

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 24 October 2001

The Council met at half-past Two o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

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

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

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

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

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

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

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

THE HONOURABLE NG LEUNG-SING, J.P.

THE HONOURABLE MARGARET NG

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

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING, J.P.

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN, J.P.

THE HONOURABLE 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.

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

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

THE HONOURABLE MA FUNG-KWOK

MEMBER ABSENT:

DR THE HONOURABLE LO WING-LOK

PUBLIC OFFICERS ATTENDING:

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

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

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

MR MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

MR CHAU TAK-HAY, J.P.
SECRETARY FOR COMMERCE AND INDUSTRY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DR EDGAR CHENG WAI-KIN, J.P.
HEAD, CENTRAL POLICY UNIT

CLERKS IN ATTENDANCE:

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

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

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

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. Today the debate is on general government policies.

Members called to speak will each have up to seven minutes for their speeches. In accordance with the recommendation of the House Committee, Members may speak generally on government policies or programmes which straddle the portfolios of different Bureau Secretaries. Members should refrain from speaking on a specific policy area unless they have not had the chance to do so in the relevant debate session. Members should also refrain from speaking on the points made by Bureau Secretaries at the end of the previous six debate sessions.

Members who wish to speak will please press the button to indicate their wish. Today, Members will have a total of up to five hours 25 minutes for their speeches. It is now 2.32 pm.

MR JAMES TIEN (in Cantonese): Madam President, the amendment I propose actually represents the consensus reached by the eight-party coalition of the Legislative Council. A number of parties and factions are of the opinion that the economic situation of Hong Kong has recently turned bad since summer. After the "September 11 incident", we are afraid in the coming few months between the end of the year and early next year, notwithstanding that export may still increase, the rate of unemployment will also rise while the number of tourists visiting Hong Kong will drop further. The economic prospects of Hong Kong will remain obscure. The various parties and factions in this Council therefore consider that the time is apt for us to reach a consensus regarding the proposals we should put forward to the Government, and that the points in the consensus should be our minimum requests. We have also taken into consideration the present financial position of the Government. As pointed out by the Financial Secretary, even if we were to be engaged in nothing, the deficit arising from the three major items of income would probably amount to as much as \$50 billion.

It was under this major premise that we conducted our discussions. As the Government can see, the seven points put forward by the eight-party coalition will cost the revenue some \$2.5 billion, which is an amount less than the individual proposals put forward by the different political parties respectively. I am pleased to report to the Government the results of our discussions on behalf of the different parties and factions. We all think that the Government should first handle the seven-point consensus we reached before dealing with the suggestions made by the different parties and factions on last Wednesday, Thursday and Friday in respect of the various policy areas or the measures to relieve the hardship facing the community.

Last week, Secretary Denise YUE has already made a brief response to the seven points we put forward. Now, I should like to expound on our views on two points, namely, rates and salaries tax. With regard to the issue of exempting rates payment for a year, Secretary YUE said last week that while our across-the-board rates exemption proposal involving the rates of public housing units, private residential flats, commercial or industrial premises would cost \$15 billion to the revenue. On the other hand, the ceiling for such an exemption set up by the Government is only \$2,000, which is too limited a sum in our view. The Government has also mentioned that about 840 000 ratepayers would be benefited. We have subsequently examined the breakdowns of those 840 000 ratepayers and discovered that while they comprised 400 000 public housing tenants, 140 000 occupiers of private domestic property and 50 000 tenants of commercial and industrial premises, some of the figures were provided to mislead Members. This is because 240 000 of the so-called ratepayers have each owned a vehicle parking space, and they are included among the many benefited ratepayers referred to by the Government. Given that a total of 267 000 ratepayers have to pay rates in 2002, actually not too many people will be benefited if those 240 000 parking space ratepayers are not counted.

Madam President, I particularly wish to point out that we are very much concerned about the situation of the middle class. Let me cite an example with figures. At present, the annual rates payable for a 675 sq ft flat in Tai Koo Shing and an 800 sq ft flat in Laguna City are about \$7,000 and \$6,000 respectively. The market price of these two flats is around slightly over \$2 million to \$3 million. The majority of the middle class are owners of flats of these kinds. If the Government sets the maximum amount to be waived for each rateable tenement at \$2,000, the amount is way below the rates of \$6,000 or

\$7,000 they are paying currently. If the Government is to really take into account the hardship faced by the middle class, it should put in more efforts in this respect. We hope the Government will grant an across-the-board rates payment exemption for a year.

Speaking of the problems facing small and medium enterprises, we may take a look at the situation of commercial premises. But let us not look at those large-sized ones. The rates payable for an 800 sq ft shop in Lockhart Road, for example, amount to some \$40,000 yearly; whereas the annual rates for a 300 sq ft in Mong Kok, which charges some \$70,000 for rental monthly, are slightly over \$40,000. To the people operating businesses in shops like these, a reduction of \$2,000 from their annual rates payment is indeed too limited to offer them any substantial help. So, these are our views on rates and we hope that the Government will take them into consideration again.

Another question is on whether or not payments of Profits Tax or Salaries Tax can be deferred. Last week, Secretary YUE said in her speech that since there was already a mechanism whereby taxpayers may pay tax in instalments, there should be no need for the Government to allow the public to defer their provisional tax payments for a year. However, as we understand, the application procedure for paying tax in instalments is very complicated, and that applicants must provide proofs of their financial position, bank information and employment information for vetting before they receive approval for paying tax in instalments. Besides, an additional fee will be charged on the tax payments made in instalments. In this connection, an additional 5% will be charged on taxes paid in not more than six instalments, and an additional 10% will be chargeable on those tax payments made in more than six instalments. Given that interest rates are so low at present, I do not think many people would apply for this arrangement. If tax payments could be deferred for a year, taxpayers who are required to pay, say, \$20,000 Salaries Tax this year, would have to pay \$40,000 next year. What could be done then? I support the view of the Government in that the economy will be revived by the middle of next year, in that case taxpayers will have money to pay tax then. So, the situation will not be as bad as the Government expects because those required to pay \$20,000 this year will be able to pay a total of \$40,000 next year (the Government should not think that it would not be able to recover those taxes if tax payments should be deferred for a year). Unless the Government's estimation is wrong and the economy will not revive next year towards the end of next year, the people

should have the ability to make their Salaries Tax payments. We therefore hope that the Government will reconsider deferring all tax payments for a year in accordance with the consensus we have reached. Even though the figures this year would not look very nice, the actual cost to the revenue will be \$800 million only. Thank you, Madam President.

MR BERNARD CHAN: Madam President, I would like to make a very simple suggestion. Let us have no more annual policy addresses. Article 64 of the Basic Law requires regular reports from the Government on policies. But it does not mention this annual theatrical event.

This sort of annual policy address is an outdated ritual. And it is doing more harm than good. It prevents Policy Secretaries from discussing or announcing new initiatives at particular times, especially in the period leading up to the address. It encourages a build-up of unrealistic expectations among many people and groups in our community.

Government opponents compete with one another to produce the most impractical suggestions. Interest groups start to take some of these seriously, and look forward to big hand-outs. Then, on the big day, the Chief Executive stands up in this Chamber, and he tells us the awful truth — he cannot work miracles. Almost immediately, we have all this artificial outrage from the Government's critics. In their disappointment, people shout at the Chief Executive and tell him to resign.

Furthermore, it does not encourage the development of good basic policies. In order to head off the criticism, the Government seems to draw up a list of the loudest interest groups. Then it gives each one some sort of present — a spending programme or some subsidized loans. The interests of Hong Kong as a whole get a lower priority.

And, to make matters even worse, the policy address this year coincided with a rescue package announced by the Singapore Government. In fact, the Singapore package was less impressive than it seemed — especially when you consider that their external economy is in such a bad shape. But to our Government's critics, it provided an even better opportunity to denounce the Administration.

All in all, Madam President, this policy address served no useful purpose. It simply made people less confident about the Government and about Hong Kong — for no good reason.

Although I would like to see an end to this ritual, it does not mean that the actual content of this address is not worth discussing.

Perhaps the most important part of the address was the proposal to appoint key policy officials to the Executive Council. This would effectively convert senior civil service positions into more accountable posts held by politicians.

Such a system would place more responsibility on those office holders to promote and defend their policies. (So, incidentally, there would be even less need for an annual policy address.)

Such a system would enable people from a wider range of backgrounds to assume senior policy-making posts. It would spread responsibility over a broader number of people rather than have it all focused on the Chief Executive. It would leave civil servants to do what they are best at — implementing policies effectively.

And it would increase accountability — people could leave the system, as well as enter it. Indeed, it would make senior officials more accountable, not just to the Chief Executive, but to the whole community.

To take a topical example, it would be much more difficult for them to duck the issue of taking a pay cut.

Our senior officials' decision not to make such a gesture was extremely disappointing. Because of the currency peg, our prices — including our salaries — must be flexible. In the last three years, I have taken two pay cuts, and I have had one pay freeze. I have done that because I have to ask many of the employees in my company to do the same.

If our senior officials were politicians, they could exercise leadership here. As it is, they are civil servants, and the Civil Service seems to be living in a different economy from the rest of Hong Kong.

So, Madam President, I very much welcome the proposal for a new accountability system.

The other policies outlined by the Chief Executive in this address were not especially surprising.

The Government is certainly correct to be stressing education. I hope that the Administration would ask itself why overseas schools and international schools are so popular among parents, including civil servants — and why those schools' graduates are so popular among employers. Surely, this reflects a long-term failure on the part of the Education Department.

Most other policies in the address were essentially ways of buying some time while we wait for the global economy to pick up again. The targeted spending programmes and subsidies were obviously designed to please particular groups, and in some cases, these initiatives may be justified.

On the whole, however, I wonder whether targeting resources at particular sectors and economic activities is worthwhile. Obviously, the Government can say that it has done something for small and medium enterprises, for the information technology sector, for people who build conference centres, for the tourism trade and so on.

But would it not really be far more helpful to the economy simply to give us an across-the-board cut in profits tax?

Madam President, I can certainly see room for improvement in the Government's policies. But we need to be realistic. Some of my colleagues here are asking Mr TUNG not to run for a second term. Frankly, I do not think that anybody will run, if he has to face constant criticism from people who expect miracles to happen. Our economy will pick up along with the rest of the world. There is nothing a policy address can do to speed up the global recovery.

In the meantime, we have some structural adjustments to go through. We need more honesty from the Administration about this. The hollowing out of our economy is spreading from manufacturing into middle class jobs.

The Government needs to prepare people for these changes. It would have been easier for everyone if we did not have large-scale policy addresses to distract us. Thank you.

MR DAVID CHU (in Cantonese): Madam President, the reason that I do not have too much interest in this year's policy address is that the greatest problem that we have is not in the governance but in the confidence and unity of the people of Hong Kong. The Government has \$400 billion financial reserves and the people of Hong Kong have \$4,000 billion savings. So if we rely completely on the Government alone and just sit back and do nothing, that will not help at all.

On the question of how to boost the confidence and the unity among the people of Hong Kong, I have three words of advice to offer. First is the word "look" and the third word is the name of a major city in China, and that has something to do with my accent, "Shanghai". The three words are "look to Shanghai".

Have you ever heard the people of Shanghai making disparaging remarks on their city? Have you ever heard the people of Shanghai always talking about their inadequacies, analysing and arguing about them? Have you ever heard the people of Shanghai keep on saying that their government is incapable?

If we are always engaged in analysing our inadequacies and attacking our government, how then do we have the time to build up our self-confidence?

I do not think Honourable Members know that in Shanghai there are 1 million people who use the nightstool every day. I think the young people sitting in the public gallery upstairs would not know what a nightstool is. These people in Shanghai do not have flushing toilets. They are still using the nightstool. These 1 million people command our respect and we should learn from them, for their attention and energy are not put on the nightstool but on how to turn Shanghai into the greatest city in the world. If each and every person in Hong Kong will put their attention and energy into our competitive edges, recognize the need and take part in China's development in the 21st century, then I think our crisis in confidence will disappear in no time.

On the question of unity, Mr DENG Xiaoping said at the initial stages of the reform and opening up of China that some people should be allowed to get rich first. He was talking about wealth, not pain and suffering. The rest of the people should lend their support and rally behind this goal. Now we can all see the results.

Recently, the Hong Kong Progressive Alliance has suggested that contributions made to the Mandatory Provident Fund (MPF) be suspended for one year. I had discussed this with Mr LEE Cheuk-yan, he has just left the Chamber. He thinks that this will not be favourable to the wage-earners because the employers' contributions will be reduced. He is right on this point and I know it. However, has Mr LEE considered the benefits that a suspension in MPF contributions will boost the economy, help the economy to pick up and lower the unemployment rate? Has he thought that all the people of Hong Kong should be united? Has he thought that a priority has to be set before improvements could be made? I do not think he has taken all these into consideration.

When faced with the future, can our government do better? I am aware that the Government has said on many occasions in this Council that it can do more and better. Can the Chief Executive do more and better? The Chief Executive has said on many private and public occasions that he can do more and better. I would like to ask each and every person in Hong Kong, "Can you do more and do better?" If you have to think about it and cannot give a "yes" in reply rightaway, it would be the greatest problem we face. That is also the problem which determines our success or failure.

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

MR CHAN KWOK-KEUNG (in Cantonese): Madam President, the thrust of this year's policy address lies in the creation of 30 000 new jobs. But then, all these jobs are temporary in nature while some of them are even attributable to the Government's outsourcing schemes. Even though this measure can help to alleviate the unemployment situation for the meantime, I still consider it not forceful enough. What is more, this measure has also revealed the vicious circle of "launching large-scale outsourcing programmes, downsizing, outsourcing services again" that prevail in the public sector.

