the sale and reduce the production of Home Ownership Scheme (HOS) flats. The aim of this is to prop up the real estate market and facilitate the developers to sell their flats. Is this helping the public or the developers? Over the past few years, a lot of people have blamed the Government for being insensitive to their plight. In fact, one of the reasons

why the people are having such a hard time is the Government has been giving too many favours to the rich and the powerful.

Not only does the policy address offer no assistance to those owners of negative equity, but it has also given no substantive help to the tenants of public housing and those living in private buildings who are waiting for allocation of public housing units. Tenants of public housing units have repeatedly demanded that their rents be reduced by 30% so that their hardship can be relieved, but the HA only makes a token move of waiving the rent for one month. This is useless to the tenants in the long term. Moreover, the rents have never been revised downwards in line with the negative growth in inflation. The rentals are simply unfair. The demand of the tenants to reduce their rents is nothing but reducing the rents to a reasonable level. But the Government refuses to even consider it. A more terrifying phenomenon is that the present level of rents has exceeded the 10% of the median monthly income of 40% of the tenants. Many tenants of public housing units are paying a rent which is as much as 20% or above of their income. And a vast majority of these people are those earning the lowest income. I have seen people making \$3,000 or so a month, but they have to pay a rent equal to 25% of their income. For these people, a reduction in rent cannot be considered a remission at all, they are just trying to fight for a reasonable level of rent to relieve the pressure of living they are experiencing. So even if the Government says that the rent will be waived for one month, it will not be too much help to them. Apart from tenants of public housing units, the rents payable by tenants of commercial premises in public housing estates have not been revised downwards too. They are only given a freeze in rents. I have just said that a freeze in rents is not very helpful, for when faced with the present economic difficulties, what they want is not a freeze but a reduction in rents. Therefore, I hope that the Government will reconsider this point. For the commercial tenants of the shopping malls and markets operated by the Food and Environmental Hygiene Department and the Housing Department all hope that a new rate of reduction in rents can be determined anew.

The Government used to boast that the waiting time for public housing would be shortened to three years. That sounds very nice but in fact the problem is not to be solved by producing a lot of public housing units, but by making the eligibility criteria more and more stringent. At the same time, tenants of public housing units are forced to move out and they have to enter the private sector market to look for accommodation. In this way they are vacating the flats for other people to move in. In addition, the Government has launched

some new policies such as using a rent subsidy to replace the allocation of public housing units. This will enable the applicants for public housing to move into a flat in as short a time as three years. But is this what the people need? I would like to tell the Secretary that this is not what the people want. If they are forced to enter the private sector market, then they have to bear the exorbitant rents and their lot will not get any better.

According to figures released by the Census and Statistics Department, these people have to use 40% of their monthly income to pay the rents. Thus it can be seen that the improvement is taking place very slowly. From 1995 to the present, the number of households living in poor conditions has reduced from 180 000 to 100 000 at present. In other words, the number of households whose living conditions have improved through the efforts of the Government over the years is only about 80 000, or an average of only 10 000 households per annum.

All these figures show that government policies with respect to housing have not been satisfactory and one gets the impression that these are merely half-hearted responses to the needs of the public. The public hope that assistance from the Government can be given to them as soon as possible so that they can be allotted a public housing unit. Then they can live peacefully. However, throughout the years, the Government has been shirking its responsibility and turning a blind eye on this state of affairs. Moreover, apart from selling public housing units, the Government has recently contracted out the management of public housing estates to private companies, thereby leading to problems in the management of public housing estates.

I would like to ask the Government what it has done in respect of "Better Housing for All" as suggested in the policy address. I have mentioned earlier the difficulties faced by commercial tenants in public housing estates, and expressed the hope the Government can revise its tendency of favouring the giant consortia. Recently, the Government has permitted large supermarket groups to operate in public housing estates and form a kind of monopoly there. The management of some markets has been contracted out as well. But there is not enough supervision in the rate of rents collected and that has led to some abuse to the suffering of tenants. The proposals presented in the policy address are just better than nothing, for each tenant can get a reduction of \$2,000 in rates charge. The HA is only suggesting that a rent re-evaluation exercise of the premises leased by the commercial tenants be made and that will not give any substantive help to these tenants to tide over their difficulties.

Why have I made it a point that the Government should revise its tendency of favouring the giant consortia? It is because the tendency is not only found in its housing policy but also in other policies such as in environmental protection. Over the past few years, we have been urging the Government to develop the environmental protection industries, for this will help solve the problem of environmental pollution and create employment. Unfortunately, the Government is still favouring the giant consortia and protects their vested interests. It has been very slow in promoting environmental protection industries and is unwilling to put in more efforts.

Take waste recycling as an example. The amount of recycled waste has remained at about 35% over the past few years. We have suggested to the Government to subsidize the development of the recycling industry. The present disposal of waste at landfills will spend as much as \$2.3 billion of public money annually. If the waste which is supposed to be sent to the landfills is otherwisely recycled, and if the amount meets the target set by the Government, then it will mean an annual saving of \$1.15 billion and the creation of 16 000 new jobs. However, the Government has been using the argument of not intervening in the market to refuse to subsidize the waste recycling industry. Despite the fact that \$100 million has been set aside by the Government to assist the industry, that is just a nominal move and will only be sufficient to fund some small-scale schemes and publicity efforts. This cannot create massive employment, nor can it guarantee any real benefits in return. It can therefore be said to be something insipid but would be a waste if it is discarded.

It is true that the Government has all along subsidized waste treatment, but the question is, the Government only subsidizes large enterprises to treat waste by dumping it in the landfills. The Government has entered into contracts with these large companies on waste management and for a period as long as 20 to 30 years, during which these companies are guaranteed to receive a fixed amount of treatment fees irrespective of the amount of waste treated, and that more subsidies will be given for waste treated in excess of the prescribed amounts. As a result, the more waste sent to the landfills, the greater will be the profits these large enterprises make. And so these enterprises are strongly objecting to the recycling of waste because they want to keep their income. In recent years, the Government has been encouraging the large consortia to conduct research on the use of incinerators to dispose of waste. And as we all know, incineration will release a lot of toxic gases, including dioxin, and so on. However, the Government continues to support these consortia upon their request. I am convinced that the environmental protection policy of the Government shows a



great favouritism towards the big consortia, wasting a lot of public money but gaining little efficiency in environmental protection. On the contrary, damage is done to the environment. This year's policy address is silent on the issue of environmental protection at all. Does the Government think that environmental protection efforts in the past have been very successful and there is no need for any further work on it? Or does the Government not want to care about this problem any more?

Madam President, in respect of these two issues of housing and environmental protection under discussion today, if the Government does not abandon this tendency of favouring the giant consortia, then a lot of the problems will remain as they are. Despite the fact that we know it is very likely that no good news will come from the Government today, I still hope that the Government can accede to popular demand and reduce the rents payable by the tenants of residential units and business premises in public housing estates by 30%. In the long run, the Government must keep the annual public housing production target at 50 000 units, instead of providing 50 000 housing assistance opportunities, to meet the genuine needs of the people. Furthermore, the Government should increase the subsidies given to environmental protection industries so as to create more jobs and improve on the current environmental protection efforts, hence relieving the hardship of the public.

**PRESIDENT** (in Cantonese): Mr LEUNG, your time is up.

**MR LEUNG YIU-CHUNG** (in Cantonese): Thank you, Madam President.

**MISS CYD HO** (in Cantonese): Madam President, this is the last policy address of the Chief Executive during the first term of office and I wish to briefly look back on and review the environmental protection policies of the Hong Kong Special Administrative Region (SAR) in the past four years.

In the past four years, the problems of air, water quality and food safety gradually aggravated and the executive authorities and the legislature were becoming increasingly concerned about environmental conservation policies. The most effective was the consensus reached and presented to the Administration by the alliance of various sides. With the co-operation of both sides, the Liquefied Petroleum Gas Taxi Scheme has been implemented and low

sulphur diesel has been introduced into Hong Kong. The air used to be visibly polluted, but now if we have fine weather on five to six days in a week, we can still see a blue sky with white clouds. Thus it is evident that as long as the community can reach a consensus and has a clear objective, and as long as the Government can hold discussions and consultations before implementing policies to give the affected a chance to voice their opinions, a bottomline acceptable to all must be found with the concerted efforts of all parties. If the Government could implement policies resolutely after holding discussions and making decisions, a lot of difficulties could be overcome.

However, the progress of the Waste Reduction Plan launched together with the policy address in 1997 has hardly been satisfactory. There is a 4% annual growth in household waste, four times the 0.9% annual growth in population. If the Government still fails to take any measure, the existing landfills will be full between 2005 and 2006. And even with the new measure introduced only recently, these landfills will be full by 2015, and we have to look for new sites for waste disposal. In this respect, it can be said that our speed of waste production is far higher than that of waste treatment.

On the whole, the SAR Government has not demonstrated an explicit and long-term positioning in respect of environmental protection policies. Sometimes, in order to create jobs, the Government will make allocations to subsidize the grassroots in waste recovery, and it starts from the economic angle sometimes. For instance, the Government advocated an assessment of impact on sustainable development in 1999. It is determined to make Hong Kong an environmental protection model in the Asia-Pacific Region, providing comprehensive services for environmental improvement works, capital raising, and technology and consultancy services, with a view to raising our professional knowledge. But it lacks consistency with the measures introduced at times. As we can see, our wavering policies and initiatives for environmental protection span from engineering and construction to self-financing, employment and welfare leading to the emergence of contradictions sometimes.

Actually, the premise of environmental protection is very simple, that is, we have to protect the natural resources. Extravagance in this generation should not become a heavy cost for the next generation, or cause the habitat of human beings to suffer. Once we have set this objective, we do not need to make "lofty, big and empty" plans year after year. Conversely, all we have to do is to focus on making short-term or medium-term plans to facilitate the realization of this direction of development in the long term.

In the short term, the pressing task is waste treatment and we must discuss it. The Government tackles waste treatment mainly from two angles. Firstly, to reduce the bulk of waste to lengthen the life of landfills. A colleague has just said that the Government is considering the alternative of incineration. Secondly, to make allocations to implement a trial scheme for waste recovery in the light of the present economic difficulties, thereby creating more jobs for the grass-roots workers. The Food and Environmental Hygiene Department (FEHD) proposed certain schemes last month, namely allocating \$100 million and setting aside 20 hectares of land for waste treatment. However, Madam President, I hope the Government will extend the scope of waste treatment work. Apart from waste recovery and separation, waste processing can actually be carried out in Hong Kong. Using high technology and high value-added methods, the Government can add value to waste and such efforts should not stop at paper and aluminium cans. Last year, around 87% of the recovered waste was transported to the Mainland for processing, only 12.5% was recycled in Hong Kong. Why do we not think about how we can do more for the development of such industries as waste recovery and recycling in Hong Kong? Besides the labour-intensive primary recovery processes, can we develop a technology-based and well-managed recovery industry? We should not let waste recyclers without the support of advanced equipment determine the feasibility against the cost-effectiveness of their operation.

Madam President, let me give some examples. Firstly, plastic bottles. The recyclers have an impression that plastic bottles are light and bulky. They are unwilling to recover plastic bottles because of the lack of any shredding facilities in the housing estates. Even if such bottles are recovered, they will only be transported to the Mainland to be made into plastic pellets. The recyclers have told us that the selling price of plastic bottle waste to the Mainland is \$300-odd per tonne. Yet, plastic bottles can be made into industrial chemical pellets that will cost \$2,000 per tonne. Why do we not consider retaining the industry in Hong Kong?

The Honourable Tommy CHEUNG has just said from the angle of the sector that almost 10 000 restaurants in Hong Kong produce at least 3 000 tonnes of waste edible oil every day, 300 tonnes of it are collected by the contractors and transported to the disposal site in Tuen Mun. It is then mixed with some soot and dumped into the soil. However, more edible oil waste is dumped into the collection drains in the urban area. After mixing with the dust, the drains will be silted up and the expenditure on desilting will then increase.

With scientific research and development, waste oil can be turned into biochemical energy. With such development, the burden on sewage treatment would be reduced and another environmental-friendly energy produced. The rate of return will increase and the toxic gas released by the biochemical energy will be one third less than that of petroleum energy.

I also hope that the Government would foresee at an early date, on basis of the changes in our lifestyle, that there would be wastes that we have never seen before, such as computers, mobile phone batteries and power-saving light bulbs and many other lighting systems that contain a lot of toxic metals. At present, we throw away these things and household waste together without separating them. When the mercury and heavy metals in computers, mobile phone batteries and power-saving light bulbs go into the groundwater at landfills, there may be changes that would ultimately upset the ecological balance. If we have to spend money to clear up these toxic substances then, the costs could be unimaginable.

Therefore, Madam President, apart from approaching this plan from the very basic angle of waste recovery and treatment, I really hope that the Government will approach waste recovery and recycling from a wider, farther and more comprehensive angle. I believe that recovery and recycling only remains at the level of jobs and education is because Hong Kong lacks professionals in environmental technology. In the previous session, I have said that the tertiary institutions in Hong Kong have not set up an independent department for the comprehensive and systematic training of talents in environmental protection. There are also not enough teachers. If we wish to have adequate professionals within the shortest time, I believe the Government may consider setting up a grant fund to allow students who wish to join the environmental protection industry to study overseas with the grant, complete their studies within the shortest duration and come back to serve Hong Kong.

Madam President, regarding transportation policies, the Government often fails to make comprehensive assessments. At present, people in the South District are arguing whether a railway or the No. 7 link road should be constructed. When calculating these costs and financial expenditure, the Administration often only calculates the construction costs at the time, overlooking the health problems to be brought about by noise and exhaust from the traffic or the additional medical expenses to be incurred by such noise and exhaust. Nor will it consider the time to be spent by the residents on traffic congestion, which could actually be otherwise spent on further studies, parent-

child activities and other activities. All of these are opportunity costs. The Government has entirely failed to factor them into its calculation.

The Government has rejected the construction of a railway simply because the population in the district is not sufficient to help the rail operator break even. Has the Government ever considered that it can collect the maintenance costs from the fares after the construction of the railway? However, road-resurfacing works would be necessary after three to five years. Where would these maintenance expenses come from? The Treasury has always used the taxpayers' money to subsidize such works. I urge the Government to adopt a more comprehensive model of assessment when assessing whether a road or a railway should be given priority. Otherwise, we cannot grasp different forms of infrastructure development and it would have far-reaching effects on our environment, society and financial burden.

Next, Madam President, I would like to discuss long-term structural problems. Members would agree that engineering construction and environmental impact assessments should be carried out together. Our objective is causing minimal damage to the environment in the course of infrastructure development, to give the natural environment a chance and room to recover and preserve for the younger generation an environment of sustainable development. Theoretically speaking, the consultative and policy-making bodies of the Government and legislation have to strike a balance between infrastructural construction and environmental conservation. However, the recent Long Valley saga is a vivid example and it has taught Hong Kong a painful lesson. The moral of that incident is that it is necessary to conduct a review on legislation and the consultative and policy-making bodies. The community would ask: Why would the Environmental Protection Department, being a government department, turn down a government project, causing unnecessary delay? Besides being a dispute caused by personal feelings, the incident also involves the process of assessment and the communication between departments. I sincerely hope that the Government will conduct a review of the relevant legislation and mechanisms as soon as possible.

There are definitely different voices in the community. Although some people may say that the Government should speed up the launch of infrastructure developments as soon as possible given the bad economic conditions presently, some environmental protection bodies hope that a thorough discussion could be held. We cannot evade this. I also hope that the Government will facilitate a thorough discussion in the community. After we have set the criteria, work in

respect of environmental conservation and development will proceed in a smoother manner than before. I also suggest that the Administration should review again the operation of the Advisory Council on the Environment (ACE). At present, the ACE composition comprises members of environmental protection bodies, academics and representatives of the business sector. According to the Administration, the original intent was to absorb the views of various parties and strike a balance. Yet, very often, the environmental protection content has been diluted in these draft reports. There is no way that the community can see from these report that the impact of the relevant construction on the environment assessed fully from the environment protect angle. Thus, the representatives of the environmental protection bodies hope that the ACE meetings could be made open so as to increase its transparency. It would then allow media reports to inform the community of the course of discussions and the truth of all matters.

I would also like to discuss the angles adopted by the Administration in the utilization of resources and financial expenditure in respect of environmental protection policies. The Administration often gives us an impression that it will only talk about grants and allowances when it comes to the discussion of the environmental protection industry and waste recovery, so much so that colleagues in this Council have also used such wordings. Therefore, the community feels that environmental protection is not effective and it is a luxury that should only be discussed when the economy is blooming. But that is not true. In fact, the environmental protection industry is a positive direction in the reduction and clearing up of harmful waste. Instead of spending around \$900 to treat one tonne of waste, why can we not develop the environmental protection industry at lower costs? We can then clear up harmful waste in time and protect the environment and obviate the need to spend exorbitant costs on the elimination of toxic substances in the future. For example, there are 270 hectares of landfills in Hong Kong, after they have been full, landfills of three times the size of the existing landfills will be needed to dispose of the waste to be produced between 2004 and 2005. Rather than setting aside so much land for landfills, why do we not actively consider using 20 hectares of land for the development of the recycling industry?

Madam President, environmental protection is definitely an agenda item under globalization of world economy. Once the natural ecology is injured, nobody can remain aloof. Thus, I fully support cross-boundary co-operation and I hope the Administration will actively participate in the 10th meeting of the Earth Summit in 2002 to fulfil our responsibility as villagers of village earth.

**MR ALBERT HO** (in Cantonese): Madam President, over the past four years, the Government of the Hong Kong Special Administrative Region has not only given people the impression that "discussion was held but no decision was made, decision was made but no implementation, with implementation but ineffective" in respect of the implementation of its policies. Circumstances in which some policies were even "decided without discussion and made in a black box" occurred. Among which, the housing policy has attracted the most criticisms by the public. At that time, the target of building 85 000 flats was in fact formulated and implemented after long-term planning and comprehensive study. In the wake of the financial turmoil, the Government originally insisted that the 85 000 was still a long-term target that would not be affected by short-term economic factors. However, two years later, the Chief Executive suddenly announced that the target of building 85 000 flats had ceased to exist, without going through the normal consultation and policy-making procedures.

In addition, after the reunification, the Government first suggested that the public should not rush to purchase their flats. Later, in view of the sharp rise in property prices, it then encouraged the public to purchase their flats. Afterwards, the property prices continued to drop, government officials repeatedly stated in their speeches that the property market had bottomed out. Not until they had made blunders time and again did they keep their mouths shut. It could thus be seen that the Government had lost track of its role in the housing policy. After the 85 000 policy had been abolished, the Government undertook to construct at least 50 000 public housing units annually. However, while this undertaking was still ringing in our ears, the Government suddenly changed the target of constructing 50 000 public housing units into providing 50 000 housing assistance opportunities. Moreover, it refused to disclose the ratio between the number of units to be built and the subsidized loans. In respect of the Home Ownership Scheme (HOS) flats, the Chief Secretary for Administration Donald TSANG twice pre-empted the Housing Authority (HA) under the pressure of property developers by announcing on his own accord that the construction of HOS flats had been stopped, completely ignoring the established consultation and policy-making procedures. With these blunders in administration, how can the environment of property investment be improved and how can people have confidence in their future?

First of all, I would like to talk about the issue of negative assets. According to the latest statistics provided by the Hong Kong Monetary Authority (HKMA), there are approximately 65 000 cases of negative assets. Adding to

this the 20% negative assets holders who have obtained loans from financial companies or arranged second mortgages with property developers, we estimate the number of negative assets holders is around 80 000. Deducting the group of negative assets holders who are making mortgage payments at an interest rate below prime, and those who are restricted by the means test and other conditions, then the number of negative assets holders or families who really need help ultimately may amount to 15 000 to 20 000 only. If the Government uses the criteria applicable to the Home Starter Loan Scheme as the standards and provides each mortgagor with a low-interest loan of \$600,000, the required amount will be between \$9 billion and \$12 billion. It is far below the \$300 billion as originally stated by the Financial Secretary. The Financial Secretary made such an estimate before obtaining the actual figures or conducting a relevant study, it made people suspect him of raising alarmist talk which could not help resolve the problem. We would like the Financial Secretary to conduct a thorough study and survey first in future, in order not to give people an impression that he is making use of an excuse to decline or lacks the sincerity to help negative assets holders who are badly in need.

Just like other Hong Kong people, most of the negative assets holders have been working assiduously over the last few decades. They paid taxes every year and made tremendous contribution to the community. They spent most of their savings from leading a frugal life to purchase their flats. Many families do not have extravagant wishes. All that they wish is to line and work in contentment. Unfortunately, as time is not on their side, they made the worst decisions in their lives to purchase their flats while the property market was at its peak. Added to that was the sliding economy, and the blows dealt by unemployment, retrenchment and salary cuts. Many families that used to be well-off are now heavily in debt and many people are in a precarious state. However, some of them are still clenching their teeth in hardship and continue to make mortgage repayments. These middle-class people hold the middle class status, living in middle-class flats purchased at high prices, but many of them have to spend more than 60% of their income on mortgage repayments in addition to paying taxes. Therefore, more often than not, their living standard is even worse than that of the grassroots. Unfortunately, the pressure of life is hard to bear. At least five people were suspected to have attempted suicide or killed themselves because of the negative assets problem so far this year. Under such circumstances, will the Government still insist that it has no responsibility at all to give a hand to those negative assets holders? Is the



Government really so apathetic and iron-hearted that it does not care or have concern for these people?