If we take a closer look at the 30 000 proposed new jobs, we can very easily see that the Government has indeed made "very detailed calculations". Among the 8 000 jobs in the areas of environmental protection and public sanitation, 7 000 have already been proposed in the policy address last year, which means that they can be "offered" just by extending the period of employment of the posts concerned. As the 2 600 jobs to be briefed out by the

Food and Environmental Hygiene Department (FEHD) shortly are also included in those 8 000 jobs, the FEHD can once again join hands with the contractors to suppress the benefits of the lower-level employees.

As regards the security services provided by the Housing Department for its public housing estates, since the existing two-shift roster will be changed to a three-shift one, the workload will be spread and 4 000-odd jobs can therefore be created. Yet at the same time wage payable for such jobs will be reduced. In other words, the wage earned by two employees will be divided and shared by three. There are just too many cases of security guards being gravely exploited. Earlier on, a group of housing estate security guards jointly went on strike to protest against the unreasonable terms of employment imposed on them. Their case have been widely reported in newspapers and magazines.

Further still, the Territory Development Department, Drainage Services Department, Water Supplies Department, and so on have also briefed out the jobs of a total of 5 000 positions. Briefing out government services has indeed become a trend. It seems that the Government just does not need to recruit any employees; all it has to do is to hand over public money to private companies to discharge all its duties, and give those contractors a free hand to reap profits.

As a matter of fact, should the public sector brief out too many of its services to the private sector, the quality of the services concerned would continue to drop. This is because public services must be provided in accordance with certain fair and impartial principles to enhance the overall interests of society, the application of private sector practices will inevitably compromise the quality of public services. In the end, a lose-lose-lose situation will be resulted, damaging the interests of the public, the workers concerned, as well as the Government. The only party benefited would be the contractors.

In the United States, because reforms were introduced too fast during the '90s and outsourcing programmes were getting larger and larger in scale, things eventually got out of hand. The American Government has now adjusted its pace and slowed down the progress of reforms for the moment. The Government of the Special Administrative Region should therefore draw lessons from this American experience.

Outsourcing programmes must be carried out on a reasonable basis, such as providing services in co-operation with the private sector, or providing

services that are private sector-led in nature. However, if the Government should brief out all major municipal services to the private sector, the daily lives of the people would be affected. Earlier on, it was reported in the newspaper that a private sector company commissioned by the FEHD to provide the Department's services had sought to minimize cost by making two employees share the workload which used to be undertaken by three persons.

Lastly, I wish to urge the Government to reduce the outsourcing of its services to the private sector and to give full play to the capacity of the public sector as far as practical. Otherwise, not only will the workers be subjected to exploitation and the quality of services compromised, the Government will also be criticized for failing to fulfil its performance pledges. Short-term jobs would hardly provide much help to the working population on the verge of becoming unemployed, I hereby earnestly urge the Government to help the unemployed and the impoverished with greater sincerity.

Madam President, I so submit.

MR LAW CHI-KWONG (in Cantonese): Madam President, I understand that today's debate is on general government policies. There are a few points I did not have time to make in last week's debate, but since the Secretary has already responded to the views raised by other Members, I will delete the part of my speech touching upon that aspect. However, I still should like to raise one point. On the front of social welfare, the point I wish to make involves two Bureaux, namely the Home Affairs Bureau (HAB) and the Health and Welfare Bureau (HWB). With regard to policies relating to community development, actually the responsibility for such policies should have been transferred from the HAB to the HWB 10 years ago; but then, even up to this day, the work still has yet to be completed.

As regards another policy, although last time I said I would like to put forward some suggestions, I did not have the time to do so. This policy, which also involves the HAB and the HWB, is related to women. At present, the Women's Commission is formed under the HWB and falls within the Bureau's parameters. The issue of alimony has been discussed in this Council for many times in the past. While alimony-related matters are the responsibility of the HAB, the welfare of all the people affected by the payment of alimony, mainly women and children, is the responsibility of the HWB. In this connection, the

information provided by the Government in its reply to a written question I raised last Wednesday is very useful. Last year, there were a total of 72 applications for Attachment of Income Orders (AIOs) to recover maintenance arrears. If these applications should all be approved, the arrears to be recovered would amount to \$80,000 monthly. Suppose the maintenance arrears in these cases can be recovered in full, the total sum collected will be less than \$1 million a year. On the other hand, the cost incurred on one such case ranges from \$6,000 to \$50,000 on average. And this is just the most conservative estimation, as many hidden costs have not been counted. Last year, at least over \$2 million have been spent to recover \$1 million of maintenance arrears. In short, it is just unreasonable to recover maintenance arrears through legal proceedings. Past discussions in this respect also tell us that relying on bailiffs to recover maintenance arrears is the least effective method.

Hence, the issue should be handled by the HAB, which does not have to deal with the affected parties, and the role of the HAB in this respect is mainly to remedy the existing system. But then, since the system is getting increasingly complicated and expensive, the cost-effectiveness of the recovery of maintenance arrears is getting lower and lower. As such, I hope the Government will give consideration to the following suggestions. Firstly, given that policies related to children and women are the responsibilities of the HWB, there is no reason why alimony matters should not be handled by the HWB as the policies in this connection are also handled by the Bureau.

Secondly, the Government should consider abandoning the practice of dealing with alimony matters through legal proceedings. Obviously, for some issues like applications for AIOs and the amount of income to be attached, they must be handled by the Court. But since there are still a lot of other procedures, it is just unreasonable to recover maintenance arrears through bailiffs. I believe it would be more appropriate to have all alimony matters handled by the HWB.

Madam President, my speech shall end here. These are the points I wish to add. Thank you, Madam President.

MISS EMILY LAU (in Cantonese): Madam President, in the Chief Executive's Question and Answer Session on 11 October, the question I raised, as also mentioned by Mr Bernard CHAN, was about the fact that some people have been asking the Chief Executive not to consider running for a second term of office.

The Chief Executive replied then that "the more difficult the current situation is, the more the leader has to pluck up his courage and make efforts to confront difficulties". He went on to say that he would serve Hong Kong with unflinching resolve. The message put across to the public is that, the Chief Executive wants to run for re-election.

Madam President, I take exception to Mr Bernard CHAN's remark that no one would wish to run for the post of Chief Executive. No doubt it would be a tough task, but a high and authoritative position will still be attractive anyway. I am not worried about nobody would wish to take up the job, but I am worried that nobody would dare to vie with him. As I said days ago in a television programme to which Mr YEUNG Yiu-chung was also invited, the reason is that no one would believe that it is a *bona fide* election, for there are only 800 voters. Madam President, on Monday there was a case about a District Council member being sentenced to jail for three months for vote planting. The Magistrate pointed out that the court has the duty to uphold a democratic and fair electoral system. I am really happy to hear this. I do hope that one day, the Court will have the duty to uphold fairness and justice in the elections of the Chief Executive and Members of the Legislative Council. There is not much that the Court can do now, for there are only 800 voters. But I maintain that the Chief Executive should consider whether or not he should run for a second term of office.

Madam President, this morning we received a diplomat from Austria. I told him that the current level of public resentment can be said as at an all-time high in the past decade or two. From the wealthiest to those in abject poverty, all are feeling unhappy. While they feel unhappy for different reasons, I can say that it is mostly due to financial reasons. As I told the Chief Executive on 11 October, he should compare the present with the past few years and see if there were so many people feeling so badly back then. I told this diplomat that in any country, if there are so many people or nationals feeling unhappy, the people would inevitably lay the blame on the Government. I said that if this happened in his country, Austria, the people would deal with the situation by elections. On 24 March next year, we will have an election too but it is not an election in which our courts can intervene to uphold fairness and justice. In this election, Members present here all have a right to vote, but we, Members of the Frontier, will not take part in the voting. I also hope that the Democratic Party will not vote in it either. So, that election cannot possibly resolve public anger. Madam President, I told this diplomat that — I am not trying to badmouth Hong Kong, as alleged by Dr David CHU earlier, or trying to argue why Hong Kong is

different from Shanghai; I believe Hong Kong differs greatly from Shanghai, and Shanghai will also understand that this is a fact. I said that if there is no mechanism to resolve public anger (many colleagues have made this point too; now I cannot tell which camps they belong to, but even colleagues returned by small circle elections have said so), social unrest is set to burst. How should we deal with the situation then?

I do not agree with Mr Bernard CHAN's view that the Chief Executive should not deliver policy addresses. I believe the Head of government in many countries will have to make these statements every year. If the policies initiated by the Chief Executive failed to win public support, we do not necessarily have to hurl criticisms at such policies only in October. We can give our comments at other times. But I found it strange as to why did the Chief Executive not sum up his work over the past four years or so in this policy address? In fact, Madam President, many of us have thought that the Chief Executive could rightly identify the areas in which problems exist, such as the elderly, housing, education, health care, environment, and so on. Each of these areas is indeed plagued with problems, but the question is what achievements can he make? This is what he has been criticized for by the public. This also echoes the point made by Premier ZHU Rongji about indecisiveness and failure to implement decisions. Why is the moratorium on the sale of Home Ownership Scheme flats implemented without prior deliberations? There are so many things that we do not understand and cannot explain. So, I think that under this difficult situation, the Chief Executive is not entirely incompetent. Many people agree that a smooth transition has been achieved in Hong Kong. We also appreciate that as the Chief Executive has won the trust of the Central Authorities, we have not seen many interventions from the Central Authorities. Nor have we seen the sort of political intervention that we used to worry about. But since Mr TUNG has taken up his office for more than four years, should we not consider giving other people a chance to try?

Madam President, even this view of mine has drawn criticisms. Some said that I can follow the impeachment procedures against the Chief Executive. This is certainly not my wish. I just hope that there is freedom of speech both inside and outside this Chamber, and I hope that I can freely speak my mind. Now, I wish to open up the horizons. The situation now is not that nobody would wish to take up the job, as Mr Bernard CHAN has opined. If Mr TUNG said that he has very much wanted to go home to take care of his grandchildren, Madam President, I have reasons to believe that many people would wish to take up the job. I also believe that there would be competitions. But still, we,

Members of the Frontier, will not vote in this election. Some may ask that if it is not Mr TUNG, who should be the one? The question is not who should be the one. Whoever it is, we will not vote in this election. However, our message is that even if the person who holds this office is returned by 400 voters, or is handpicked to hold the post, he should cease to hold his office if he is not doing a good job. Therefore, anyone handpicked by the 800-member Election Committee, who has been proven to be incompetent after he has been in office for several years, should cease to hold his office. So, the question is not who wants to take up the job. Anyone who is interested can contest in the election with all his might. Despite the absence of a democratic election, I believe I am here to speak for many people. I think many Hong Kong people are very conservative and tolerant too. Some people say that Mr TUNG should step down immediately, and we do hear their voices. But others say that he should be allowed to stay on until next year, and let Hong Kong have an alternative.

I hope that the Chief Executive can carefully consider these views. I strongly support Mr James TIEN's amendment, which is the minimum demand of all the parties and camps. It is hoped that the two Policy Secretaries will not disappoint Members when they respond.

MR LAU CHIN SHEK (in Cantonese): Madam President, creating jobs and alleviating people's difficulties is currently a strong appeal of the public to the Government. I made some proposals to create jobs last Friday and I would like to briefly put forward some more relief proposals today.

Over the past 35 months, deflation persisted in Hong Kong and the accumulative deflation rate was 7.5%. On the whole, the adjustment of a lot of government charges and public utility charges is made with the inflation rate as the major factor for consideration. However, with a continuous deflation, the Government has taken too long to correspondingly reduce government charges and public utility charges, and this has really increased the burden of the public. I hope that the Government would conduct a review as soon as possible and comprehensively reduce government charges, especially the significant charges that affect people's livelihood. For instance, water and sewage charges should be reduced more substantially to encourage private sector public utilities to follow suit in order to really benefit the public.

Thank you, Madam President.

MR KENNETH TING (in Cantonese): Madam President, since the Chief Executive assumed office five years ago, he has made education and manpower training the key points of his policy address year after year in view of the gradual development of Hong Kong into a knowledge-based economy. The policy address this year is no exception.

One of the themes of this policy address is encouraging people to pursue lifelong learning. Actually, the Chief Executive has already stressed in his second and third policy addresses that continuing education and lifelong learning is important to the promotion of social progress. However, apart from expanding the student loan scheme, the Government had not provided other substantive assistance. He proposed in this policy address to allocate \$5 billion to subsidize continuing education and training programmes, which is certainly good news for the public. We hope that the amount would be appropriately spent and it would mainly subsidize continuing education courses that would help our economic restructuring. Furthermore, to enhance the efficient utilization of resources, directly distributing education vouchers to the public is also feasible.

But it was proposed in the policy address last year that the Government should establish a mechanism for academic accreditation and the standards of courses, to boost the confidence of employers in the academic qualifications granted by different training bodies. But I do not know why such mechanism and standards are not mentioned at all in the policy address this year. Has the Government continued to follow up these issues or has it shelved them already? Why would such mechanism and standards be introduced? I hope that the officials concerned could clarify this issue later. Concerning continuing training, if there is an academic accreditation body to determine the degree of difficulty of the courses, it would further facilitate the trainees in differentiating between different courses and in choosing the appropriate courses. Employers would also have certain indicators to refer to.

I also hope that the Government would consider the three proposals of the Liberal Party. Firstly, they wish the Government would encourage continuing education and retraining and encourage local enterprises (especially small and medium enterprises) to enhance on-the-job training. As stated in the report of the Audit Department last year, the retraining courses incurred higher costs but they might not meet the needs of the market. For instance, according to a survey conducted by the Employees Retraining Board on one of the courses, 35% of the trainees joined industries unrelated to the courses or failed to find a

job within half a year after completing the courses. If the Government injects similar resources into on-the-job training, I am sure these trainees and their employers would be benefitted at once.