Although the HKMA has allowed banks to offer refinancing loans at 100% of market value to negative assets holders, this proposal is actually not very helpful to most of the negative assets holders, for most of them have spent all their savings during all these years of economic plight. Moreover, many people who wish to refinance their flats may have to pay the differences between the purchased prices and the market prices of their flats before they can apply for 100% refinancing loans. Under such circumstances, where can they find the money to pay such differences off to the financial companies? To my knowledge, these homeowners usually have to pay an interest rate as high as P+3% or above. Anyway, despite that the efforts made by the HKMA are little bit late, I still think they are praiseworthy.

The Democratic Party now suggests that the model of the Home Starter Loan Scheme be copied to set up a mortgage reduction fund. Negative assets holders who have never received any homeownership assistance and those who pass a reasonable assets test can apply for assistance under this fund, so that the pressure of making high interest repayment can be reduced with the help of this fund. The Democratic Party emphasizes that the mortgage reduction fund is not meant to help speculators to reduce debts, nor is it meant to help gamblers or profiteers to repay debts. As I said earlier, these negative assets holders have been working so hard over the years, only making a wrong decision unfortunately. Under such circumstances, we can only hope that the Government will provide them with some reasonable assistance. This can not only help those in need, but also has a positive effect on the stability of Hong Kong society as a whole.

Since the Government can substantially increase or provide the quotas for subsidized housing loans, and since it may even take out several billions of dollars to create the demands for home ownership in the forthcoming year, why can it be so cruel as to repeatedly refuse to extend a helping hand to negative assets holders who have long been in dire straits?

Madam President, apart from the negative assets holders, we also have to pay special attention to two groups of people: firstly, the stall operators who do businesses in shopping centres and markets of the Housing Department (HD); and secondly, the low-income group and the unemployed.

Let us first talk about the difficulties faced by stall operators. The vacancy rate of shops under the Housing Authority (HA) surged from about 2% before the financial turmoil to about 5.5% this year, and this is the average vacancy rate only. In fact, from the figures we have seen recently, the vacancy rate of many shopping centres has reached 40%, 50% or even 70%. It is therefore evident that the stall operators have grave difficulties in doing business. However, very regrettably, some HD officials are still holding very rigid and bureaucratic attitudes. They would rather let the stalls stay vacant than making a reasonable downward adjustment in rents flexibly. These attitudes really infuriate people. However, even though the Chairman of the HA has suggested that the rents of commercial tenants can be re-evaluated, I think that this can hardly relieve them from the difficulties in doing businesses. The HA should implement more a lenient rental policy by readjusting the rents downward as a whole. The Democratic Party thinks that the HA should consider reducing the rents by 30% in order to ameliorate the overall difficult business environment. We believe it will help lower the vacancy rate of shopping centres under the HD substantially.

In addition, we also have to take care of the low-income group and the unemployed who most live in public housing. As regards the HA the proposal of considering to waive the payment of rents for the month of December, I agree with it. However, it is insufficient to effectively ease the financial pressures of public housing tenants. The prevalent public housing rents have already exceeded the 10% limit of the median household income, and they have increased to 10.7% in the second quarter of this fiscal year while many people are paying even more than 20%. Therefore, even if the rents are frozen, their rent-to-income ratio will continue to rise because many of the residents are earning less income owing to unemployment or half-unemployment. For this reason, we also demand the HA to reduce the rents of all public housing in the territory by 30% in order to alleviate the public's plight.

Apart from the above measures, I also hope the Government can consider two long-term housing strategies.

Firstly, the sudden announcement made by the Chief Secretary for Administration last month to put a moratorium on the sale of Home Ownership Scheme (HOS) flats has given rise to heated debates in society. In fact, the HA has been reducing the production and sale of HOS flats in recent years. The Democratic Party insists that the HOS flats have a substantial value to exist and

this point has been proved clearly in history. Over a very limited scope, there might be overlap between HOS flats and some low-priced units in the private market. However, it cannot be denied that HOS flats are the "springboards" that have helped many public housing residents for a long time. The public can enter the private market and become property owners through this home ownership policy as this is the most effective channel. Therefore, I stress again, the HOS should absolutely be maintained.

Secondly, as regards the home ownership assistance policy, the Government has increased the quotas for subsidized housing loans substantially on the one hand and reduced the number of HOS flats produced on the other. In fact, the Government has been pushing the grassroots to purchase private properties. Why does the Government have to spend more than \$4 billion annually to subsidize people to buy flats? Under such circumstances, are flats an absolute necessity and whether we must have our own homes simply because others have theirs? Why can we not allow the public to consider buying flats when they are in sound financial condition? At this time, should the Government help the needy people rent a unit in the public or private sector if such a need arises? The Democratic Party is concerned that with the Government increasing the quotas for subsidized housing loans continuously, only unreal demands will be created, causing the market to distort. I would like to take this opportunity to call upon the public to ask themselves the following five questions before they purchase their flats:

1. Do you have a stable job and income?
2. After purchasing your flat, is your cash flow sufficient to deal with the needs arising from emergencies?
3. Do you expect an extra burden on mortgage repayments caused by a rise of interest rate in the future?
4. Will the standard of living of your family be seriously affected because the mortgage repayments have occupied too large a proportion of your income?
5. I hope the public will not be so naive as to believe in certain views so easily. Can a person earning \$20,000 today afford to buy a unit valued at \$2.5 million?

Moreover, I would like to make three suggestions. Firstly, while the current property market remains sluggish, the Government should speed up the process of urban renewal so that the living conditions of the residents in old districts can be improved. Secondly, in respect of the current rehousing policy of the HD, we stress that residents affected by clearance should be rehoused in public housing at the earliest possible time. To achieve this purpose, I believe the existing means test policy must be relaxed. Thirdly, I think the requirements concerning the sales brochures of property developers proposed by the Government to this Council earlier should be submitted to us for scrutiny as soon as possible in order to protect the buyers.

I so submit. Thank you, Madam President.

**DR LO WING-LOK** (in Cantonese): Madam President, I wish to discuss the relationship between food safety, environmental hygiene and our economy.

During an economic downturn, Hong Kong people focus their attention on reviving the economy and alleviating people's difficulties, which is right and understandable. Certainly, creating a favourable business environment is also deemed as an important task for Hong Kong. But to revive our economy, Hong Kong people must be cool-headed, have logical thinking and make objective analysis. We should never indiscriminately impact on social justice and the protection that society can accord everybody under the pretext of our economic situation.

Maintaining food safety and environmental hygiene are often regarded as measures that are unfavourable to our business environment and they are the targets of attack by a small group of people who have expressed their views loudly.

The most outstanding example is the "user pays" policy. Sewage charges will undoubtedly increase the burden of some trades. However, the trades are unwilling to bear additional sewage charges and they conversely ask other taxpayers who have not created pollution to share the burden. Is it fair? Those who create pollution more should bear more costs of treatment. It is a fair policy that will induce polluters to reduce pollution. Thus, it will be beneficial to both the trade and the community as a whole. The reasonable requests of the trade should be: As a sewage service provider, the Government

should make efforts to enhance efficiency of work and provide the trade with quality services at reasonable charges.

In fact, ensuring food safety is most favourable to law-abiding farmers, traders and food establishments. Once cholera spreads or incidents of food poisoning by Ciguatoxin happen, the business of seafood stalls and seafood restaurants will certainly be affected seriously.

I can still recall that after the discovery of cholerae in vats keeping seafood in 1994, the sales of seafood declined drastically. Finally, the vendors held a presentation and demonstrated eating seafood in front of the public to show them that the seafood were safe.

Cholera and Ciguatoxin would not disappear if we do not legislate or enforce the law. Conversely, legislation and enforcement actions can better arm the health authorities to control the spread of diseases to safeguard the safety of the public and minimize the effects on the catering trade, especially quality caterers. Therefore, the reasonable request of the trade should be: In respect of food safety, the Government should provide the trade with adequate assistance and ensure impartial law enforcement.

Yet, there are voices asking the Government to stop enforcing legislation that is deemed to have effects on our business environment. There are also voices calling for a halt of legislative work, which is really shocking.

Before the establishment of the Independent Commission Against Corruption (ICAC), some thought that the fight against corruption would affect business activities in Hong Kong because bribery would cease to be a means to solve problems. Should we ask the ICAC to stop enforcing the law for the sake of our business environment? Should we ask the police to stop vice raids as vice raids would most probably affect the business of the food establishments near vice establishments?

A corruption-free social culture, a hygienic living environment, safe food and potable water are the important foundation of social development and important links in adding value to our products and Hong Kong as a whole.

If we cannot compete against our opponents on prices alone, the only way out is to add value to our products and to provide consumers with a hygienic environment and safe and quality products. These are important selling points of Hong Kong.

To maintain the competitiveness of Hong Kong, we cannot throw ourselves into confusion during an economic downturn or even take the opportunity to spread fallacies to deceive people. We should not upset the foundation and rule of law in Hong Kong for the selfish interests of a small group of people.

I also wish to urge the Government to endeavour to enhance efficiency to avoid increasing the burden of the public as a result of the Government's slackness in administration.

Lastly, I wish to send my regards to those workers who have striven to maintain food safety and environmental hygiene in Hong Kong and give them some words of encouragement.

I so submit.

**MR MICHAEL MAK** (in Cantonese): Madam President, the performance of the Environment and Food Bureau in the past year has attracted both praises and blame. The Secretary's decisiveness in handling the avian flu incident has made her one of the most popular government officials in an opinion poll. However, 17.5% of its 126 performance targets of last year fell short of completion, and it ranked top among all Policy Bureaux. The "landfill charging scheme" listed in the Policy Objectives of 1995 has not been implemented so far. The joint action of Guangdong and Hong Kong Governments on improving cross-boundary air pollution programme should have been finished last year but has yet been completed to date. Even for the "genetically-modified food labeling system" which was fully supported by the public and actively promoted by green groups has long been delayed and not implemented. Despite the fact that the relevant study had cost billions of dollars, there was no follow-up to the study the proposals of which have yet to see implementation. In tackling problems such as the avian flu, cholera, and so on, Mrs YAM adopted the "spare none" approach which managed to stop the diseases from spreading, but sources of the diseases could not be identified after all. As a result, we were put in a passive position.