We do not intend to deny the retraining courses of their effectiveness. But to really meet the needs of the market and economic restructuring, on-the-job training is more efficient because employers know best what kind of training their employees need. Thus, part of the \$5 billion allocation for continuing education should be used to subsidize on-the-job training. The Liberal Party also suggests that the Government should give allowance for the release of staff on-the-job training to encourage enterprises to allow their employees to attend the training classes during working hours. Moreover, the employees do not need to spend their own time after working hours to attend the courses. So, this arrangement would be advantageous to both employers and employees.

In addition, the training structure in Hong Kong has involved different policies. The Liberal Party always suggests that the Government should merge the existing bodies and subsidy schemes such as the Employees Retraining Board, the Vocational Training Council, the Construction Industry Training Authority, the Clothing Industry Training Authority, the Project Springboard and the Youth Pre-employment Training Programme, and set up a body similar to a "general training authority". The "general training authority" would co-ordinate the utilization of resources and various training courses, and provide through the Labour Department one-stop job matching services for trainees who have completed the courses. The Secretary for Education and Manpower indicated at our debate on the policy address last year that the Government was reviewing the problem of overlapping courses and functions of the training bodies. I hope that the Government would give us an account on this.

Lastly, while improving the quality and skills of Hong Kong people, the Government should suitably import foreign professionals to Hong Kong. The Liberal Party welcomes the proposal in the policy address to speed up the importation of mainland and foreign professionals so that they would be able to work in Hong Kong, in order to facilitate our economic restructuring. So long as the examination and approval procedures are properly monitored, these professionals would not compete against Hong Kong people for rice bowls. Conversely, they would create more rice bowls and in turn benefit our economy as a whole.

Madam President, I so submit.

MR IP KWOK-HIM (in Cantonese): Madam President, in these few months, whenever we read the newspaper in the morning, we would read such news about a war that broke out after the September 11 terrorist attack on the United States and Anthrax attacks. Hong Kong people were disturbed and terrified because they are afraid that the economic downturn in the United States would spark off the decline of the global economy. If so, the economic downturn would continue for another rather long period, unemployment rate would increase again and the wave of layoff would spread from the lower class to the middle class and even to the professionals and the management. Disaster one after another has led to the further decline of our economy and the index of consumer confidence has fallen to the lowest level throughout the years. Our society is overcrowded by pessimism and it is understandable that various parties naturally have great expectations and hope for the last policy address presented by the Chief Executive within his term of office.

Madam President, before presenting his policy address, the informally dressed Chief Executive has visited various regions to communicate with the people and listen to their views, yet, he was not only staging a show. The policy address contains such proposals as reducing rates payment, raising the tax-reduction ceiling for housing loan interest, creating 30 000 jobs and investing \$600 billion in the next 15 years in infrastructure development. Unlike those in the previous policy addresses, the straightforward wordings of these proposals identified the problems that we are most concerned about, obviously, it has closely responded to the appeals of the public. Yet, the affairs of human life will hardly be perfect. Though some appreciate these relief measures, others naturally have criticisms. Those who criticized the policy address said that the policy address was "distant water that cannot put out a fire close at hand", and it could not even relieve the financial pressure and fear of unemployment of the public, how can they alleviate people's plight?

Since 1998, there was actually a section in the policy address year after year on alleviating people's plight. The Government has already tried to alleviate people's plight for four consecutive years and it showed that our society had failed to drive away the gloomy economic condition all along. As an export-oriented economy, Hong Kong has all along been greatly affected by external factors. Thus, it is not very realistic for the public to expect the Government to put forward short-term measures to turn the overall situation around. Some commentators think that the so-called confidence problem of Hong Kong people not only involves our economic future but also the lack of confidence in the Chief Executive. Hence, some people have promoted the

overthrowing of Mr TUNG. Could substituting the leadership solve the problem of our slackened economy? Let us take a look at Japan where the ruling parties came into power one after another and almost 10 Prime Ministers had assumed office and then stepped down in the past 10 years. What about its present situation? Many people applauded and hailed when Mr CHEN Shui-bian was elected and assumed office in Taiwan. But before long, has its economic situation not gradually deteriorated year after year? We can only see 300 000 Taiwanese moving to such places as Suzhou and Zhejiang for new development. Hence, stubbornly quibbling over substituting leaders would only serve to divert attention than really solving the problem. As a common saying goes, "it takes more than one cold day for the river to freeze three feet deep". Actually, we cannot merely depend on this policy address to solve the problems that Hong Kong is facing.

Madam President, facing an unclear future and with no crystal ball to foretell the future, the SAR Government cannot fully grasp all kinds of unknown factors. Who can say for sure that there would not be another financial turmoil that would topple the global economy? Would the September 11 terrorist attack recur? Therefore, when formulating relief policies, the challenges faced by the SAR Government are greater than ever. There are more restrictions and difficulties, and the Government have to take care of more areas and get carefully prepared for any possible situation.

In fact, rebuilding the locomotive of our economy is the most remedial and stopgap measures to enable Hong Kong to come out of its economic difficulties and motivate Hong Kong people to promote our economic development. One of the most important factor for the success of Hong Kong in the past was that Hong Kong people worked with a will and met with emergencies flexibly. While the Government has proposed various measures to stimulate our economy, the public has to rescue themselves by all means, including taking up further studies for value-addedness and increase competitiveness so as to better adapt themselves to the economic restructuring. The Chief Executive has stated in the policy address 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". Such a direction that attaches importance to investment in education is worth affirming and praising. Investment in nurturing the future pillars of our society and bringing up various talents will get the best results and it would be the best guarantee for high value-added development.

Madam President, as a Legislative Council Member from the District Council Functional Constituency, I would like to refer the regards of the Chairmen and Vice Chairmen of the 18 District Councils to the Chief Executive for writing this policy address with the spirit of steadfastly serving Hong Kong.

With these remarks, Madam President, the DAB supports the amendment and the original motion.

MR HUI CHEUNG-CHING (in Cantonese): Madam President, generally speaking, considering the relatively tight finances of the Government as at present, one can say that the policy address this year have been able to manage as much as possible to answer people's aspirations, appreciate the short- and long-term needs of different walks of life and come up with a series of specific measures on important issues such as relieving the current economic hardship and reviving Hong Kong's competitiveness. All this is acceptable. But no matter how satisfactory a plan may be, it is still of critical importance that it must be properly implemented. I hope that the Government can note the following points in the course of implementation.

First, over the past few years, because of external macro influences and economic restructuring, the economy of Hong Kong has remained sluggish. The Government has received less revenue in terms of taxation and the proceeds from land sales have also fallen sharply following the burst of the bubble economy. Amidst the changes in the business environment, Hong Kong businesses in general which wish to maintain their competitiveness have inevitably had to cut wages, lay off staff and save costs in various ways, for if they do not do so, they will not even be able to survive. In contrast, however, even though there is no need for any defence and foreign relations expenditure, the Hong Kong Civil Service and public sector organizations still occupied 21.4% of our Gross Domestic Product last year. In recent years, news of wage cuts and layoffs has been heard of in Hong Kong almost every day, and in response to deflation and public opinions, Legislative Council Members have reduced their own salaries by a cumulative 7% for three years in a row. But during the same period of time, the cumulative pay increase for civil servants reached almost 10%. What can be said is that the pay adjustment mechanism for civil servants is really out-dated. For this reason, I wish to urge the Government not to turn down the calls for civil service pay cuts so quickly by saying that a pay cut for top officials and a pay freeze or even pay cut for civil

servants will be nothing but political gestures. Instead, the Government should look into this matter pragmatically and positively; it should even compare Hong Kong's cost of living index with those in other countries, and then find out whether the expenditure on our Civil Service and public sector organizations as well as their salaries structures are reasonable. The Government must also put forward justifications and measures to answer people's aspirations and seek to implement the objective as laid down in the policy address, which is: "simplify our organizational structure, curb government spending and progressively lower the proportion of public expenditure to Gross Domestic Product", lest we may have to levy a sales tax, or increase the departure tax or other kinds of taxes at a time when business operating costs are continuously high, thus adding to the burden of enterprises and further weakening Hong Kong's competitiveness.

Meanwhile, the policy address also seeks to answer the request of SMEs by proposing to establish a \$1 billion Business Installations and Equipment Loan Guarantee Scheme. But the government officials concerned have said that the Government will not impose any interest restrictions on the relevant loans, lest such restrictions may interfere with the commercial decisions of banks. The Government must clearly realize that this loan guarantee scheme is in itself not any commercial act; what I mean is that if the Government does not introduce such a scheme, banks may not necessarily be willing to extend loans to SMEs. Honestly, businesses are having a hard time, but banks are practically "flooded" by funds. Since the Government is prepared to offer a 50% guarantee, it should have the right to ask the participating banks to offer better interest rates, such as Prime (P) plus 1. Only this can genuinely benefit SMEs. If, however, the usual overdraft interest rates in the market are charged, that is, if P plus 3 or P plus 4 are to be charged, that will not be of much help to SMEs.

Another point is about the setting up of an Economic and Trade Office (ETO) in the Mainland. More than half a year has passed since March this year when the Budget first put forward the idea of setting up an ETO in Guangdong, but it seems that the relevant government departments are still not very clear about the functions and purposes of the ETO. According to some officials, the ETO, as the representative of the SAR Government, will deal and negotiate with the mainland Government on its economic and trade policies that widely affect Hong Kong businessmen and on the difficulties encountered by them, with a view to working out solutions. This objective is certainly proper. But then, these officials also say that the ETO will assume the responsibility of reporting to the SAR Government on development in Guangdong, attracting Guangdong

capitals to Hong Kong and generally promoting the image of Hong Kong. Are these responsibilities not just the same as those of the Trade Development Council? In order to avoid any wastage of resources and prevent the ETO from degenerating into a mere bureaucratic structure performing no real functions, the Government must, as soon as possible, offer a clear explanation to the public on the division of responsibilities and co-ordination between the ETO and other support organizations in the Mainland.

To assist Hong Kong businessmen in grasping the business opportunities brought about by the accession of China to the WTO, the SAR Government, besides setting up an ETO in Guangdong, should also help Hong Kong businessmen to obtain the most favourable trade position. Some Hong Kong businessmen have recently appealed to the Government to inquire with the Mainland whether it would allow Hong Kong businessmen to gain a footing in the mainland market ahead of their foreign competitors before China's entry into the WTO. Honestly, one should not dismiss such a request as being selfish or "benefit-oriented". Since we have "two systems", and the Mainland and we are under "one country", it is only natural that from the commercial point of view, Hong Kong businessmen will do everything they can to capitalize on their edge under "one country" and "two systems", and to obtain as many business opportunities as possible. I urge the Government not to reprimand those who have made such a request, and I also hope that it can fulfil its duty as a government; it should, as far as it is legal and reasonable, and without hindering the accession of the Mainland to the WTO, try positively to help Hong Kong businessmen gain a footing in the mainland market as early as possible. Yesterday, the mayor of Beijing said that if Hong Kong businessmen entered into joint ventures with mainland enterprises, they would be accorded the same treatment as mainland citizens. I welcome this measure, because it is a positive response from the Mainland to the wish of Hong Kong businessmen. It is hoped that SAR government officials will work harder in this respect and study this aspiration both positively and proactively.

Madam President, the business opportunities brought about by the accession of China to the WTO are the key factors determining whether Hong Kong can continue to prosper and maintain its status as an international commercial and trading centre. With respect to business operating costs, assistance to SMEs and the creation of a better business environment as well as more business opportunities, I hope that the Government can take concrete steps as early as possible! Madam President, I so submit.

MR LEE CHEUK-YAN (in Cantonese): Madam President, after the Chief Executive presented his policy address, he appeared in the "Phone-In" programme of a radio broadcasting station as widely reported in newspapers. A Miss MA said, "in fact, we Hong Kong people just wish to hear the Chief Executive say that 'for the advantages of Hong Kong and Hong Kong people, I would not be re-elected and I would not run in the election'". Her remark has voiced the aspirations of many people. I also heard people make similar remarks a few days ago when I attended a general meeting of residents. Some people told me something but I really could not imagine that people would have such an impression. The residents told me that they felt that the Chief Executive was full of vigour and vitality when he was in Shanghai but he looked dejected when he was here in Hong Kong. I could hardly imagine that people would have such an impression. I think this reflects a problem that we really need to pay attention to. Why do Hong Kong people lack confidence? Although this may only be a trivial matter, it actually reflects the aspiration of the public that the Chief Executive would not be re-elected. But as we all know, Hong Kong is in a difficult political position. Mr TUNG does not need to participate in the television programme, "the Weakest Link", because even if the public thinks that Mr TUNG is the person to be out, he cannot be ousted yet. A small "millionaire" group should at least decide whether Mr TUNG would be out like that in the Millionaire programme. Nevertheless, Beijing has controlled the small group to such an extent that we would know that which candidate would be elected before we would even see him.

Madam President, we are precisely in such a difficult political position, thus, Hong Kong is not just having an economic crisis but also a political crisis, and the crisis of people's dwindling confidence in the Government. The Chief Executive often tells the public that it is most important to have confidence but the Chief Executive is precisely the source of the confidence crisis faced by people in Hong Kong.

Economic restructuring signifies the re-allocation of interests and it will certainly produce winners and losers. How the Government avoids lopsided winning or losing and allows groups with different interests to reach a consensus through conversation and compromise is the key to the success of restructuring. But the problem is that the Government does not have the credibility and acceptability to unite people with different interests because Hong Kong people would not have trust in the Chief Executive who is controlled by conglomerates and they would not believe that such a Chief Executive can play the role of an

impartial umpire in the game of interests re-allocation. Thus, we are in such a difficult position. The Chief Executive and the Government are not capable of uniting Hong Kong people to face future challenges.

Hong Kong people have totally lost confidence in the Chief Executive but they still have to see him for five more years. This is exactly the difficult position of Hong Kong. No wonder except the Chairmen and Vice Chairmen of the 18 District Councils that Mr IP Kwok-him has just mentioned, the people are full of grievances.

The Chief Executive may ask: "I love Hong Kong people but why do they not love me?" I saw the movie "Artificial Intelligence" during the summer recess and it reminded me of Mr TUNG. Perhaps we would recall that the little AI robot in the movie asked: "I love Mum but why does Mum not love me?" Later, the little robot was even discarded by his Mum — a human being — in the woods.

During the discussion over the production of the little robot, one of the specialists that took part in the invention asked: "we can invent a robot that understands love, but would man love this robot?" Similarly, when the Basic Law was drafted, nobody could guarantee that Hong Kong people would love the Chief Executive.

The little robot eagerly wished to obtain his Mum's love, so, just like the puppet in the *Pinocchio*, he looked for a blue angel and wanted to become a real boy. Finally, his love wish came true after he had been frozen for 2 000 years.

In this story, the little robot has kept asking a question: "How can I become a real boy?" This reminds me of the Chief Executive for he may also ask, "How can I become a real Chief Executive for the people of Hong Kong?"

It is very simple. He does not have to look for the blue angel in Zhongnanhai and I am sure he does not have to be frozen for 2 000 years. Provided that the Chief Executive would say that he is willing to allow Hong Kong people to elect the Chief Executive in an one-person-one-vote election, he would be accepted by the public. We welcome the participation of Mr TUNG in the one-person-one-vote election so that the public would accept him and he would become a genuine Chief Executive rather than a robot Chief Executive.

To resolve the confidence crisis of Hong Kong people, we must return to them the right to elect the Chief Executive in a one-person-one-vote election. Only an elected Chief Executive would have sufficient credibility and acceptability to unite Hong Kong people and help them face up to future challenges. It is a pity that not a word is mentioned about this in the policy address. It is really an ostrich policy that would ruin the future of Hong Kong.

Lastly, I wish to discuss the amendment to the motion. Mr James TIEN has just spoken in length but I wish to add one point. We always hope that the Government would really do more to alleviate people's difficulties and create job opportunities. Certainly, the Chief Executive would say that he has already created 30 000 jobs but only over 20 000 jobs instead of 30 000 jobs would actually be created next year, and among these 20 000 jobs or more, some 10 000 of them are related to infrastructural development. If Members have paid attention, the contents of the amendment have clearly pointed out that, apart from those relating to infrastructural development, the Government wishes to create 20 000 jobs. If we do some calculations, we will ask what is the difference between these jobs stated in the amendment and the 30 000 jobs mentioned by the Chief Executive. Actually, half of the 20 000 or more jobs to be created next year are related to infrastructural development while 8 000 jobs are for teachers, nurses, health care assistants and cleaners. Besides, 4 000 jobs should not be counted because it is brought about by the three-shift system for the staff and workers of the Housing Department. The Government has not utilized additional resources to create these jobs and it has only created 8 000 jobs with the normal annual growth in our financial resources.

Therefore, we hope the Government would get a clear understanding of this point. We also know that the unemployment rate would then continue to increase and it would reach 6% at any time by the end of this year. We sincerely hope that the Government could curb the deterioration of the unemployment problem so that everybody would have a job and that the Government would immediately create more jobs since there is still time. I also hope that the Government would not be so mean once and again in this regard and it would pace up the creation of more jobs to alleviate people's difficulties. If not, there would be growing instability in the society. Thank you, Madam President.

MR HOWARD YOUNG (in Cantonese): Madam President, the Chief Executive has proposed in his policy address various relief measures but we think that they are not drastic enough and they fail to thoroughly relieve the plight of a high unemployment rate.

I would mainly discuss the tourism industry today. The tourism industry is one of the economic pillars of Hong Kong and related to such policy areas as economic affairs, security, human resources training, planning and lands that straddle several departments. The "September 11 incident" in the United States has instantly affected the tourism industry, and travel agents, airlines and hotels received notification of cancellation of trips very soon. However, the tourism industry is managed by and related to many departments. The Tourism Commission under the Economic Services Bureau co-ordinates tourism affairs but these affairs also involve other government departments, para-government departments and non-governmental departments such as the Hong Kong Tourism Board and the Airport Authority.

Under an economic slump, the tourism industry is the only industry that can stimulate economic growth in the short run. I fully support, and the industry also supports, the Government's determination to relax the procedures for the entry of mainland travellers. I would not repeat the views expressed by Members of the Liberal Party last week but I wish to add one point about the Hong Kong Group Tour Scheme. Those travel agents partly invested in by or operated by Hong Kong businessmen should be included, instead of only mainland or state-owned travel agents. The definition of the Hong Kong Group Tour Scheme should also be confirmed as restricted to trips comprising genuine travelling elements such as escorts, sightseeing and accommodation that would benefit our economy to the full. Otherwise, Hong Kong Group Tour would only become another excuse for visiting relatives at high prices.

Besides the Mainland, Taiwan is the next largest travellers market for Hong Kong. The industry and I have always fought for a system for visa processing within five working days to tally with the system of Taiwan. We also sincerely hope that the Government would further relax the measures for the entry of travellers from Taiwan to attract more travellers from Taiwan. Apart from expeditiously implementing the electronic visa scheme, and since now that Taiwanese residents travelling to the Mainland are allowed visa-free stay in Hong Kong for seven days, the same seven-day transit arrangement should also be made for Taiwanese residents travelling to other countries via Hong Kong.

To deal with the number of mainland and Taiwanese travellers to Hong Kong (this issue is actually related to the Education and Manpower Bureau because it involves the increase in manpower and the travellers), we should enhance Putonghua training in Hong Kong, especially the relevant training for

front-line staff. As regards security, the police should step up prosecution and deal a blow at unlawful businessmen who deceive travellers, in order to avoid impairing the well-established image of Hong Kong as a desirable destination for travellers. In regard to infrastructural development or other projects, the Government should continue to make efforts to develop new tourist spots and expeditiously implement such projects as a large venue in West Kowloon for performing arts, a fishermen's wharf from the Peak to Aberdeen in the Southern District and the cruise pier that have been discussed for long. As to town planning, the Government should consider increasing some tourist elements and making the environment more attractive. We have to continuously introduce diversified trips for Hong Kong Group Tours to make Hong Kong a more attractive place.

It is also very important to maintain the status of Hong Kong as an air transport hub in the international arena and Asia. We should add value to and enhance the competitiveness of our airport as compared with those of our neighbouring regions. We also welcome the construction of a ferry terminal and an exhibition hall near the airport. However, the industries and those in the trade still criticize that our airport charges more than those in our neighbouring countries. Recently, the Director General and Chief Executive Officer of the International Air Transport Association publicly criticized the expensive charges of the airport in Hong Kong. Of course, I welcome the fact that the Airport Authority has recently announced the extension of the period for the preferential 15% reduction in charges. Yet, after the "September 11 incident", Singapore has taken the initiative to write to all airlines to inquire about their difficult conditions and tell them that it would voluntarily reduce charges by 10%, in order to tide over difficulties together. I think Hong Kong should make reference to this action and review the mechanism for charges to determine whether it should concurrently collect passenger departure tax and the charges for the use of the terminal building. In my view, the Government should conduct a review on these multiple charges because other countries have never concurrently collected these two charges.

In addition, I learn from the sector and the related industries that the Airport Authority is sometimes suspected of being unfair when approving franchise applications. It gives people an impression that it is especially easy to apply for franchise for projects related to the Airport Authority. The approved franchise has a longer term but the term of the franchise for other projects relating to tourism such as works, lunch catering and freight is not uniform.

Can the Government conduct a review on this from the perspective of land policy to encourage the operators to inject more resources to provide quality services and enhance competitiveness?

Lastly, the Government should consider taking more relief measures to help the small and medium enterprises (SMEs) (many travel agents in the tourism industry are SMEs). As we often say in this Council, many travel agents have a bleak future under the economic downturn but they are not given any assistance. It is also very difficult for them to obtain loans from banks because they cannot provide any assets as collateral. Apart from encouraging banks to take business performance and plans as the criteria for lending, the Government should also adopt other measures such as reducing or freezing licence fees and even permitting employers and employees to suspend MPF contributions for one year, so as to alleviate people's difficulties.

MR LEUNG FU-WAH (in Cantonese): Madam President, I will deliver my speech as follows. I am not afraid of those people occupying the radio frequency spectrum to attack me unreasonably. Nor will I be frightened by those criticisms based on assumptions and made for the sake of certain ideologies. My points are sensible and founded on facts.

With regard to the policy address presented by the Chief Executive this year, although the response of the public cannot be considered as "giving praise unanimously", they are at least of the opinion that the policy is "neither too good nor too bad". This is evident in facts on two fronts. Last Saturday evening, three Members representing the labour sector in this Council held a consultation meeting on the policy address. One of the over 100 trade union representatives attending the meeting described the policy address as "answering the demands of society and catering for the needs of the people". In addition to organizing consultation meetings to listen to the views of the labour sector on the policy address, the Legislative Council Members from the Hong Kong Federation of Trade Unions and a number of District Council members have also organized 10 residents' general meetings in Kowloon East before and after the presentation of the policy address to directly solicit residents' views. At the three meetings held before the presentation of the policy address, there were obviously relatively strong grievances among the attending residents against the Government. However, at the residents' meetings held in different places in seven consecutive evenings after the policy address was presented, the people's

emotions were a lot more pacified. Judging from the changes in the people's emotions and in the atmosphere of the residents' meetings before and after the presentation of the policy address, the public at large have accepted this policy address in general.

Last Saturday evening, over 100 trade union representatives attended the labour sector's consultation meeting on the policy address, including representatives of civil servants, the manufacturing industry, service industries, traffic and transport trades, as well as public utilities. They generally support the measures proposed by the Chief Executive in the policy address to alleviate the unemployment situation. Nevertheless, the representatives of several trade unions also expressed the hope that when creating the 30 000-odd proposed new jobs, the Government could at the same time expedite the commencement of public works and infrastructural projects, particularly the 100-odd projects already approved by the former Municipal Councils. In their view, this should be the only way to genuinely help the grass-roots workers to resolve their unemployment problem.

As a representative of the labour sector, Madam President, I am naturally concerned with the employment situation of the workers in Hong Kong. In this connection, representatives of trade unions have also expressed their views on giving priority to local workers in employment and the Government's outsourcing programmes. Actually, there is already a social consensus on giving priority to local workers in employment, but then, in reality, plenty of cases can be found in the labour market to prove that this consensus has yet to be put into proper effect. Let me cite an example. The Government is currently striving to commence its various infrastructural projects and over half of the world's sandblasting boats and dredgers will be engaged in reclamation works in Hong Kong. All these projects will have to employ skilled workers in different trades like welders, and so on, to work in such vessels. However, when recruiting welders, many employers have often added in the requirement that applicants must be holders of a Seaman's Identity Book. This requirement is obviously meant to make things difficult for local workers and to deprive them of their employment opportunities. This is indeed unreasonable. In some cases, those boats and dredgers have already employed a batch of overseas skilled workers to work in the vessels before departing for Hong Kong; hence, they will only recruit a very small number of local workers when they arrive here.

From this example, it appears that the Government has not put in adequate efforts to monitor large-scale works projects after awarding these contracts to

overseas contractors, so much so that the policy on giving priority to local workers in employment cannot be realized. Any effort to safeguard the employment opportunities of local workers must be government-led. As such, monitoring outsourcing programmes and the implementation of the policy on giving priority to local workers in employment will certainly be an important issue the Government must face up to and resolve expeditiously.

I wish to emphasize one point. If the Government is really determined to alleviate the unemployment problem, it must employ the relevant workers direct as far as practicable when creating the 30 000-odd proposed new jobs and even when considering creating more jobs in future. So doing will ensure that the new jobs created will not give rise to exploitation under any outsourcing arrangements. Truly, there are currently plenty of labour disputes arising from outsourcing programmes, and the problem of workers being exploited by unscrupulous employers is also worsening. The Government should therefore address the problem. I just hope that when briefing out services in future, the Government will hold fast to its undertaking to require contractors to set out clearly in their tenders reasonable wage levels and terms of employment when bidding for briefing out contracts. I believe this will give the labour market as a whole a positive guideline.

Madam President, during the policy address debate sessions held last Thursday and Friday, I urged the Government to expeditiously review its policy on importation of labour which has been implemented for more than 30 years. Besides, I also urged the Government to provide reasonable labour protection for government employees on contract terms and workers employed by contractors under the outsourcing programmes. Regrettably, however, both the Secretary for Education and Manpower and the Secretary for the Civil Service made no response to my requests at the relevant meetings. I am therefore very much dissatisfied and hope that the Government will give an explanation promptly.

Madam President, I so submit.

MR ERIC LI (in Cantonese): Madam President, in this concluding debate today, I will focus on support proposals for the middle class, professionals and other employees working in the Mainland. I also hope that this debate can conclude on a more constructive basis.

To begin with, I wish to say that the prevailing economic downturn is different from previous ones in nature. Over the years, the people of Hong Kong believe that with good education and professional expertise, anyone will be able to make the grade. As income and savings increase, people will buy properties as investments, thinking that they will not have to ask for assistance after retirement. But nowadays, even people with professional knowledge and qualifications will find themselves facing indebtedness from their negative assets and also unemployment. This can have a severe impact on them and even on the values and beliefs of society as a whole.

Those in the middle class have made great contributions to society, and they have never received any form of subsidies from the Government. The existing social safety net has never taken account of their needs. Nor has it ever been of any help to them. So, when they are faced with the adversities of negative assets ownership or even threats of long-term unemployment, they are actually hard pressed against the wall, having nowhere to turn to for assistance.