I hope that there will not be another round of peaks of incidence. It is a failure for being unable to find out the sources. However, more often than not, the problem is that there was no follow-up even though the sources were found. For example, although the ice-cold pork imported from Thailand was found containing excessive antiasthma agents in tests repeatedly, the Government still refused to improve the import control mechanism. The Honourable WONG Yung-kan seemed to have talked about this issue earlier, but he did not have enough time to elaborate.

Insofar as food hygiene and environmental protection are concerned, we were confronted with tall challenges and difficulties arising from the avian flu, cholera, the West Rail project, the implementation of the motor vehicle emission-reduction programme, and so on last year. Given the worsening environmental problems and higher expectations from the public, we will face even greater challenges in the future. So, we should analyse the problems we face more from a macro perspective and propose a way forward.

The whole world is facing problems arisen from globalization, and they include environmental protection and labour rights. On the environmental protection front, big enterprises and consortia will put up even greater resistance to the implementation of environmental protection policies in order to protect their own interests. Last year, the environmental protection proposals in connection with the West Rail project were obstructed and the various programmes relating to the reduction of vehicle emissions met with resistance, and so on. All these examples illustrated that we must have more comprehensive legislation to give the relevant departments greater powers to promote environmental protection. In addition, environmental protection is often an inter-departmental issue. Therefore, it is also very important for various departments to co-ordinate with one another and work in the same direction. As regards projects relating to the construction of the West Rail, incinerators and artificial island, incidents of lack of consistency in views among departments have made themselves the subject of by the community and given rise to suspicions if officials are biased towards the interests of some consortia. For example, the directors of some consortia were appointed to such important posts as members of certain environmental protection consultation committees, and those people might propose some projects which would benefit their consortia. Thus, it aroused the public's speculations. Hence, to co-ordinate the implementation of environmental protection policies and a perfect system of declaration of interest are very crucial to preventing consortia from influencing

environmental protection policies and help maintain the image of a clean and impartial government.

Globalization also threatens the interests of workers. I would like to focus my discussion on issues under the jurisdiction of the Environment and Food Bureau here. My allies in this Council and I have expressed many times that we "oppose the outsourcing of government services". Facts also show that problems such as substandard outsourcing services, exploitation of workers, and so on have occurred. For example, in a scandal concerning outsourced toilet-cleansing work, it was found that the cleansing workers were given "\$7 per hour" only with no statutory holidays. The incident was heard in the United Nations Committee on Economic, Social and Cultural Rights. Hong Kong, which is a relatively affluent society, should feel ashamed of itself. Last year, the authorities issued 2 000-odd written warnings to outsourcing companies for failure to meet the performance pledges. However, the penalty system of the authorities did not seem to have effectively improved the service quality. Thus, the relevant contracts and mechanism of supervision ought to be reviewed. It was mentioned in the policy address that an additional 2 000 temporary cleansing workers or so would be employed through outsourcing. I suggest that the workers concerned be recruited by the Government direct in order to protect the workers against exploitation and prevent the provision of substandard services.

In addition, there have been five incidents of Food and Environmental Hygiene Department inspectors being attacked in three years, I am afraid this will become a means for the triads to show their strength in expanding their territories. The authorities concerned should draw up relevant regulations to protect the safety of their staff. Moreover, the police should also enhance its crack-down on the penetration of triad influence.

Furthermore, many environmental protection problems were not mentioned in the policy address, for example, the indoor air quality issue which concerns with 70% of the time that the public spend indoors. Although the Environment and Food Bureau had conducted a study on the relevant problem and made with many recommendations in the report, the Administration failed to follow them up. Environmental protection is always a cross-boundary issue. It is also of the utmost importance that Hong Kong and its hinterland, China, should co-operate to protect Deep Bay and the Mai Po Wetlands, reduce cross-boundary air pollution and acid rain, control the spread of contagious diseases, and so on. However, we have yet seen a standing mechanism established for co-operation in this respect.



Madam President, I have earlier talked about many environmental protection issues, issues on which government efforts have failed to hit the bull's eye from the view of my constituents. For the remaining time, I would like to complain and grumble on behalf of them about the housing policy of the SAR Government. Many constituents are owners of negative assets. They blamed the "85 000" housing policy and the Government for using "verbal coercion" to encourage them to buy flats in the past. In fact, the "85 000" policy indirectly gave rise to the management problem in connection with the substandard piling works incidents apart from the negative assets problem. The Chief Executive and the officials concerned should really do some introspection on the irrevocable negative consequences caused by such policies.

I would like to appeal to Members to save those negative assets owners who are now fighting hard keep themselves afloat in the ocean.

Thank you, Madam President.

**MR LAW CHI-KWONG** (in Cantonese): Madam President, I wish to make a few points of comment mainly on environmental protection. The length of my speech will depend on how much time is left.

First, the policy on conservation of natural resources. In last year's Policy Objectives, the Government proposed to formulate a comprehensive policy on protecting natural assets and resources (I was so glad at that time for I thought the Government had finally decided to take action) and indicated that public consultation would be conducted on the relevant principle, objectives and mechanism. However, the progress of the relevant work has been so slow that the Democratic Party is extremely disappointed since the more delighted we are, the greater disappointment we felt. At present, there are six pieces of legislation relevant to environmental protection. However, they are scattered in different areas. In addition to a complete lack of comprehensive policies, we can also find a number of loopholes. Members are all aware that Hong Kong is a tiny place with a large population. It is essential for urban areas to undergo constant expansion to accommodate the growing population. Conservation of natural resources is definitely an important subject. Conserving the nature does not mean resistance to development. Rather, we have to find ways to maintain an equilibrium between environmental protection and development. Therefore, there is a greater need for us to expeditiously formulate a comprehensive set of

policies for nature conservation, set out clear-cut policies, principles, and priority, and render full and proper protection to important natural resources. In areas where development is permitted, we have to specify ways to reduce damage and make remedies. Only in doing so can advocates of development be treated fairly, for this can also prevent them from wasting their efforts, time and resources in the absence of a clear picture of the situation. There is this saying: We should not see today's environment as an inheritance from our ancestors, rather we should see it as a loan from the next generation. We must repay what have borrowed, and in good order and as expeditiously as possible. Therefore, we must delay no more. Instead, we must expeditiously formulate a comprehensive set of policies for environmental protection and conservation.

The second point I would like to make concerns the Council for Sustainable Development. This issue shares a great similarity with such other issues as the "85 000" target. It was proposed in the policy address of 1999 that a Council for Sustainable Development be set up. Although a Sustainable Development Unit has been set up under the Administration Wing since April this year, it seems that there is still a long way to go before the Council for Sustainable Development can be established. I certainly understand that this is not an easy task. How to adjust the functions of so many statutory and advisory committees and make them work in co-operation is a very important subject. In this respect, the Democratic Party has all along emphasized that the Council for Sustainable Development must be given a statutory status before it can make valid judgements on ways to balance the interest of our economy, society and environment.

Another point I wish to make concerns air quality. I see that there has been much discussion about this today. Last year, there were 23 days on which the Roadside Air Pollution Index in Central exceeded the normal level. As Members are aware, air pollution is hazardous to public health and injurious to the image of Hong Kong as an international cosmopolis. Years ago, a survey conducted by a magazine published in the Asia-Pacific Region indicated that Hong Kong was the fifth most polluted places in the world. The Democratic Party did propose to the Government to make Central as a model in a pilot scheme and designate Admiralty, Central and Sheung Wan as air improvement control zones. Through setting up circular bus routes in Admiralty, Central and Sheung Wan, the number of bus terminals in Central can be reduced and fewer buses will thus enter Central. It is also imperative for the Government to implement such measures as launching a concessionary scheme for making

interchanges between trams, the Mass Transit Railway and buses, introducing an elevated footbridge system to connect Sheung Wan with Central, Admiralty, and, in the long run, Causeway Bay, and expeditiously installing a number of automatic escalator systems to, according to initial planning, link up Central, Sheung Wan and the Mid-Levels.

Furthermore, I would like to raise a question with respect to liquefied petroleum gas (LPG) vehicles. The Government has time and again mentioned in the policy address that it has launched plans and conducted studies with respect to the promotion of the LPG vehicle scheme. Although the Democratic Party applauds the courageous spirit of the Government in promoting LPG vehicles, we have reservations about this policy. While we support the Government's policy of introducing LPG taxis, is it really justified for the Government to adopt a broad-brush approach in encouraging other modes of transport to switch to LPG? My doubts are based on the following considerations. First, safety consideration. While one LPG taxi will pose no safety problem, there is a greater danger when a number of taxis park alongside one another in a poorly ventilated car park or plod along in a congested tunnel. Second, LPG is not a sustainable form of energy. Although pollutants produced by LPG are far less than those released by diesel oil, LPG is short on efficiency and high on consumption, making it incompatible with the principle of environmental protection. Third, full implementation of LPG vehicles in a hasty manner will leave little room for other forms of environmentally-friendly fuel and technology. They include, *inter alia*, electric power systems, biochemical means, or recycled diesel oil, and dual-mode power systems like hybrid systems using electricity and petrol. In particular, I would like to point out that vehicles driven by hybrid systems have recently been making substantial development in the markets in Japan and North American. These vehicles cannot only save petrol, but also save money for vehicle owners. A friend of mine recently indicated to me that, given the existing attitude of the Government, he has started to doubt whether the alternative diesel oil study currently being undertaken should continue. This is because he feared that he would be wasting his time if the Government should announce in future all vehicles have to switch to LPG.

I do not want to dwell on landfill charges for the Secretary definitely knows what I wish to say. From the first month the Deputy Secretary responsible for this matter took office to one month before he left his post, I have been asking him the same question: When will the matter pertaining to landfill charges be tabled to this Council for discussion? I will still ask the Secretary

this question today: When will this issue be submitted to this Council for discussion? The Government has been adopting an overcautious attitude with respect to its recycling and recovery policies for fear of influencing the operation of the market. The components of the cycle, from recovery, recycling, to marketing, are closely linked. In the absence of markets, recycling products will lose competitiveness. Eventually, no one will engage in the recovery and recycling business, and a vicious circle will thus form. Therefore, insofar as this matter is concerned, the Government must get rid of such encumbrances and qualms of influencing the market, so to speak, and intervene in the matter directly. This is a reasonable step in the overall interest of Hong Kong and environmental protection in the long run.

Madam President, I think I have to stop here for time is up. Thank you.