Hong Kong is a place where investments carry risks. The lesson we have learned this time is that even normal investments may still bring losses and that the conservative and hardworking middle class may still become penniless one day. Should the Government reassess ways to provide a more effective and comprehensive social safety net, so as to lend a hand to these people who are being ignored and whose plights genuinely require assistance? Meanwhile, I think the safety net to be provided by society does not necessarily have to dish out money. Instead, it is more appropriate to offer assistance in the form of loans to this group of people who have the ability to turn the corner and a stronger sense of pride. I also agree with the Financial Secretary that we should first exploit free market forces, particularly as banks are awash with money and competition is keen. These market forces should be exploited first, and afterwards, the Government can see what it can do to provide impetus. The Panel on Financial Affairs will discuss this later. So, today, I will not go into the details.

The problem of negative assets aside, in this year's policy address, a great majority of initiatives being considered to help these people who have productivity and strong self-help ability and who are contributing members of society are only medium-to-longer term policies. Immediate relief measures, just as Members have said, are inadequate and appear to lack sufficient strength.

I wish to stress that the seven measures proposed jointly by the various political parties and camps are actually coherent measures. For instance, the proposal to defer the payment of salaries tax is precisely meant to make up for the above shortcoming. The greatest merit of this proposal lies in providing an immediate and most effective relief to the middle class in society. This proposal, if implemented, can take effect in a short period of time. It is administratively simple and straightforward with minimal cost requirement, and being similar to loans in nature, it can be repaid in instalments. So, I urge the Financial Secretary to reconsider this proposal.

Those in the middle class who are civil servants are fortunately spared from the economic onslaught. But still, they cannot escape from the moral pressure that society exerts on them. Many Members of the Legislative Council have been calling for a 10% pay cut for the Civil Service. While this is very moderate to the private sector, it nonetheless carries great significance. I do not quite agree with a mandatory reduction of salary in the Civil Service. Nor do I wish to see a general feeling of jealousy and bitterness developed in society. I think this action does not really seek to achieve savings for the Government. However, it can clearly reflect a message, that is, many of those in the Civil Service who are not required to directly answer to the Legislative Council and social demands cannot stay aloof from this. If the Government works inefficiently and fails to respond to social aspirations, the community will not just point their fingers at Mr TUNG alone, or to officials in the higher echelon, but will target at the entire Civil Service. By then, all civil servants, whether they are in junior or senior ranks, can no longer enjoy their high pay and generous benefits peacefully, nor evade accountability. I believe this message is loud and clear.

I am gravely concerned about the development prospects of local professions in the Mainland and an increasingly high unemployment rate. I would like to speak on ways to assist these people. After the release of the policy address, I met the persons-in-charge of all major organizations in the accountancy sector within two weeks and shared with them my views on this issue of concern to them. I also discussed with them the report concerning investment in the Mainland compiled by the Hong Kong Society of Accountants, as I mentioned last week, and responded positively to it. Besides, at least three accountants organizations, including the Hong Kong Chapters of overseas accountants organizations, have made some concrete proposals to me. I will

submit them to Mr TUNG and the relevant government departments for their reference as soon as possible. While these are all preliminary proposals, they are proposed on a self-help basis. So, I think they should be put forward for consideration by Members of this Council as well as representatives of other trades and industries.

Targeting at large-scale international companies, we will actively work with the accountancy sector to position Hong Kong as a springboard for investments in China. Apart from verifying capital position and performing audits, the local accountancy sector indeed has many businesses that can be exported to the Mainland and facilitate value enhancement by mainland enterprises. These businesses include taxation, merger and acquisition, listing of companies, financing, securing loans, facilitating corporate governance, improving economic benefits, corporate restructuring, and so on. While many of these value enhancement services are not yet popular in the Mainland, I think they will contribute to the economic reforms in the Mainland and at the same time help promote our services.

Moreover, with regard to small and medium accountancy firms, we hope that the Government can set up professional service centres in the Mainland to help them economize on such costs as rental and provide one-stop services to them, or provide more training for members of the sector when assisting businesses to develop the mainland market. For instance, many professional qualifications conferred by the relevant mainland authorities should be granted recognition in Hong Kong early. I also hope that more professional bodies can offer more support to people who face family-related problems in such areas as schooling, medical care and housing when working in the Mainland. I also hope that the relevant centres set up in the Mainland can provide them with the experience and services in this regard, so as to facilitate their integration into the community in the Mainland. I hope that the Hong Kong Productivity Council can provide more training so that local accountants can help small and medium enterprises to enhance their competitive edge in the Mainland.

Madam President, I just wish to briefly sum up my speech. I hope that more proposals can be put forward to ensure a "win-win" situation for Hong Kong and the Mainland, to facilitate the fusion of the two economies and to enable both places to achieve value-adding in tandem. In this Council, there are leaders of many different trades and industries. I think that at this juncture, it

will be better to put forward more self-help and constructive proposals in future than merely making criticisms. These are the views that I would like to share with Members. Thank you, Madam President.

MR ANDREW WONG (in Cantonese): With your indulgence, Madam President, I should like to finish the unfinished part of my speech made during last Friday's debate on the policy address. I said the accountability system was to separate the administrative structure into two tiers: an upper tier of officials on political appointment and a lower tier of executive officials. Only by this arrangement can the Chief Executive be given no excuses to shield any blundering officials. If government officials are appointed on permanent appointment, the Chief Executive will have more chance to shield the blundering officials; besides, he simply has no choice but to shield them. However, should the upper tier government officials on political appointment make any mistake, even the Chief Executive could hardly help them remain in office. If the Chief Executive still insists on shielding such officials, he would have to pay a huge political price of being subject to severe criticisms from both the public and the Legislative Council, or of even losing a re-election or a second term of office.

Madam President, the key to the successful implementation of the system of accountability lies in the role played by this Council as the legislature and a representative council. In my view, a constitutional convention must be established and developed whereby a senior government official (under the rule of individual responsibility) or the Government as a whole (under the rule of collective responsibility) must resign when given a vote of no confidence by the Legislative Council. This constitutional convention is an essential component of the liberal democracies under the parliamentary system in use in the West. The principle is that the government must be held accountable to the people for its performance, and under the parliamentary system, it is accountable to the people through a representative council. Under the parliamentary system, this principle came into existence earlier than the election of representative council members by universal suffrage and comes before election by universal suffrage. This is because once this principle is established, that is, the government is accountable to the people through the representative council, a representative council elected by universal suffrage will be the natural result.

To make the accountability system a success, Madam President, it is necessary to introduce two more constitutional conventions. Firstly, the

candidates recommended by the Chief Executive to the Central People's Government for appointment as upper tier government officials must have the support of the political party or the coalition of two or more political parties holding over half of the seats of the Legislative Council. It is only in this way that the Government can secure stable support from the Legislative Council. Besides, since the political parties and Members supporting the Government will also be held politically responsible, Council meetings will not be so frequently reduced to farces in which enormous help is offered to the Government in the disguise of mild condemnation. Please note that I did not say the upper tier officials must be affiliated to political parties. Actually, they can have no political affiliations at all, so long as they can command the support of the majority political party.

As for the last constitutional convention, Madam President, it is ruling without governing; at least, the Chief Executive is not directly involved in the governance. In making recommendations for political appointments, the Chief Executive must first identify the candidate for the office of Chief Secretary for Administration, who will then prepare a list of candidates for the other political appointments. The Chief Executive will then seek the support of the political party or the coalition of political parties holding the majority of seats in the Legislative Council for the political appointments, with a view to forming under the auspices of the Chief Executive a government, which is authorized by the Chief Executive and under the leadership of the Chief Secretary for Administration, accountable to the people through the Legislative Council. This is similar to the formation of the Her Majesty's Government in the United Kingdom, but more so to the French system of government under which the President will first appoint the Prime Minister who will then appoint other members of the cabinet. Please note that representative council members are not allowed to take up any political appointments in the upper tier of the French administrative structure. The President of France is the Chairman of the Council of Ministers, which is also known as the cabinet. This is similar to the arrangement prescribed in the Basic Law.

Madam President, the accountability system outlined by me just now is the only way to ensure the peaceful and bloodless change of government and senior government officials in Hong Kong, and that government policies and the implementation of such policies can be amended and revised peacefully and bloodlessly. That way, the policies implemented by the Government will answer the wishes of the people on the one hand, and bring improvement to Hong Kong on the other.

In the remaining time, Madam President, I should like to speak briefly on the seven-point consensus reached by the cross-party coalition of the Council, as well as to present a proposal of mine. I support five of the seven points in the consensus, and they are namely, creating 20 000 temporary posts, expediting infrastructural projects to create more jobs, adjusting downwards the rentals for shopping arcades and markets under the management of the Housing Authority, reducing public housing rents, and alleviating the mortgage repayment burden on owners of negative equity. However, I do have reservations about the remaining two points on rates concession and deferring salaries tax payment. This is because I believe the proposal I am going to put forward is better than these two points. Nevertheless, I will still vote in support of the amendment proposed by Mr James TIEN to the motion.

Madam President, stimulating the economy is the first and foremost task before us now, and there are only two ways to stimulate the economy: reducing tax or increasing government expenditure. While both measures will dig into the public purse, increasing government expenditure is more effective than cutting tax. Anyone who knows something about economics will understand that the cost-effectiveness of an additional \$1 in circulation in the market is greater than \$1, and this is the so-called multiplier effect. While the higher the people's marginal propensity to consume the greater will be the multiplier effect, the higher the people's marginal propensity to save the smaller will be the multiplier effect. Unlike tax money that is the money in people's pockets, government expenditure is additional money in circulation in the market. Thus, if the people's marginal propensity to consume remains unchanged, the multiplier effect of tax reduction is 100% less than that of increasing government expenditure. In other words, if the multiplier effect of increasing government expenditure is 200%, the same effect of tax reduction is only 100%. Assuming the people's marginal propensity to consume is spending 60 cents out of \$1, the multiplier effect of a \$5 billion reduction in rates charge by the Government is only 150%. On the other hand, if the Government should spend \$5 billion, a multiplier effect of 250% could be achieved. So, while a \$5 billion rates relief will give rise to an additional increase of only \$7.5 billion in Gross Domestic Product (GDP), an increase of \$5 billion in government expenditure will give rise to an increase of \$12.5 billion in the GDP. Madam President, I suggest the Government to draw on the public coffers to offer assistance to the people. However, rather than real money, the assistance provided should be in the form of cash coupons usable in Hong Kong only. That way, the local economy will be given a boost. Ultimately, once the economy revives, job opportunities will certainly increase.

Madam President, I specifically suggest the Government distribute cash coupons valued at \$5,000 to each adult resident, and the total worth of such coupons will amount to some \$20 billion. Since these coupons can only be used in Hong Kong, the people's marginal propensity to consume should be rather high. Assuming 80 cents out of \$1 will be spent, the multiplier effect will be as high as 500%, which means that the \$20 billion cash coupons will lead to an additional increase of \$100 billion in the GDP. If the marginal propensity to consume should be higher, say 90 cents out of \$1, the multiplier effect would rise to 1 000%, bringing an additional \$200 billion to the GDP.

Madam President, I hope the Government will seriously consider this proposal. Even if it cannot be put into effect now, I still hope that it can be introduced next year by the time the annual budget is presented.

Thank you, Madam President.

MRS MIRIAM LAU (in Cantonese): Madam President, I am speaking today because I did not have a chance to do so in the first session last week. I would focus on logistics development. As the topic involves many Policy Bureaux, it is quite suitable for me to speak today.

Madam President, I am very pleased that the Government has finally confirmed that the logistics industry is the major direction of future development. However, Hong Kong has started a few years later than other regions, thus, we must rise and catch up.

The consultancy study commissioned by the Hong Kong Port and Maritime Board has drawn a blueprint for our logistics development. For Hong Kong to develop into a logistics city, we must strengthen four logistics aspects including infrastructure, information, manpower and marketing. Public and private organizations must co-operate in promoting logistics development.

In the past, since each government departments went on each own way, policies for the development of the logistics industry were fragmented. I welcome the establishment of the new Steering Committee on Logistics Development by the Government, with chairmanship by Financial Secretary and three standing members being Bureau Secretaries. I believe this Committee can change the undesirable practice of each government department going its own

way. But I have noticed that its standing committee does not comprise the Secretary for Transport, the Secretary for Security, the Secretary for Education and Manpower, the Secretary for Planning and Lands and the Chairman of the Airport Authority whose work is related to the promotion of logistics services. Certainly, they can be invited to participate in discussions when the need arises, but they can actually not follow up matters closely since they are not members of the standing committee of the Steering Committee. Hence, the finalization of various policies and measures may be delayed as a result. So I really hope that the Government would pay attention to this point.

The two-tiered structure proposed by the Government also has deficiencies. The upper-tier Steering Committee on Logistics Development comprises government officials and has solid powers. Would this Committee fully understand the logistics industry? Can it fully grasp the needs of the logistics industry so that the policies and measures formulated will really meet the needs of the industry? The lower-tier Logistics Development Council mainly comprises industry participants with professional knowledge and practical experience. Yet, I have been given to understand that a government official would still lead the Council. How effective a function would this advisory body without solid powers and led by the Government serve?

Under the existing structure, the officials in the Steering Committee would not spend all their time on logistics development. In fact, they are not able to do so, and I do not expect them to. The lower-tier Logistics Development Council in which many private organizations would participate would only hold meetings from time to time for presentation of views. Who would be in charge of the day to day practical work in respect of promotion, follow-up, liaison and co-ordination? I am still not very sure. I am concerned that this structure will fail to promote the co-operation between public and private organizations which is of paramount importance. Actually, the consultancy study has proposed the creation of an executive team focusing on the development of logistics services. It will make concerted efforts with the Logistics Development Council in substantive promotion. It has been reported that the existing plan is to reorganize the Port and Maritime Board team of the Economic Bureau into the Port, Maritime and Logistics Development team, and to give it two additional staff members to support the work of the Logistics Development Council. I worry that if, with the addition of two members, it could effectively perform the function of following up, liaising, co-ordinating and promoting the co-operation between public and private organizations, a function that straddles several policy areas and involves several aspects of logistics development. The Government

has loudly advocated the development of the logistics industry but it has only paid lip service in respect of resources. I hope that the Government would allocate more resources, otherwise, it would not be able to do what it eagerly wanted to. In the long run, the Government should consider establishing a quasi-government Logistics Development Council similar to the Airport Authority and the Hong Kong Trade Development Council such that the Council would have adequate resources and solid powers to fully develop the logistics industry.

Madam President, the logistics industry is the major direction of world development, but some small and medium enterprises are worried that the logistics industry in Hong Kong may be monopolized by large consortia. What are the roles that small and medium freight companies and companies ancillary to the freight industry can play in various links of the supply chain? The Government should assist in increasing their knowledge and participation in this respect. We should also offer appropriate human resources training as soon as possible. Although a lot of organizations have already begun to offer logistics courses, we must ensure that the courses meet the needs and can upgrade the professional standard to allow more people in the industry to receive training.

With the explicit objective of fully developing the logistics industry, we want actions now. I hope the Government and the industry will be united and make concerted efforts to promote the development of Hong Kong into an international logistics centre.

The shipping industry is closely related to the logistics industry. Just like the logistics industry, the shipping industry is very important to the economic development of Hong Kong. However, the policy address is silent on consolidating and upgrading the status of Hong Kong as an international shipping centre. The shipping industry understands that the criteria for a real international shipping centre are container throughput and the total registered tonnage of vessels as well as whether the shipping-related industries are prosperous and whether there are plenty of local shipping talents. Yet, the relevant businesses such as shipping financing, arbitration, insurance, shipping management, sales and leasing are not well-developed, so, we must make more efforts.

A more pressing problem is the gradual shrinking of the local bank of shipping talents. The shortage of middle management personnel has created a fault and the ageing of professionals in the Marine Department is worrying.

The shipping industry has requested the Government to provide systematic training. If the Government continues to remain indifferent, the business has to recruit talents from other places. If the Government is determined to consolidate the status of Hong Kong as an international shipping centre, it is duty-bound to take the lead in providing sound training courses and a training ladder so that those interested in joining the shipping industry can find opportunities of promotion and ascent up the ladder. After they have worked on deck for a few years, they will have gained the relevant experience and then go ashore and join the shipping or shipping-related trades. Then, they will be able to contribute to our development into a shipping centre. Otherwise, we will only hand over such work to overseas professionals and forfeit the future of our shipping industry.

Madam President, I so submit.

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, the Chief Executive said that writing this policy address after the "September 11" terrorist attack incident in the United States had been the hardest task. Fortunately, this policy address has gained the widest approval of all previous addresses, for it no longer mentions the construction of certain centres or all sorts of dazzling ideas. It is a very practical policy address that has fully responded to the community's aspirations. It has proposed measures for alleviating people's difficulties, improving the employment situation and stimulating the economy. While using distant water to put out a fire close at hand, it also uses water close at hand to put out a nearby fire. After the presentation of the policy address, Mr TUNG has gained increased popularity among the public. It is the first time that some colleagues of this Council have refrained from proposing amendments to express their regret. All this illustrates that the public generally supports the policy address. The Government can certainly take stronger measures to alleviate people's their difficulties. For instance, it should make more efforts to help the middle and lower classes tide over their difficulties. In regard to the economic co-operation between Guangdong and Hong Kong, the Government still have a lot to do.

Madam President, the policy address is not "Tiger Balm Oil" that can give instant relief. Some people have put all the blame for the economic downturn on the Chief Executive alone. Under the pretext that the popularity of the Chief Executive is not high, they intend to force him to step down. This does not tally

with the facts and is grossly unfair. The popularity of the Chief Executive is naturally low during an economic downturn. As the public have to bear with a lower living standard, they will naturally have grievances and dissatisfactions, and they will focus on and project these emotions onto the Government of the Hong Kong Special Administrative Region (SAR) or Mr TUNG personally. With "Hong Kong people ruling Hong Kong", the people would have much greater expectation of and demand on the Government. However, the economic downturn is not of Mr TUNG's making. Firstly, with a poor external economic situation, Hong Kong as an export-oriented economy can certainly not be spared of such influence. Secondly, there was an economic bubble in Hong Kong and the bubble burst at the onslaught of the Asian financial turmoil. The community is now putting up with the adverse effects of bubble economy. Whoever takes up the office of the Chief Executive will have to meet these challenges. While our situation is not satisfactory, that of the other three little dragons in Asia is not in any way better and they are in an even more difficult situation. After the Asian financial turmoil, all of us have actually witnessed the strong recovery of Hong Kong. It is a great pity that we are in difficulty again after the "September 11 incident".

Some have also said that there are so many problems because Mr TUNG is not returned by a popular election. Thus, it has been suggested that to basically solve the problem, we should start with electing the Chief Executive by universal suffrage. Actually, the problem can basically not be solved as simple as by substituting the leader or conducting a universal suffrage. As the Honourable IP Kwok-him said earlier, though the Prime Minister of Japan is returned by a popular election, the economy of Japan has gone downhill since 1990 and the Nikkei Index has declined from 39 000 points to 9 000 plus today. During the period, there have been 10 Prime Ministers but the economy of Japan is still like a pond of stagnant water and far too weak to be revived. Mr CHEN Shui-bian, the leader of Taiwan, is returned by a popular election and he said during campaigning that "when Ah Bian is elected, the stock market will reach 10 000 points". What actually happened? After his assumption of office, the economic situation of Taiwan has conversely become increasingly worse and the stock market has dropped from over 9 000 points to 3 000 plus today, far worse than the situation during the Asian financial turmoil. Among the four little dragons in Asia, the situation of Hong Kong is relatively better. It shows that substituting the leader cannot solve the problem and all the problems will not disappear when a popular election is held. All opinion polls show that Hong Kong people are most concerned about the unemployment and economic problems, and they give democracy and constitutional reform the lowest priority.

Certainly, the relatively low popularity of the Chief Executive is related to the deficiencies of public administration. For instance, there are swaying and confusing housing policies. The administration is not smooth enough and powers and responsibilities are not clearly defined. If the accountability system for senior officials proposed in the policy address is implemented well, I believe it can remedy the deficiencies in the past, that is, the principal officials did not have to bear political responsibilities even if they did not perform their duties well. Yet, some colleagues spoke plausibly and righteously when they demanded certain principal officials to step down or proposed a motion of no confidence in some principal officials. Nevertheless, when the Government complies with the people's will and introduces the accountability system for senior officials to improve administration, they strongly opposed it, saying that the senior officials would then be accountable to Mr TUNG alone. Their position was obviously swaying and contradictory.

Madam President, the "Headline" programme of the Radio Television Hong Kong (RTHK) on 13 October drew an analogy between the SAR Government and the Taliban administration, which was inappropriate and incorrect. This was a serious problem, not just a general use of satire. What evidence did the "Headline" have to prove that the SAR Government supported and harboured international terrorists? What was it if not a malicious slander to draw an analogy between the SAR Government that practises "Hong Kong people ruling Hong Kong" and the Taliban? It is really inconceivable that such a programme that maliciously distorted and fabricated facts as well as drew an analogy between the Government and a terrorist organization could be broadcast by a public broadcaster.

Some said that though the staff of the RTHK are civil servants, they are paid from the public coffers, so, their boss should be the public and they could oppose the Government. If this argument is established, does it mean that the whole Civil Service can openly oppose the Government, as civil servants are paid from the public coffer, they are public servants? Yet, these people have precisely shouted so loudly that civil servants should be politically neutral. Why did they not demand the RTHK to maintain politically neutral? The "Headline" drew an analogy between the Taliban and the SAR Government and the Chief Executive, contrary to the principles of impartiality, accuracy and taste as stipulated in the RTHK Producers Guidelines, and the professional programming standards. They put drafts away even though it is specified that drafts have to be prepared and the presenters spoke arbitrarily though it is

specified that the producers should assure quality. The way of expression by the RTHK this time has failed to meet the requirements of the Guidelines. Its staff had not followed the procedures and they refused to admit their mistakes. Was it a tiger's tail that nobody could pull? The RTHK even intended to use public opinion as a shield and said that it had to collect public opinion on such a satirical programme. In fact, it was diverting attention. Some democrats waved the flag to defend the freedom of the press at every turn. They resisted all comments and wished to seal the mouths of those who criticized. In their view, a person interferes with the freedom of the press when he criticizes the RTHK. In fact, the incident has nothing to do with the freedom of the press. Some emphasized that we should have a greater sense of humour, trying to act as a mediator seeking peaceful settlement. But a mistake is a mistake. How could they mix up right and wrong? Let us pull the tail of the RTHK and judge who is right and who is wrong.

With these remarks, I support the Motion of Thanks in respect of the policy address 2001.

Thank you, Madam President.

MR MARTIN LEE (in Cantonese): Madam President, I said last Wednesday that the Chief Executive only discussed the development of the government system in five lines and upholding the rule of law in only two and a half lines. It is stated in paragraph 148 that "since the establishment of the Special Administrative Region Government, we have continued to strictly uphold the rule of law. Our courts have maintained their independent judicial authority and the rights and freedoms of our citizens continue to be protected by law."

Madam President, it is a pity that the Chief Executive does not understand what the rule of law is. The so-called "uphold the rule of law" is actually only "ruled by law". I believe no government in the world would say that it does not rule according to law. The rule of law should in fact mean the spirit of the rule of law. First of all, the overriding principle is that everyone is equal before the law. Unfortunately, since the establishment of the SAR, I can say certainly that some people are more equal than others. This expression originates from *Animal Farm*, George ORWELL. The case of Ms Sally AW Sian is the most obvious example. Under a sound system of rule of law, laws must be comprehensive, including desirable laws that protect human rights rather than

draconian laws that exploit human rights. However, when the SAR was first established, the Provisional Legislative Council amended the Public Order Ordinance to excessively restrict the freedom of procession and assembly of the people.

Thirdly, the courts in a region that upholds the rule of law should enjoy independent right of jurisdiction as referred to by the Chief Executive. Yet, the spirit of the rule of law in Hong Kong has been greatly injured by the interpretation of the Basic Law by the National People's Congress.

Madam President, at the time of the reunification, Hong Kong was actually the only Chinese community in the world that enjoyed the rule of law, the kind of the rule of law as I said just now. Hong Kong could actually call itself the only "city upholding the rule of law" in China. Therefore, the Chief Executive does not need to bother about the development of Hong Kong into certain centres and he only needs to maintain Hong Kong as a "city upholding the rule of law", and Hong Kong would then be substantially benefitted. The pressing task for the Chief Executive and the Secretary for Justice is to publicly declare that in future after the Court of Final Appeal has interpreted certain provisions of the Basic Law, no requests would be made to the Standing Committee of the National People's Congress to interpret the same provisions again. This would restore the confidence of local and foreign investors in the rule of law in Hong Kong.

Madam President, after China's accession to the World Trade Organization (WTO), I am sure many large foreign enterprises would be interested in making investments in the Mainland and developing the China market. If their confidence in the rule of law in Hong Kong could be restored, these foreign investors would choose to set up head offices in Hong Kong and Hong Kong would naturally become an arbitration centre as expected by Secretary for Justice Elsie LEUNG. As the overall benefits of Hong Kong would no longer be restricted to arbitration-related stakeholders such as the legal sector, people from all walks of life would also be benefitted. Madam President, I hope that the Chief Executive and the Secretary for Justice would do so because it would be good to both Hong Kong and the country.

Madam President, when he came to the accountability system for senior officials, the Chief Executive stated in paragraph 140 of the policy address that it would be for the Chief Executive in the second term to decide whether these

ideas should be implemented. That is right because it is not sure if he would surely become the Chief Executive in the second term. Although none of us here would think that he would not, but at least he must say so constitutionally. Yet, it is strange that when he discussed education in paragraph 56, he said 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 am not trying to criticize what he said or that the Government should not increase investment in education, but I only think that his remark is flawed in terms of logic. How could he say that the Government would do so in the next five to 10 years? Does he wish to be re-elected as the Chief Executive in the third term? The Basic Law does not allow this.

Madam President, some Members such as the Honourable Andrew WONG have pointed out that it is good to take the first step in the accountability system for senior officials. Certainly, he also agrees that some sort of conventions can be established. But the problem is, the Government has not mentioned its expectations or the possibility of participation by the Legislative Council in the future or such arrangements as the voluntary resignation of some officials when a motion of no confidence in them were passed by the Legislative Council in the future. I wish to remind Mr Andrew WONG that he had said, when the Government scrapped the two former Municipal Councils, that he would support the Government if the District Councils were given greater powers. Although the Government had not promised him so, it still got his support in the end. Therefore, I wish to sincerely remind Mr WONG that if the Government has not added the conditions that he expected, I hope he would not support this "unaccountable puppet system" that we deem as absolutely useless and merely empty talk. I also wish to remind him that many commentators have already criticized that such a system would be useless, thus, I wish that he would not suppose only he is sober and the rest of the world is drunk.

Thank you, Madam President.

DR RAYMOND HO (in Cantonese): Madam President, this year's policy address which is entitled "Building on our Strengths Investing in our Future" has indeed made some long-term proposals to solve our problems. However, for the public which is so much distressed by the economic downturn, it would be more practical to have some proposals that can boost employment and the economy in the short term. In view of this, in the session on works in the

Motion of Thanks debate last Wednesday, I urged the Government to first, increase investments in infrastructure; second, accelerate the progress of the projects; third, launch more construction projects; and fourth, promote environmental protection and greening efforts. These initiatives are meant to create employment and make the best use of our human resources. I would therefore not repeat the points already made. I would like to make use of this opportunity to share with Honourable Members my views on other areas in the policy address this year.