**MR CHAN KAM-LAM** (in Cantonese): Madam President, in the pamphlet Policy Objectives prepared by the Housing Bureau this year, the words "Better Housing for All" were used, as before. Information from the Hong Kong Housing Authority (HA) indicates that almost 40 000 public housing units are expected to be completed this year. While it may be not difficult to achieve the target construction of housing units, the target of keeping people happily housed is an objective that the Government will find difficult to achieve. In the past four years in particular during which the financial turmoil burst the bubble in the property market and caused property prices to plunge dramatically, a number of home buyers have found themselves in the quagmire of negative assets. No doubt, a drop in property prices is helpful to lowering operating costs and easing the financial burden of the people in respect of housing. Nevertheless, this also generates a crisis in people's confidence in the future of the property market. A sluggish property market also triggers off numerous economic and social problems. Thus, the Democratic Alliance for Betterment of Hong Kong (DAB) is of the view that the Government should make it a priority task to stabilize the property prices so that home-buyers can regain confidence before it can talk about achieving the policy objective of "Better Housing for All".

After the "September 11 incident", the global economy further deteriorates. Hong Kong is no exception. While we used to think the Government should not launch any policy that interferes with the market, we must now face the reality in which the latest unemployment rate was 5.3% for July to September, an abrupt rise of 0.4% from the last quarter. Worse still, the figure has not reflected the

post "September 11 incident" effects. Thus, I think the Government must work harder to stabilize the property prices after the incident in order to boost people's confidence.

The DAB would suggest that the Government consider, as a measure to stabilize the property prices, suspending land sale for a period of time, but the application process may remain so that developers to apply for auction of pieces and parcels of land they are interested in. Furthermore, as the Government is suspending the sale of Home Ownership Scheme (HOS) flats for 10 months, HOS applicants who are public housing tenants and who previously only needed to pay 10% of the purchase price in deposit must now gather a sum equivalent to 30% of the purchase price of a unit as deposit if they wish to buy a unit in the private sector. Since speculation activities on properties have greatly subsided and it is unlikely property prices will plunge further, the DAB thinks that the Hong Kong Monetary Authority (HKMA) should raise the 70% upper limit on mortgages of properties to 90%. This should not bring about any serious lending risks to the banking sector. The DAB welcomes the recent act of the HKMA to relax bank mortgages to 100% of the prices of properties owned by people with negative assets. The DAB maintains that the Government should consider any means that may assuage the difficulties of people arising from buying their own homes.

On the issue of public housing, the HA plans to waive the payment of rents by public housing tenants for December this year and allow commercial tenants in housing estates under its management to re-evaluate their rents. This can surely relieve the burden of the people. But the DAB notes that as a whole the rents of public rental housing have exceeded the statutory ceiling of 10% of the median income level of tenants. I hope the Ad Hoc Committee on Review of Domestic Rent Policy and Allocation Standards may complete its review as scheduled by the end of the year to solve once and for all the various problems arising from the determination of rents for public rental housing.

Madam President, in its objectives on housing, the Government continues, as a matter of priority, "to encourage home ownership in the community". The DAB would think that the Government should provide low-cost subsidized housing to people in need. Home ownership should be determined by the people themselves rather than encouraged by the Government. The Government may formulate policies to assist people who can afford to buy their homes, but, with an abundant supply of housing units in the market, the

Government should adjust past policies to achieve better utilization of social resources to allow the free market to bring into play its force of attaining an equilibrium between supply and demand.

The DAB supports the initiative taken by the Government of the Hong Kong Special Administrative Region to provide 50 000 housing assistance opportunities annually and to allocate 27 000 public housing units to people on the Waiting List. It is hoped that through a stable production programme, the waiting time for public rental housing may be reduced to three years.

Since there appears to be a slow-down in the overall housing supply in recent years, the Housing Department should review its existing allocation policy to cater to the developments and actual demands in the community. Let me quote some examples. A is forced to sell his/her private sector flat for failing, out of financial difficulties, to continue with the payment of instalments on the flat. However, A do not qualify to apply for public housing because A once owned a private property. In another example, in a multi-nuclei family living in an area earmarked for urban renewal, during a splitting process, one household is allocated a new unit in the urban area while another is compelled to move into a renovated unit in the New Territories. Subsequent to the clearance of some squatter huts or bungalows, some households that may originally qualify for allocation must undergo an income test or assets test. Moreover, owners of rooftop squatter huts cannot qualify to purchase HOS flats on demolition of the huts because they possess ownership to these huts. So, the policies are really puzzling. These policies may be considered obsolete. The DAB hopes that the Government can conduct a review on them as soon as possible.

Madam President, on the review of the housing framework, the DAB thinks the Government should streamline the present framework the reins of which are held in a number of hands. This leads to the present confused state of affairs. We hope the review report being prepared by the Chief Secretary for Administration can provide a solution to the problem as early as possible.

Madam President, I would like to mention in passing the problem of hygiene. Secretary YAM may find it strange that the many traffic exchanges found at the understructure of many housing developments are being surrounded by heavily polluted air all year round. The walls there are even severely blackened by smoke but no department would shoulder the responsibility of cleaning them. The Sceneway Garden at Kwun Tong, a place I am most

familiar with, has a very busy traffic exchange at its understructure. After years of negotiation, we finally managed to coerce the Government Property Agency into setting aside some fund to clean it up. There are, however, still a host of problems waiting to be solved. I hope the Food and Environmental Hygiene Department may start to tackle them.

Thank you, Madam President.

**MR ABRAHAM SHEK:** Madam President, I shall be speaking on the subject of housing. The Chief Executive's policy address does not present a comprehensive picture of the overall housing policy which is of foremost concern to our community. Stabilization of property prices is not only an essential catalyst to revitalize our economy, it is also an effective remedy to restore the confidence of the people, especially those property owners who are suffering from negative equity. There should be no delay, and no effort should be spared in stabilizing property prices. Otherwise, other measures introduced and implemented to restore the confidence of the general public would be useless.

As we all know, the property price level of Hong Kong has fallen by up to 60% since the Asian financial turmoil. Price level of some private properties in the secondary market in the north-west of the New Territories is similar to those in Shenzhen. The price level of flats under the Home Ownership Scheme (HOS) is lower than that of private ones across the border. As the construction cost of these flats in Hong Kong is much higher than that in Shenzhen, such property price level in Hong Kong is really in a sad state.

The collapse of the property market is due to a number of reasons:

- a) The Asian financial turmoil burst the "bubbling" property market resulting in a sharp economic downturn;
- b) The housing policy of the Government of the Hong Kong Special Administrative Region is unclear. Government provision of public housing and HOS flats has directly intervened in the property market. The Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HS) has become the major competitor to the developers in the housing sector. This has led to a drop in property

prices and created an environment of uncertainty; and

- c) The future of the Hong Kong economy is not promising. The numbers of unemployed and the negative-equity property owners increase continuously. The general public has insufficient confidence in the property market and is, therefore, unwilling to invest the majority of his or her savings in owning a private property.

Currently, around 55% of households in Hong Kong are private housing owners. For a private housing owner who has taken a 60% mortgage on his flat, a 20% decrease in property price will lead to a 50% loss in asset value. Their asset value will become of zero value if the property price falls by 40%. Levels of residential property prices and rents at the second quarter of 2001 have fallen by 53% and 30% respectively, compared with the third quarter of 1997. Prices and rents of commercial office have fallen by 64% and 35% respectively; commercial unit prices and rents on ground floor have fallen by 56% and 19% respectively, and property for industrial uses have fallen by 64% and 38% respectively.

There is no indication that property prices will become stable as such prices are continuing to fall. In brief, the negative-equity problem will persist. For the economy as a whole, its effect is just like a hidden time bomb that will explode at any time. Under such situation, confidence of the general public is difficult to restore.

After the delivery of the Chief Executive's policy address, the general public's criticism is that our Government has not considered the interests of the middle class, especially the home owners with negative equity and the unemployed. Our Government explained that at least \$300 billion would be deployed from the financial reserve for rescuing those who hold negative assets. In my view, the use of financial reserve to resolve the negative-asset problem is not the only solution. Until the Government has come up with a rescue package, we should explore other immediate measures. As the negative-equity problem is caused by the tremendous fall of property prices, stabilization of property prices to a reasonable level must be one of the practical solutions.

To stabilize property prices, it is important to review the objectives of our housing policy. Without clear housing policy objectives, how can the



negative-equity problem be resolved? According to some statistics, around 30 000 to 40 000 property owners will be relieved from the negative-equity problem for every 5% increase in property prices. Thus, stabilization of property prices is a more cost-effective solution than utilizing our financial reserve.

Regarding stabilization of property prices, I would like our Government:

- a) To re-establish the overall housing policy objective of satisfying the basic housing needs of the low-income households through provision of public rental housing. Provision of subsidized rental housing for the needy is a social obligation of our Government and is supported by all the developers. In this context, I urge the Government to go full steam ahead in the construction of its rental housing programme;
- b) To abandon the HOS entirely and to introduce various innovative home purchase loan schemes to assist the potential home owners to purchase private sector flats. Also, to abandon the Tenants Purchase Scheme, as such a scheme will create substantial problems for the Administration in the future for they would likely be our future urban slums. Also, why should the HA dispose of valuable land assets at giveaway prices? I would suggest to the Government that now is the appropriate time to review its 70% home ownership target as set by the Chief Executive;
- c) To review the roles of both the HA and the HS; and
- d) To halt land sale until the market improves. Land supply should be driven by market demands and not by satisfying the housing needs of certain people.

Stabilization of property prices is an effective means of resolving the negative-equity problem. It is the best medicine to restore buyers' confidence.

**PRESIDENT** (in Cantonese): Mr SHEK, your time is up.

**MR ABRAHAM SHEK:** Thank you, Madam President.

**MR FREDERICK FUNG** (in Cantonese): Madam President, I will be speaking mainly on the issue of housing.

Public housing in Hong Kong has helped many people to live and work in peace and contentment, and contributed to the prosperity of Hong Kong. Put simply, public housing serves two functions: to provide housing to people with the need at affordable prices so that their expenditure on housing is fixed at a reasonable proportion, and to improve people's quality of living, thereby helping to achieve social stability. However, the housing policy as it is now results in high rents, which is against the needs of the lower class. We have a capricious housing policy that is shortsighted and fails to answer the aspirations of the community. This is disgusting. I deem it high time we reviewed our housing policy.