Enhance the training of local talents

We are facing a great challenge now and that is the restructuring of our economy, and it is because of this change in our economic structure that we are being confronted by a very serious mismatch in manpower supply and economic demands. In order to alleviate this problem of mismatch, the Government should put more resources into the training and retraining of local talents. I think the Government is aware of this and in the recently delivered policy address, an appropriation to the tune of \$5 billion is made in assistance of continuing education and other training programmes.

Apart from putting in more resources, the Government should ensure that the resources thus committed can be used effectively. However, there is not an overall policy on training and retraining and in the absence of any co-ordination, many organizations are offering courses of their own. These courses may not be able to meet market demands, hence a lot of resources have been wasted. Moreover, a lot of people have wasted their valuable time while failing to get any results. Therefore, I think that the Government should set up an organization independent of its own institutional framework to monitor reforms in the training structure of local talents to ensure that resources are used effectively.

Promoting professional services

The Government has set aside \$100 million to set up a fund for the purpose of promoting the development of professional services in Hong Kong. I think this initiative has positive implications, for it will help raise the level of professional services in Hong Kong, as well as the expansion of such services on the Mainland and in the international markets. I hope that the government department to be charged with the administration of the fund will vet and approve funding applications in a fair manner so that all professionals who are interested

can benefit from the fund. In addition, I support the suggestion to reduce the adoption of standard designs in works projects. This is meant to encourage professionals and give them more opportunities of innovation. The Government should take complementary action with respect to the tendering of such projects. It should not attach too much importance to awarding the projects to the bidder who offers the lowest prices, for that will impose restraints on innovation.

Environmental protection

To carry forward the concept of sustainable development, the Chief Executive in his policy address in 1999 stated that a Council for Sustainable Development would be set up. However, the preparation of the Council has been progressing slowly. A Sustainable Development Unit was set up this April and it was tasked with the making of relevant recommendations. I hope work in this aspect can be expedited and that there will soon be a finalized proposal as to the details in respect of the composition and terms of reference of the Council and the sustainability impact assessment system.

I would like to mention in passing the problem of solid waste in Hong Kong. At present, we are dumping about 17 900 tonnes of solid waste every day, of which 7 900 tonnes are domestic waste, 1 800 tonnes are commercial and industrial waste, and 7 500 tonnes are construction waste. The amount is very enormous and it is exerting tremendous pressures on the facilities in our landfills and the waste transfer depots. In view of this, the Government has recently responded to the situation by announcing in September seven measures to reduce and recycle domestic waste, including earmarking land in Area 38, Tuen Mun for the development of a waste recovery park. These measures are welcome. However, I still hope that the Government can study into hi-tech incinerating facilities and the possibilities of turning waste into energy or useful materials.

As to construction waste, I hope that a thorough review can be made of the existing Buildings Ordinance with a view to encouraging the construction industry and developers to use environmentally-friendly and maintenance-friendly materials. Building designs with greater use of prefabricated parts and other suitable materials should be encouraged. This will reduce the production of construction wastes. As a matter of fact, I proposed a motion in this Council last January on some related issues and urged the Government to amend the relevant legislation expeditiously.

Support for small and medium enterprises (SMEs)

As the Government has set aside \$1.9 billion to help the SMEs, it should also consider setting up a statutory body similar to The Small Business Association of the United States to provide a comprehensive range of services to SMEs in Hong Kong and offer them full assistance and support.

Create employment and relieve the hardship of the people

The last, but the most urgent and important one is that the Government and the related organizations should take more proactive measures to create employment and relieve the hardship of the people. I now urge them again to take action for this. In view of this, seven political parties and the Breakfast Group in this Council have formed cross-party coalition and come up with a seven-point consensus, and the demands are included in the amendment proposed by Mr James TIEN to the Motion of Thanks.

Madam President, Mr Eric LI and I have taken part in the discussions of the coalition on behalf of the Breakfast Group. We are sure that the stand of the coalition is consistent and that it is likewise consistent with the demands of the people. The Government should hear this voice loud and clear. With these remarks, I support the amendment and the original motion. Thank you, Madam President.

MR FREDERICK FUNG (in Cantonese): Madam President, Dr SUN Yat-sen, the Father of China, said "politics is the administration of the affairs of all."

As regards the administration of such an international city as Hong Kong, the Government has to face up to the internal social conflicts and development as well as the challenges and competition in the international arena, and it cannot practically not be political at all. During the last few years, the remarks made by the Chief Executive and the policies he implemented gave people an impression that "This is me — apolitical." Certainly, the Chief Executive does have supporters. The policy address this year was presented when there was an economic downturn and the public was in an abyss of suffering. Many in the business sector expressed satisfaction with the policy address and stressed appreciation of the Chief Executive not dishing out monetary reliefs under

pressure. This reflected that the Administration and the business sector basically share the same philosophy of governance in Hong Kong.

The Chief Executive comes from the business sector and he has grown up in a well-off family. He has experience in the business sector and he understands the business sector and the needs of the market. However, he has not run in any political competition such as a popular election, and he does not know the importance of his relationship with the public after he has got the powers. He has not shuttled back and forth in a slum and he fails to feel the pressure of the lower class in respect of finance, housing and living. He visited some caged apartment dwellers in Sham Shui Po when he ran in the election, and he was shocked to find that there was a hell on earth in such a prosperous society. That year, the Chief Executive proposed "the establishment of a kind and caring society, looking after those in need and supporting the elderly and the poor" in his policy address. Over four years have passed but life in and the environment of a slum still remains unchanged. However, the Government focuses its efforts on human resources. This may be helpful to our economic development, but it would not help set people's hearts on Hong Kong, reinforce unity or reduce conflicts.

What methods should be used to administer a place? Perhaps, different places and different people will have different ideas. But evidently, for more than four years, the Chief Executive and his think-tank agitated the development of the market, hoping that once the market revives, the economy will be stimulated. In their view, when the economy as a whole improves, the people's lot will also improve.

However, problems arose in this process. Firstly, the Chief Executive and his think-tank had underestimated the effects of the financial turmoil and the subsequent economic downturn. Despite knowledge of the "September 11 incident" in the United States when he presented the policy address on 10 October, he still remained stubborn, unwilling to take more measures beyond the market forces to rescue the market and the people. Today, the Chief Executive should come round to the fact that merely sticking to the idea of market-driven development can no longer turn around the direction of economic development.

Secondly, market-driven development often makes the weak the prey of the strong. Those concerned would no longer consider reason, human factors

and problems. Thus, during an economic downturn, large enterprises and small firms would lay off employees and reduce their wages. While Hong Kong people have faced a three-year downturn and companies and enterprises are struggling for survival by market means or for an increase in profits by all means, the market would simply ignore the well-being of wage earners.

Thirdly, the Chief Executive and his senior officials have not considered the difficulties of those people laid off or those who have seen their wages reduced. Over two months ago, the Financial Secretary still said in a high profile that "layoffs are good and wonderful, and they should continue". Such an idea and attitude driven purely by the market perspective would only make the situation worse. The Chief Executive and his senior officials are still asking people to condescend and manage everything on their own, and they have also told them that there is little that the Government could do. The public has only heard irresponsible comments that came as a chilling gust of wind, a gust blown by the mouth of the Chief Executive and those of our senior officials.

I am going to list some data obtained from the Census and Statistics Department and I wish that the senior officials would pay attention to them. Firstly, 420 000 wage earners earn not enough, and the median wage of \$4,999 is less than half of \$10,000. As compared with last year, the number of people with such income has increased by 40 000, that is, 40 000 more people are earning less than \$4,999, representing a rate of increase of 12.9%. Among them, 35 000 more earn between \$3,000 and \$3,999. In other words, 35 000 out of 40 000 people earn between \$3,000 and \$3,999. Secondly, the income of 242 400 households is less than one third of the \$18,000 median household income, that is, they earn less than \$6,000. If a household comprises 3.5 persons on average, 850 000 people only have \$1,700 to spend each month on average. Thirdly, public housing residents usually earn less than the overall median income in Hong Kong. In 1997, their median household income was \$15,000, but it dropped by 23% to \$12,000 in the second quarter this year. But the ratio of rent to income has increased from 9:6 in the second quarter of 1997 to 10:7 today. I hope that the senior officials would bear these figures in mind. I believe the problems would deteriorate after the "September 11 incident". Has the Government considered how it can handle the problem of the poor getting even poorer when the income of the low-income earners continues to decrease? Has the Government considered how a household of three to five persons with a monthly income of less than \$6,000 can make ends meet since they will have less than \$2,000 left after spending 70% of the income on rents

and school fees? Has the Government considered the plight of an old person who spends his \$705 Old Age Allowance and savings little by little month after month? In regard to the freeze of public housing rents, the Housing Authority said that the Government was very benevolent for it had not increased the rents. Does the Government know what level is the public housing rent now? It is at the 1997 level. What does that mean? It is at the highest level throughout the years. Freezing the rents at this level, the Housing Authority has actually continued to collect high rents despite the fact that the income of public housing residents has reduced by 23%. Has the Government ever considered helping these residents? While Secretary Donald TSANG reprimanded the Housing Authority for suspending the sales of Home Ownership Scheme flats, why has he not said anything on this issue?

The senior officials and the Chief Executive are indifferent to these problems and they have only told us that there is very little they can do. The Chief Executive has always asked us to be united, would the public make any response?

I wish to tell the senior officials two pieces of history. After the Second World War, the British gave up CHURCHILL, the Second World War hero, and selected the Labour Party whose platform was to reconstruct the country. After the 1967 riots, the colonial government gave up its consistent high-handed measures and introduced a series of welfare policies. Therefore, Hong Kong and the then Britain enjoyed prosperity for 20 to 30 years. I hope that the SAR Government has listened to these two episodes in history and that it would know more than using market forces and investments in human resources as means to solve all problems. I ask the Government to listen to advice on political and welfare measures and adopt such measures. I do not know if the SAR Government would make any response. Thank you, Madam President.

MR AMBROSE LAU (in Cantonese): Madam President, the fifth policy address presented by the Chief Executive under the most straitened circumstances is particularly difficult to write. As the global economy has obviously slackened and the decline expedited after the "September 11 incident", Hong Kong has begun to undergo economic structuring. In the face of external disturbance and domestic trouble, we have been caught the most difficult situation in decades. As the wave of unemployment has borne down menacingly and consumption has dwindled, the fiscal deficit of the Government

will rapidly increase, dealing a heavy blow to economic revival. Under these severe circumstances, the policy address shows that the Government has not lost its direction or resorted to prescribing remedial measures arbitrarily. Instead, it has drawn on collective wisdom and absorbed all useful ideas, objectively and calmly analysed the situation, and actively responded to public sentiments, endeavouring to alleviate their difficulties. With the spread of pessimism in the community, the Government has set a clear positioning for the Government under economic restructuring, and listed five major tasks to be monitored by the public. It has also pointed out explicitly the direction of continuous development of high value-added activities. The Government has changed its previous "positive non-invention" policy, realizing that it could not remain indifferent in the face of economic difficulties and that it must do something.

Concerning short-term relief measures, the policy address has mainly proposed three measures such as creating 30 000 temporary jobs, reducing rates charge and raising the tax-deduction ceiling for housing loan interest. Given the enormous pressure of colossal deficits, the Government has tried its best to take these three measures, but it still has to conduct a review and make improvement.

The Hong Kong Progressive Alliance (HKPA) thinks that promoting large-scale infrastructural development will help turn Hong Kong into a logistics, tourist and business centre in the region as well as create a lot of jobs to effectively lighten the pressure of unemployment. But the problem is that the executive departments have been too slow in carrying out such projects. Therefore, to improve the business environment in the medium run in terms of hardware, the Government should review its mode of operation that is just like that of "a doctor who unhurriedly cures a patient with acute infantile convulsions". In particular, it should review the "bottleneck effect" on our economic development arising from backward cross-boundary traffic and congested border clearance.

The HKPA hopes that the \$5 billion allocation for continuing education would directly subsidize students. The Government should also target at the unemployed middle class and low-income earners who have to switch to other trades and industries. In the past, continuing education was often self-financed by students, thus, low-income earners were deprived of the opportunity of pursuing further studies. This violates social justice insofar as lifelong learning is concerned.

Madam President, though it is explicitly stated in the policy address that Hong Kong shall head towards high value-added development, the way out for the 1.3 million low-skilled workers with low academic qualifications is not given a clear direction. The HKPA thinks that Hong Kong should develop along the line of a "binary economy". On the one hand, the Government should promote the development of high value-added and hi-tech industries and selectively support labour-intensive industries such as the tourism industry that Hong Kong needs for its long-term development. The tourism industry can stimulate the growth of overall business volume and create many jobs in many areas. On the other hand, Hong Kong should also develop industries that match our long-term development such as the environmental protection industry, the community and personal services industry, and so on. These industries and trades are indispensable to a cosmopolitan, and they can also absorb a large number of low-skilled workers with low academic qualifications. Thus, the Government should support these trades.

The policy address this year has put forward a preliminary idea on an accountability system. It has introduced a new appointment system for principal officials at the top echelons of the Government. This structure would ensure that the Chief Executive can organize his team for ruling Hong Kong, which is basically reasonable and feasible. The problem is how the Government can clearly define the roles and duties of Policy Secretaries under the accountability system and the civil servants who were Directors of Bureaux. How can the original Directors of Bureaux play a pivotal role between the Policy Secretaries under the accountability system and the Civil Service? If they fail to play the role well, apart from having an overlapping structure, there would easily be tough former officials and vulnerable new officials. Policy Secretaries under the accountability will have to leave at the end of five years, but their pivotal civil service partners would survive. The accountability system should not only be implemented among Policy Secretaries under the accountability system but also among pivotal officials. If the pivotal officials are not accountable, the effective operation of the Government would be affected and there would be an estrangement and a divorce between Policy Secretaries under the accountability system and the Civil Service.