On the topic of long-term housing strategy, I would like to mention an issue for consideration by the Government. In 1997, the Chief Executive proposed in his inauguration speech a target to produce 500 000 public housing units in the next 10 years, that is, an average of 50 000 per annum. The Hong Kong Association for Democracy and People's Livelihood (ADPL) and I supported, and we still do, that proposal. In fact, the 50 000 target is a number arrived at after a study that took six months for the Housing Branch and the Panel on Housing of the Legislative Council during the 1995 to 1997 period to complete. The study was on housing demands for the next 10 years. Mr Dominic WONG, then Secretary for Housing, who still is Secretary for Housing today, should be able to recall that proposal. I trust everyone can remember that the figure is not snatched from this air. The 50 000 units represent the need of the community. The number will not diminish because of any economic recession. On the contrary, because of the economic recession, rising unemployment and dropping income, demand for public housing will increase. I think this is a realistic need and it is due to the absence of any particular change in our population. But it has been said in the past couple of years that the Government is converting the 50 000 public housing units into 50 000 housing assistance opportunities, including public rental flats, rental allowances,

subsidized home ownership flats and housing loans. I think the Government has thus changed the nature of public housing. Recently, I have even heard that the Government will, starting with the elderly, provide rental allowances, extending the policy to families waiting for public housing. This is an obvious attempt to transfer the production of public housing to the market, to let the market cater to people's housing needs.

As I said at the beginning, public housing may, in addition to satisfying Hong Kong people's need for housing, help to maintain social stability. The Government cannot use rental allowances to substitute public housing. It cannot even break the promise of the Chief Executive made on his inauguration in 1997 to the people for the production of 50 000 public housing units annually.

The second issue relating to housing is public housing rental. Madam President, the ADPL and I once demanded that the Government reduce its rental by 30%. We had a legal basis for making that demand. As we all know, the present Housing Ordinance provides that the Hong Kong Housing Authority (HA) in revising the rental cannot bring it to above 10% of the median income of tenants living in public rental housing. In the last quarter, the figure already reached a high 10.4%. In addition, data from the Census and Statistics Department show that in 1996, 21 600 households among tenants living in public rental housing had a household income under \$4,000. The figure rose sharply to 64 600 in 2000, which is three times the 1996 figure. The number of households with a household income of \$4,001 to \$5,000 was 11 900 in 1996, but the number rose to 21 200 in 2000, a rise of 1.8 times. The number of households with a monthly household income of \$5,001 to \$6,000 rose from 16 700 in 1996 to 28 500 in 2000, a rise of 1.7 times. From the household income distribution for the last couple of years, it can be seen clearly that the number of low-income tenants is constantly on the rise. Madam President, it is on the rise constantly. Documents from the HA also show that in 1998, the median household income of tenants living in public rental housing was \$13,500, but it dropped to \$12,540 in 2001, a drop of almost \$1,000. At present, over 200 000 families have an income under \$6,000. Now, the HA freezes the rental at the 1997 level, which was the highest level for public rental housing at the time. For four years, there has been rent cuts in the private sector, wage reduction for wage earners and a deflation of almost 20%. But the HA not only refuses to reduce rental. It, on the contrary, says it can only agree to freeze the rental, which in fact means freezing the rental at the 1997 high level. This is exploitation. Madam President, to waive the payment of rental for just a month is simply blatant deceitful behaviour.

The third issue I would like to discuss is the streamlining of the public housing framework. Madam President, at present, various organizations and government departments can make decisions on housing policies. They include the Housing Bureau, the HA, the Housing Department (HD), the Hong Kong Housing Society, and so on. In the past four years, we saw from time to time that the HA formulated policies; so did the Housing Bureau. Sometimes, the Housing Bureau might make suggestions to the Chief Executive in Council and when it had the approval required, would pressurize the HA into turning the suggestions into policy. There were also times when the HA said one thing but the Housing Bureau said another. The Chief Secretary for Administration may say something else. So, which version is the correct one or the orthodox one or the "authoritative" one?

Before 1997, I objected to officials carrying out co-ordinating work on housing policies, because the colonial government basically lacked a complete set of ideas on housing policies. I, therefore, think that the decision-making body of the HA should invite people with different views to hold discussions and make decisions together.

After 1997, however, the Chief Executive was returned by election. He had an election platform for his election campaign. For example, the Chief Executive included in his platform a part on housing. Likes it or not, the Chief Executive, once elected, should have the power to appoint persons trusted by him to assist in the implementation of his outline and policies on housing. Moreover, the latest policy address proposes a "system of accountability for principal officials". Thus, there should be a bureau director to co-ordinate all government housing policies. If the post of bureau director is established, the director should be responsible for all future policies, right or wrong. If a wrong decision is made, the director certainly must resign for the mistake made. As a director of bureau, he/she should form a consultative committee on housing policies to listen to opinions from other people to enrich the policy conception before referring a policy to the HD for implementation.

Madam President, public housing is an important factor in achieving social stability since the 1967 riots. In times of an economic downturn, low-income families may make use of the low rental of public housing to tide over the difficult period. Families, which in the '50s or '60s lived in rooms of wooden partitions, self-contained units, units under sub-deeds, dilapidated buildings or among old communities, may improve their living environment after moving into

public housing units. We must provide our people and their next generation with a reasonable and secured dwelling place at inexpensive rents. Thank you, Madam President.

**MR TAM YIU-CHUNG** (in Cantonese): Madam President, the issue of housing is an intimate concern to the people of Hong Kong. Policies on public housing affect thousands of families. The policies must, therefore, be fair and reasonable, they must make good use of resources and more importantly, they must satisfy the needs of the people and live up to the expectations of the community.

I would like to speak on eight major proposals on housing policies. The proposals are the result of a study carefully done by the social policy committee of the Hong Kong Federation of Trade Unions after consulting various sectors of the community. I hope the Government can consider these proposals carefully and make improvements gradually along these lines.

Firstly, stop suspension of the production of Home Ownership Scheme (HOS) flats. Housing is more than a commodity. It is an important necessity of the people. Therefore, everyone should be entitled to the basic right of having proper accommodation. Public housing should be regarded as a basic item of social welfare. For this reason, the Government must not suspend the construction of HOS flats, as HOS flats may act as an agent to regulate the market of private properties and to stabilize property prices. They may also help low-income families that cannot afford properties in the private sector to buy their own homes. Moreover, public housing tenants who have the means can upgrade their quality of housing through the purchase of HOS flats and may give up their units to more needy people.

Secondly, relax the definition of overcrowded families. At present, public housing tenants with a living density of less than 5.5 sq m is classified as families living in overcrowded conditions. They may apply for transfer to larger units in housing estates in the New Territories. Overcrowded families living in estates in urban or extended urban areas in a living density of less than 4.5 sq m may apply for transfer to units in local housing estates. As the people continuously demand better housing quality, the Government should relax the definition of overcrowdedness.

Thirdly, apply flexibility in allocation of public housing units to expedite the allocation process. For a number of years, the supply of public rental housing has fallen short of the demand. People have to wait for as long as five years for allocation. On the other hand, we can find that some old public housing units are vacant because no one wants to move in. So while there are people with no housing units allocated to them, there are units waiting for people to move in. The vacancy rate of such estates can be 10% to 20% or even as high as 30%. The Government should handle allocation with flexibility by relaxing the requirement for applicants to move into old public housing units with a high vacancy rate so that the waiting time is reduced.

Fourthly, apply the concept of performance pledges in building maintenance. The maintenance of public housing has always been a subject of complaints by tenants. For example, they complain that maintenance is slow and service is poor. Though the Housing Department (HD) will change the Condition, Appraisal, Repair and Examination Programme to a new name: "domestic maintenance programme" in 2002, it is still the maintenance work, not the name of the programme, that counts. Therefore, the HD must be efficient in their maintenance service and improve the service provided by its staff. More importantly, performance pledges in objective and measurable terms must be laid down to prevent undue delays by workers. In the long run, the HD should continuously improve the design of public housing estates so that they may meet better the aspirations of the people. Special consideration should be given to the ageing population and the living habits of the elderly in the estates.

Fifthly, increase the transparency of the Tenants Purchase Scheme. To allow public rental housing tenants intent on buying their units more time to make up their minds, the Hong Kong Housing Authority (HA) should announce as early as possible the list of housing estates for sale, to replace the present practice of announcing the names of public rental housing estates to be sold in the next five years only. In addition, to alleviate the financial burden of potential owners, the Government should ensure that all maintenance work is completed before sale. It should also not classify public facilities such as slopes and footbridges as properties to be owned by future buyers under the scheme, making them responsible for maintenance costs in the future.

Sixthly, step up promotion for the rental allowance scheme. For several years in the past, despite government efforts to redevelop many old-style housing estates and improve the quality of living of many public rental housing tenants,

the tenants found they had to pay exorbitant rents when they were relocated to new buildings. I would thus suggest that the HA, in determining the rentals for new housing estates, consider the affordability of the people, particularly retired old people without any income. I suggest that the HA lower the rental and step up the promotion for the rental allowance scheme to reach a wider audience. The HA should also take the initiative of contacting the elderly, who are short on means, and help them with their application for such allowance so that they will not miss the chance to get appropriate assistance due to insufficient information.

Seventhly, eliminate the assets limit in allocating public housing units to residents living in squatter huts, cottage areas or village dwellings. In recent years, the Administration has been enforcing a clearance programme on squatter areas or village dwellings. Sometimes, the clearance was required for carrying out infrastructure projects, making it necessary to resume land. Conflicts in these particular cases often resulted. The crux of the problem lies in the rehousing arrangements with which the tenants were dissatisfied. They were particularly upset by the means tests imposed on them. The living environment of squatter areas or village dwellings is very often rather cosy, especially in the New Territories. If the Government should relocate tenants for public works purposes, it should give special consideration to them. It should not treat them as general public housing applicants and accordingly allocate units to them on that basis. Therefore, it is only reasonable that they be exempted from the means test.

Lastly, I would like to speak, as many colleagues have done, on rental reduction for market stalls in shopping arcades. I have received complaints from operators of many market stalls in housing estates. They relayed to me the fact that in some estates tenants began to age, the population dwindled and their purchasing power was weak. However, the rental would increase from 1 April on expiry of their present leases. The increase in some cases would be as high as 10% or more and their financial burden would increase, despite a weakening market. Therefore, market stalls at these arcades record a rising vacancy rate. I reflected the situation to the relevant division of the HD but I had the impression that the officials handling the matter thought the operators of these shops were in good business, there should be no problem and the rental charged at prevalent market value was reasonable. The officials impressed me that they felt the stall operators turned to Members for help because they wanted to obtain some benefits. However, if these operators had to close their shops, more people would become jobless.

**PRESIDENT** (in Cantonese): It is now 9.17 pm. The speaking time limit for Members in this session has expired. 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 THE ENVIRONMENT AND FOOD** (in Cantonese): Madam President, I am very grateful to Members for their views on environmental protection, environmental hygiene and food safety. Under the present circumstances, most people have focused their attention on the economic problems but some Members are still concerned about enhancing the quality of our living environment. It has been very encouraging to me indeed. I am especially grateful to the Honourable Michael MAK for squaring accounts with me, saying that the Environment and Food Bureau had failed to carry out many projects as scheduled. I would like to make two points: firstly, to tie in with the green policy address in 1999, the former Planning, Environment and Lands Bureau listed out over 100 initiatives for implementation by the Environment and Food Bureau to be set up. Within 21 months of the establishment of the Environment and Food Bureau, we have carried out as scheduled or completed 106 items of work, while 12 items are under review and the progress of 10 items is slower than expected. Secondly, Members will understand the tedious work of the Environment and Food Bureau from the length of the response I am going to make.

I would like to tell Mr MAK that, in the past 21 months, thanks to the efforts of various parties, we have actually made considerable progress in environmental protection. As regards improving the air quality, the objectives set by the Chief Executive in the 1999 policy address were to reduce the total emission of respirable particulates from vehicles by 80% by the end of 2005 and reduce nitrogen oxide emissions by 30%. Just as the Honourable CHOY So-yuk has said, we have achieved more than half of our objectives so far. Compared to 1999, the concentration of particulates and nitrogen oxides in the air has dropped 8% and 6% respectively. As recorded by the air quality monitoring stations, the frequency of excessive pollutant concentration has also dropped 60%. It shows that our air quality is gradually improving.

However, since air pollution has complicated causes, in the days to come, we will still have excessive pollutant concentration and we still need to do a lot of work. Concerning the way ahead for alternative fuel minibuses, we would



consider the views of the trade and Members as well as the impacts on the business environment of minibuses before making a decision. Miss CHOY So-yuk has mentioned the introduction of clean fuels. In fact, the Government has formulated explicit policies for reducing vehicle exhaust. When it is practically feasible, it will adopt the most stringent standards to introduce cleaner vehicle fuel such as the biochemical diesel mentioned by Members. When the effectiveness of such alternative fuel in environmental protection is confirmed and it has been technically proven as suitable for use in local vehicles, we will formulate the relevant measures for its introduction into Hong Kong. To thoroughly improve the air quality in the region, the Guangdong Provincial Government and we have agreed to reach a consensus on the proposals for tackling air pollution in the region by the end of next April to facilitate the adoption of long-term strategies. Miss CHOY can rest assured that, just like handling other air pollution problems, we will adopt a bold and yet realistic attitude in exploring with the Guangdong Provincial Government to improve the air quality of the region.

In regard to waste disposal, I agree with the Honourable Cyd HO that we are rather late in making the first step. Even so, we still have comprehensive policies. In September, I announced seven comprehensive measures to enhance the categorized recovery of household waste, which will be helpful to waste reduction. Concerning such waste as computers and batteries that are difficult to dispose of, we are considering collection, recovery and treatment methods that suit Hong Kong as well as the expenses, technologies required and the way out. We hope to gain the support of producers and importers to jointly implement the relevant pilot scheme. At present, the landfills are designed lackage free, thus, waste disposed in the landfills would not impact on the adjacent ecological environment.

However, regardless of the efforts made by the community, we can hardly achieve Miss CHOY's idealistic objective of "nil rubbish". So, we would soon suggest a way out for large waste treatment facilities and collect views. We are discussing with the trade about the proposed landfill charges and we would consult the Legislative Council and the public in due course.

Some Members think that the Government should directly subsidize the recycling industry direct. In our view, an industry will ultimately lose its competitiveness if it relies on government subsidies only for survival. Thus, it is not suitable for the Government to directly subsidize any industry. Yet, we are adopting other methods to assist the recycling industry, especially in respect of the recovery and initial treatment processes.

On improving the water quality, we envisage that the system under Stage I of the Harbour Area Treatment Scheme will be fully operative in early 2002. At that time, the pollutants discharged into the Victoria Harbour will be substantially reduced. We will shortly carry out further studies and tests to identify the most suitable methods for carrying out the remaining stages of works of the Harbour Area Treatment Scheme. We intend to consult the public between end 2003 and early 2004.

Miss CHOY So-yuk, Miss Cyd HO and the Honourable LAW Chi-kwong are also concerned about the progress of our review on the existing policies on nature conservation. This involves a lot of complicated issues in respect of planning and lands. Therefore, we need to spend more time to fully consider the concerns of various parties.

Miss Cyd HO has also mentioned the effects of environmental impact assessment procedures on public works projects. The Secretary for Works and the Secretary for Transport pointed out yesterday that a series of measures had been implemented within the Government to strengthen the communication between the Environmental Protection Department and various works departments and relevant organizations, and to expedite the progress of works while in compliance with environmental protection requirements.

In his policy address, the Chief Executive has mentioned the need to improve environmental hygiene and enhance cleansing and greening work. We would inject more resources to enhance greening and improve the quality of the existing greening zones.

As the existing greening work involves several government departments, we must improve the division of work and co-ordination among all departments. Thus, I have set up a inter-departmental working group to draw up overall greening proposals and co-ordinate the departments for the effective implementation of greening.

On the basis of Members' suggestions, we will actively study increasing the greening opportunities as far as possible in respect of planning, implementation and management. We have already started registering the important and valuable trees in Hong Kong to protect these trees more effectively.

Members have also express concern for the recent incidents in respect of poultry and food. After the avian flu incident this year, we have further improved the monitoring system for avian flu and also implemented the closure of stalls for cleansing as well as other hygiene measures. Thanks to the support of the trade, these measures can effectively minimize the opportunity for the recurrence of avian flu. Besides, we maintain regular and close contact with the relevant mainland authorities to ensure that our quarantine system is effective and the sufficient supply of live poultry including chickens, geese and ducks.

With the advancement in information and technology, we can grasp more and newer information on hygiene standards for poultry and food safety. Advanced testing technologies and the increasingly sensitive monitoring system have allowed us to detect the problems at the early stages of food incidents and poultry diseases, and adopt corresponding measures to protect public health. That is why the public has found that there seems to be a rising tendency of poultry and food incidents.

I urge Dr the Honourable LO Wing-lok to rest assured that we will closely follow the direction and standards of international development and ensure food safety.

Next , I would discuss a few topics of concern to Members. In the debates these two days, Members are most concerned about how to improve the economic condition and alleviate the unemployment and underemployment problems. While the Environment and Food Bureau and its subordinate departments implement policies, they will not only consider their impacts on the employment situation and they will also consider how jobs can be created, resources permitting.

In the next few months, the Food and Environmental Hygiene Department (FEHD) will further enhance and increase cleansing services which will create over 2 600 new posts.

The FEHD has already started the relevant recruitment and will be able to create most of the posts within two months. According to our rough estimate, between now and end 2002, the relevant departments will gradually create 570 posts for environmental protection work.

Mr Michael MAK is concerned that some staff may be affected when the FEHD implements outsourcing. I have to stress here that because of the implementation of the Voluntary Departure Scheme and the existing vacancies, there will not be excessive manpower after outsourcing and it will not be necessary to force staff to retire or advance the termination of their employment contracts.

Mr MAK has pointed out that there may be problems in the monitoring of contracts by the FEHD. In this regard, the FEHD has conducted a relevant review and carried out improvement measures.

Since June this year, it has been clearly specified in the contracts administered by the FEHD that the contractors must employ workers under the conditions specified in the tender and specify in the employment contracts executed with the employees such matters as their wages and working hours. Besides, the Government has in place some internal guidelines for the protection of the rights of workers on outsourced work.

Various ranks of FEHD staff will carry out regular and spot checks on the work of contractors against the conditions and manpower arrangements specified in contracts, so as to safeguard the welfare of workers.

Members are concerned about the cleansing and management and the business environment of markets. I understand that many tenants of markets are facing business difficulties, so we will actively consider various methods to improve the management of markets and hold discussions with the tenants to find solutions together.

To improve the facilities of markets, we have allocated resources for the installation of air-conditioning systems and other improvement works in some markets and cooked food centres. Such works can improve the business environment and competitiveness of market stalls as well as providing the public with better services.

We will consult the tenants of the market stalls concerned as soon as possible in respect of the works including the recurrent expenditure on the air-conditioning systems, and we will also listen to their views on how the works can be carried out.

In the long run, we will examine whether it is necessary to construct new markets in the light of the changing buying habits of the public. But we will certainly consult the Legislative Council before making any decisions on our future policies on markets.

Now, I would like to discuss the rents of markets. The last adjustment in the rents of markets was made four years ago, that is, in 1997, and the rents of markets have been frozen since then. At present, over 90% of the tenants of markets are paying rents below the prevalent market rates and 60% of them are only paying less than \$2,000.

In the light of the present economic situation, we have decided to extend the period of the freeze on the rents of markets for another year, that is, until 31 December 2002.

I must pointed out that the FEHD's proposal earlier to introduce a standardization of mechanisms is meant not to adjust the rents of markets upward at once. It is actually because the Government had pledged when it reorganized the municipal services that it would standardize the different charging criteria of the two former Municipal Councils within two years, that is, before the end of this year. It includes the mechanism for adjusting the rents of markets to ensure that the rent levels of market tenants in the urban area and the New Territories can be determined under the same impartial mechanism. We have not yet finalized the standardization of the rent adjustment mechanism for markets. We will certainly discuss the matter again with the Legislative Council and the stakeholders before implementing any proposals.

The Honourable Tommy CHEUNG has referred to the difficulties faced by the catering trade. The objective of the proposed regulation of food establishments is to safeguard the people's health and public health. We believe these proposals can help increase people's confidence in food establishments. In the long run, they will bring the catering trade more opportunities of development. The FEHD often holds meetings and seminars with the catering trade to enhance their knowledge of improving environmental hygiene. We appreciate the industry views on the trade effluent surcharge. Without departing from the "polluter pays" principle, the relevant department is making vigorous efforts to look for improvement methods and it will consult the trade again later.

As regards the views expressed by the Honourable WONG Yung-kan, I would like to explain the criteria adopted by the Government for the inspection of imported frozen meat. Hong Kong is an international city and the trade between Hong Kong and other regions including food import is conducted according to internationally recognized and accepted principles. The FEHD conducts random tests on imported frozen meat and random urine testing on each shipment of pigs slaughtered in Hong Kong. It is mainly because the two involve different risks. Imported meat is purely a meat product but the viscera of pigs slaughtered in Hong Kong are also supplied to the market, however, viscera bear higher risks. The random inspection of imported frozen meat is also adopted internationally, so our practice is consistent with the international practice.

I have to point out also that live pigs that are eventually frozen and supplied to Hong Kong must undergo random urine tests before slaughtering, and the procedures are identical to those for live pigs to be slaughtered in Hong Kong. The FEHD has also sent staff to the local slaughterhouses for on-site checks. This shows that we set the same requirements for imported meat and meat produced by local slaughterhouses. Thus, we have definitely not been unfair to the trade in Hong Kong.

Mr WONG Yung-kan is also concerned about the development of the fisheries industry. He has especially referred to the study on the feasibility of developing an off-shore fishing industry. The development of an off-shore fishing industry actually involves complicated issues including the equipment of fishing vessels, the techniques of capture and operation of fishing vessels, the distribution of fish, the sales of the capture, investments required and channels of financing as well as the international conventions and legislation on off-shore fishing. As these complicated issues cover an extensive scope, we need to spend longer time on studies and analyses. The Agriculture, Fisheries and Conservation Department expects the relevant work to be completed before the end of this year.

Regarding other points made by Members, as time is running out, I cannot respond to them one by one but we will certainly follow up these points and consider them carefully.

Madam President, as stated by the Chief Executive in the policy address: one of the major tasks of the Government of the Hong Kong Special

Administrative Region is to enhance the quality of our living environment. As a world-class cosmopolitan, we must make long-term commitment to environmental protection and endeavour to keep the environment clean and comfortable. Moreover, we must ensure that food and environmental hygiene reach a very high level to fully safeguard the health of the general public. We will do our best in performing these tasks and I hope that I would continue to have the full support of Members in order to create a healthier and better living environment in Hong Kong. Thank you, Madam President.

**SECRETARY FOR HOUSING** (in Cantonese): Madam President, first of all, I would like to thank Members for their views on the implementation of the housing policy. Although Members have divergent views on various matters, they share the same goals in respect of the general direction of "Better Housing for All". Here, I would like to respond to several subjects of relatively greater concern to Members. These include the effectiveness of policies implemented by the Government, ways to meet the needs of the market in a flexible manner, future policy objectives, and so on.

The objective of the Government's housing policy has always been well-defined, specific and practical, that is, endeavouring to help needy families secure suitable and affordable homes. In the White Paper on Long Term Housing Strategy released in February 1998, the Government set out the long-term objectives and the overall policy strategy. As of now, all the specific measures set out in the White Paper and the new measures announced in various policy addresses over the past few years have all been implemented. We have managed to make good progress and get remarkable results in several key areas. Since 1997, that is, over the past four years, more than 220 000 families have been housed in public rental housing (PRH) through various channels whereas the average waiting time for PRH has been shortened from seven years to four. This reminds me of a famous stanza by DU Fu: "O where could I find an ample manse, a thousand myriad rooms, that shelter all world's poor gentles and make them all smile? That wind and rain cannot shiver, safe-sheltering as an alp?" This should best portray the success of the public housing programme.

In addition, with the implementation of various subsidized home ownership schemes and Tenants Purchase Scheme since 1997, we have helped some 170 000 families intent on purchasing their own homes. Moreover, in respect of the private property market, more than 50 000 families have purchased

their own homes through participation in the loan schemes subsidized by the Government. The results we have achieved in these few years were not only experienced by those beneficiaries, but also won praises in particular by the United Nations Committee on Economic, Social and Cultural Rights recently. We are indeed greatly encouraged by this. In fact, we did not get these results by luck. They were entirely attributed to the hard work of all people from the Housing Authority (HA), the Housing Society, the Housing Department and the construction industry, as well as their active participation in implementing the housing policy of the Government.

The Honourable Howard YOUNG raised the issue on reviewing the structure of public housing. In fact, apart from continuing to monitor the effectiveness of implementing the policy objectives over a certain period in the future, we will also conduct a comprehensive review on the public housing framework. The relevant review has already been launched by the last Chief Secretary for Administration. However, in the light of current developments in society, several policy areas have to be studied and considered further. Therefore, this work has to be continued and it is expected to finish not until next year.

Some Members including Mr Howard YOUNG and the Honourable Ambrose LAU pointed out that the property market is now in the doldrums because the housing policy has been chaotic and wavering. I consider such criticism as some sort of misunderstanding. On the one hand, the Government has been adhering to the principles set down in the Long Term Housing Strategy by providing needy people with housing while revising the relevant measures in response to the latest developments; on the other hand, in addressing short-term problems, the Government will implement some contingency measures to provide the market with clear and accurate messages.

The Government understands the importance of the housing policy. In fact, the housing policy of the Government has been consistent after all with clear notions, specific objectives and practical approaches. Certainly, all policies must tie in with the latest developments. If adjustments are required in the course of implementation, it does not mean the policy is chaotic. Conversely, to do the right thing at the right time by adopting a resolute approach when dealing with emergencies is what a responsible government should do.



The property market has been recovering slowly in recent years and among the many reasons are the impacts of the financial turmoil; the long-term effects of a bubble economy causing the property market to plummet from the peak; the global recession and rising unemployment rates. The factors caused a temporary loss of balance in the demand and supply of housing with an overlap of the property market in the public and private sectors. The tense atmosphere worldwide of late. It is also one of the factors for the slow development of the property market. In facing these problems, the Government has handled the reduced production of HOS flats in a flexible manner with an open attitude, suspended the relevant sales programme in order to reduce market intervention, and provided people with assistance in the form of housing loans. All these have enabled people who are interested in purchasing flats to fulfill their aspirations to home ownership in the private property market.

Several Members raised the issue of negative assets. I agreed with the comments made by Mr Howard YOUNG. The problem of negative assets is mainly connected with the bubble property market and the financial turmoil in 1997. Regarding the difficulties faced by negative assets holders, the Government fully appreciates their situation and deeply sympathizes with them. Yesterday, the Secretary for Financial Services already indicated that the Government wished to put forward proposals to reduce the burdens of negative assets holders through the market forces on the premise that the stability of the banking sector would not be affected.

I would also like to thank Members for expressing their ideas and opinions on the policy objectives of housing. I wish to respond to them briefly.

In the forthcoming year, we will have a lot of work to deal with. In respect of public housing, we will continue to provide 50 000 subsidized housing opportunities annually for eligible needy families. Here, I would like to respond to the remarks made by the Honourable LEUNG Yiu-chung. In fact, the Government has never done anything in favour of consortia or property developers. The housing policy of the Government, through the diversified forms of subsidies it provides, which include public housing, subsidized HOS flats, quotas for subsidized housing loans and rent allowances, as well as full utilization of resources in the private sector, provides suitable housing for those with housing needs. Actually, the Government has not shirked its responsibilities. This was the practice of the Government in the past and it will continue to be so in the future.

The Honourable CHAN Kam-lam pointed out that the Government should help residents living in rooftop structures, squatter huts, and so on by providing them with public housing units. This I agree. In respect of helping the needy people solve their housing problems, the Government will, as usual, continue to provide needy and eligible families including households living in rooftop structures, squatter huts, bedspace apartments, and so on with public housing. We will make unremitting efforts in shortening the average waiting time of the public housing Waiting List, and endeavour to realize the objective of housing people in public housing with an average three-year waiting time before the end of 2003.

In respect of the elderly households, we will also continue to endeavour to shorten their average waiting time for public housing from the current 2.9 years to two years. This goal is expected to be realized at the end of 2005. Recently, the Government has been thinking of new ways to help the elderly secure better accommodation. The pilot scheme in connection with the rent allowance for the elderly was also implemented in this August and well-received by the elderly. The Government will evaluate its efficacy in early 2002 and examine whether rent allowance can be extended to eligible Waiting List applicants in order to give them one more option.

In respect of helping people who wish to purchase their own flats, as the Honourable TAM Yiu-chung said, the Government still believes that the traditional scheme of building HOS flats has a certain value in existence. The Government, to a certain extent, has to maintain its capability of building HOS flats. Should we rely entirely on the loans for home purchase, we will lack the ability to cope with emergencies and fail to meet the needs of the public if the development of private housing is affected by some unforeseen factors. Nevertheless, I also agree with the point made by the Honourable NG Leung-sing, that in the light of the market developments, the Government will reduce the production of HOS flats gradually so as to allow more space for the private property market to develop. The Government will increase more quotas for subsidized housing loans in lieu of building HOS flats. It is hoped that we can cope with the market changes in a more flexible way, increase cost-effectiveness and meet the public's aspirations to home ownership.

The Honourable Fred LI requested the Government to reduce the financial burdens of by residents and commercial tenants in public housing. In fact, several other Members have also made the same request. I am aware that the

Housing Department will put forward two proposals for the HA to consider: firstly, to grant a one-month rent waiver to all public housing tenants and continue to freeze the rents for one year; and secondly, to allow commercial tenants to apply for rent re-evaluation. In respect of public housing rents, the HA has not increased its rents since 1998 whereas the rents of some housing estates have even been maintained at the same level as those of six years ago, that is, the level of 1995. In view of the current economic condition, the Chairman of the HA has already stated that the review of rents would further be delayed, that is, the public housing rents would continue to be frozen. In fact, the HA is still working in accordance with the legislation with this practice. I would like the Honourable Frederick FUNG to note that the HA is still observing the relevant legislation.

The current level of public housing rents is indeed very low. About 70% of the tenants pay less than \$1,500 in rent monthly and the households are not required to pay rates, maintenance fees, management fees, and so on. If an across-the-board approach is adopted by reducing the rent by 30%, it may not be the most effective method under such circumstances. Certainly, insofar as poor families are concerned, we have the Rent Assistance Scheme for which they can file applications.

In respect of the work on commercial tenants applying for rent re-evaluation, we hope that it can be completed within one month after they have submitted their applications. For commercial tenants whose rents have dropped, they ought to get a reduction in rents after the re-evaluation exercise. However, if the result of the re-evaluation is higher than the contractual rents, these commercial tenants can continue to pay the existing contractual rents, that is, they can continue to operate without any increases in rents.

The two proposals mentioned by me earlier should be able to help relieve the public's hardship at various degrees. The HA will discuss the relevant proposals next week. Once they are passed by the HA, they will be implemented at the earliest possible time.

Madam President, we are living in a big era in which the world trends and social developments are changing rapidly. Therefore, "to understand practical affairs clearly is also knowledge, to be conversant with human affairs will help us succeed". In formulating policies, the Government has to make them people-oriented and work hard to realize the objective of offering better housing

for all on the one hand, and it must have an insight into the changes in developments before drawing up a set of policy objectives that are both practical and consistent with the interest of society as a whole on the other. As Members must be aware, discussion and implementation of policies complement each other. We see what it is, observe why it is and examine how it is. I hope Members of the Legislative Council and all people in the community will continue to make concerted efforts together with the Government in the development of the long-term housing programme of Hong Kong.

Thank you, Honourable Members, and thank you, Madam President.

### **SUSPENSION OF MEETING**

**PRESIDENT** (in Cantonese): I now suspend the meeting until 2.30 pm tomorrow.

*Suspended accordingly at nine minutes to Ten o'clock.*