Madam President, in the economic development of China as a whole, apart from the Pearl River Delta that brings Hong Kong a lot of business opportunities, the development of Western China would also bring Hong Kong significant opportunities since Western China is a vast territory with abundant resources and

low business costs. Therefore, the HKPA suggests that the SAR Government should forge closer ties between the SAR and Chongqing — the centre for the development of Western China. In the long run, the SAR Government must consider setting up an economic and trade office in Chongqing to explore business and trade opportunities for Hong Kong.

The HKPA welcomes the proposal in the policy address to better support professional services. But if the Business and Services Promotion Unit is to be tasked of the relevant work, I am afraid it will be rather restricted in terms of level, resources and access. We suggest that the Government should expeditiously set up a high-level organization similar to the Logistics Development Council to assemble Policy Secretaries in charge of several departments and representatives of the professional sector to more effectively co-ordinate the professional development strategies. In addition, the Government should inject more resources into the \$100 million Industry Support Fund to give the sector more resources for development purposes.

With these remarks, Madam President, I support the Motion of Thanks.

MR FRED LI (in Cantonese): Madam President, it is said in the policy address that in the course of its development, Hong Kong should position itself as a cosmopolitan city of Asia. The Democratic Party endorses this as our long-term development objective. But it must be pointed out that one indispensable requirement of a cosmopolitan city should be a business environment marked by fair competition. There is so far no fair competition law in Hong Kong, and the Government has failed to take enough measures to prevent monopoly. Monopoly is a very serious problem in Hong Kong: it is with us wherever we go — air, land and sea. From the vehicle petrol we need for transportation, to the electricity and gas fuel we need at home, and to the supermarkets which have by now become an indispensable part of our daily life, monopoly is everywhere evident, almost to the extent of being omnipresent.

Despite the repeated demands of the Democratic Party for the introduction of fair competition laws and the establishment of a fair competition commission, the Government has all along turned down such a demand. It was not until 1998 that it finally agreed to set up the Competition Policy Advisory Group (COMPAG) chaired by Mr Donald TSANG. The COMPAG has been functioning for three years, with the very high-sounding status as being a multi-

bureau, high-level advisory group. But we think that it is nothing but an embellishment. In the past, when the Government participated in the discussions on fair competition policies held by international organizations, and whenever it was questioned by representatives of other countries why there was no fair competition law in Hong Kong, it would mention this advisory group as a defence.

Actually, the resources available to the COMPAG were extremely inadequate; it does not have the support of its own administrative framework and it has to rely entirely on the staff of the Economic Services Bureau for support. Moreover, its work is basically secretarial in nature, as it will only compile the information submitted by individual Policy Bureaux and the Consumer Council for inclusion in its annual work report. The so-called follow-up work on complaints related to competition as mentioned in the annual work report was actually undertaken by individual Policy Bureaux and the Consumer Council on their own upon receipt of complaints. The COMPAG has never conducted any independent investigation and studies of its own.

Even though there is no fair competition law in Hong Kong, even though the COMPAG at the highest level is not vested with any real authority, and even though individual Policy Bureaux thus have to handle matters related to fair competition on their own, we still think that the advisory group should at least lay down a set of fair competition policy guidelines, so as to set out definitions and criteria that can clearly define what acts are anti-competitive — whether, for example, price manipulation and price agreements set down by industry associations are anti-competitive. That way, each Policy Bureau can base on a set of quantifiable indicators to handle each complaint in a fair manner. Unfortunately, the COMPAG's Statement on Competition Policy is literally just a mere statement without any legal binding effect. The purpose of the Statement is just to enable all Policy Bureaux to handle complaints on their own in a uniform and fair manner. That the COMPAG has failed to see the need to draw up a more detailed set of guidelines is really very disappointing.

Many past examples can show that the absence of clear criteria will inevitably lead to inconsistencies in the interpretation of fair competition within the Government. For instance, in the middle of last year, 12 local Chinese language newspapers raised their retail prices by \$1 all at the same time, and some of them even published a statement, saying that the price increase was a joint decision of the industry as a whole. The Home Affairs Bureau was of the

view that such a price agreement reached by the industry association was not anti-competitive behaviour, because there would still be price differences among the newspapers, and consumers could still choose which newspaper to buy on the basis of contents, such as news focuses and the taste of individual columns. The complaint was eventually classified as unsubstantiated by the COMPAG. But then, in the work report of the COMPAG last year, the complaint against the simultaneous fee increases by mobile telephone service providers was classified as substantiated. At that time, price differences were also found among individual mobile telephone service providers, and the quality of the services provided also varied greatly, whether in terms of voice quality, fees structures, the quality and types of extra services, customer service, and so on. And, people's preferences for different brand names were also markedly different. In fact, the circumstances surrounding the price increase of Chinese language newspapers and those of mobile telephone service providers were very much identical. But why was it that in one case, the Telecommunications Authority ruled that there was anti-competitive collaborated price fixing, while, in the other case, the Home Affairs Bureau concluded that there was no problem, that there was still competition? Is all this fair to consumers?

The Democratic Party urges the Government to enact a fair competition law and establish a fair competition commission as early as possible. In the interim, it must expand the terms of reference of the COMPAG, and appoint members of the public to it. The COMPAG must draw up a set of guidelines on a fair competition policy, clearly define anti-competitive behaviour and take concrete steps to create an environment of fair competition in Hong Kong, so as to equip Hong Kong as a cosmopolitan city.

Madam President, there is still a little time left. Let me also say a few words on urban renewal. I do not have a prepared script for this.

I was appointed to the Urban Renewal Authority (URA) by the Government in May this year. Over the last few months, I have been having a very hard time, because I have to prioritize the various projects and determine how best to implement them as early as possible. The Chief Executive mentioned in the policy address that the work of urban renewal must be expedited. The Government also hoists the banner of a "people-oriented" approach. This as a slogan is really very appealing, but without money, things will not work out at all. I must now tell the Chief Secretary for Administration that without money, things will not work out at all.

The URA must have financial support from the Government before it can improve the living conditions of people who live in the dilapidated and dangerous buildings of our run-down districts. If there is no money to acquire these people's flats, it will simply be impossible to launch any renewal projects. We very much hope that the work of urban renewal can proceed quickly. But the Government must provide financial support, in the form of direct capital injection or loans. If not, the "people-oriented approach" will be reduced to empty talk.

If the URA can complete two renewal projects a year only, it will never be able to complete all the 225 scheduled projects within 20 years. Given that there are totally 225 renewal projects, at least 11 projects will have to be completed every year in the next 20 years, and this can show us the enormous scale of the programme. In addition, we must also preserve our historical and cultural relics. This kind of work requires subsidy, for it can never make any money itself. I hope that the current economic difficulties will not make the Government forget this point, or else we cannot even say that we are waiting to be served the meal, for the Government has simply not given us the money to buy any food.

I so submit.

MISS CHOY SO-YUK (in Cantonese): Madam President, the economy of Hong Kong is facing very severe challenges, being pushed to the brink of recession, and having to undergo the severest test since the financial turmoil in 1997. The unemployment rate continues to rise, layoffs never cease, and unemployment has spread from low-skilled workers to the middle class. Given all these uncertainties, it is only natural and reasonable for the community to expect more from the policy address, to demand the Government to work out some measures on improving the economy and relieving the people's plight. And, the discontent expressed by some who find the policy address unable to answer their aspirations is also understandable. But I hope that all of us can still try to evaluate the policy address with an objective and pragmatic attitude, instead of gainsaying all the efforts that the Chief Executive has made to cater for people's needs. The policy address this year contains both long-term development arrangements and short-term measures to relieve the people's hardship. Though it may not be able to answer all our aspirations, it is after all still able to consider the whole picture and help us meet the current economic

challenges. Let us also not forget that even without the effects of outside factors like the sluggish economy of the United States and the "September 11 incident", the economic restructuring of Hong Kong itself will still take a longer time to complete this time around. So, we simply should not cherish any illusion that the Chief Executive can simply make a prescription and then solve all problems.

I hope all of us can realize one point. The finances of the Government are very tight, and the deficit may well reach a record high, but the Government has still put forward a series of measures to relieve the people's hardship, so we should really appreciate its efforts. The waiving of rates payment and the raising of the tax-deduction ceiling for housing loan interest will ease the burden of people; the four funds amounting to \$1.9 billion to assist SMEs and the implementation of the 30 or so new proposals put forward by the Small and Medium Enterprises Committee will also help SMEs cope with the adverse business environment. In fact, many of the policies and measures put forward in the policy address are the results of the many years of struggle put up by the community, including Members of this Council. Some examples are the clamping down on illegal workers, the early launching of the works projects left over by the two former Municipal Councils, the creation of jobs, and so on. And, the installation of air-conditioning systems in markets, road and bridge maintenance, and so on will also benefit people in their daily life. Some have criticized the Government for not using the fiscal reserves to introduce relief measures for people on a larger scale, and for not "opening the granary to the people". I cannot agree to these criticisms.

Madam President, although the policy address has put forward directions, blueprints and measures to address people's foremost concerns, the most important point is still that they must be properly implemented by the Civil Service, or else they will all be reduced to empty talk. Honestly, many civil servants have by now got rid of the past bureaucratic attitude of turning a deaf ear to people's voices, and they are now willing to listen to and follow up people's views. Unfortunately, in some government departments, we can still notice an undesirable bureaucratic culture marked by evasion of responsibility, unwillingness to take up responsibility and rigid practices. Early this week, several Legislative Council Members and I handled a complaint referred to us by a District Council, and the complaint involved only a simple drainage works project. But at the meeting, all the officials from various departments simply failed to agree among themselves on which department should take up the responsibility, and none of them was prepared to do so. The project should

actually fall within the purview of one of these departments, but the department concerned simply said that the project was not within its scope of work because it had never handled any similar cases before. This minor example can already show us that bureaucratic red tape and the old mindset are still found in the Civil Service, which explains why the efficiency of administration is so low and people are grumbling so much. Therefore, despite our endorsement of and support for the general directions outlined in the policy address, we can only just adopt an attitude of "wait and see" when it comes to whether the relevant policies can be genuinely and quickly implemented. The Government must take serious steps to eradicate the various rigid and bureaucratic practices. This can make civil servants ready to assume responsibility and dutifully implement the various measures put forward in the policy address, thus reducing people's grievances.

Besides government departments, which need improvements in respect of efficiency and corporate culture, people also find the performance of many public and quasi-government organizations very disappointing. These organizations are over-sized, offering unreasonably high salaries to top management; what is more, some of them have even ignored people's plight and asked for fee increases under the current recession. All these problems actually reflect that these public and quasi-government organizations are given too much autonomy and are not placed under adequate public monitoring. The original intention of the Government in setting up these organizations was to raise efficiency and achieve an effective utilization of resources by allowing the market to deliver such public services. But it turns out that the performance of these organizations has fallen short of expectations. I urge the Government to review the mechanism of monitoring public and quasi-government organizations, with a view to increasing their transparency and accountability for the protection of public interests.

THE PRESIDENT'S DEPUTY, MR FRED LI, took the Chair.

Mr Deputy, finally, I wish to reiterate that the policy address is people-oriented, and as such, it can look after the short- and long-term development needs of all walks of life and help relieve the people's current hardship. It has my support.

I so submit.

MRS SOPHIE LEUNG (in Cantonese): Mr Deputy, during last week's debate, I spoke on two aspects — the economy and health care. Today, I wish to speak on the policy address from the perspective of young people. I am no sociologist, but I have been working with young people for years, engaging in discussions with them, and I have always been young at heart. So, I wish to look at the policy address from the perspective of young people today.

This policy address lays a very heavy emphasis on education, and, the Chief Executive also says that he will "spare no efforts" to invest in education in the future. We definitely welcome this. But if we look at the young people of this generation, or even the middle-aged people, we will see that they are not as lucky as those in their forties, fifties and sixties, because what they experienced until very recently were just a stable economy and society. As a result, their awareness of changes and adaptability have become somewhat weakened due to the lack of any exposure. But what does the future have in stock for them? Crises, I must say.

Mr Deputy, as early as several years ago, I already said in the Legislative Council that our young people in the 21st century will have to engage in four different types of jobs on average in their lifetime. Recently, some authorities have pointed that the average life span of some so-called S&P500 large corporations will be reduced from 50 years to 30 years, or even 10 years, according to some others. In other words, it will no longer be possible for our young people to remain in one company or job for any considerable period of time. That is why young people must try to equip themselves with foresight and a high degree of adaptability to cope with adversities as early as possible. So, we must enhance the training for them in this respect.

Let us look at what society is providing to them now. In the past few years, we praised our training and retraining work. But can all such work offer the right solutions? To young people, or as we learn from their parents, undergoing such training is simply unable to help them overcome the unemployment problem. That being the case, what has gone wrong? In this connection, I wish to put forward a number of proposals.

First, we really have to encourage young people to take part in community building, to enhance their interpersonal and communication skills. We must encourage them to take up summer jobs and voluntary work more frequently, so that they can learn more through greater participation. In other words, we

should encourage them to expose themselves to vicissitudes, to see for themselves how they should struggle for survival amidst the ups and downs of life.

Second, I hope that the Government can seek to foster an emphasis in the community on the potentials of the individual, so as to enhance people's confidence in their own potentials, thus enabling them to exercise their common sense under different circumstances to turn adversities into opportunities, to solve problems, instead of relying on their parents, teachers, social workers or even God every time when they encounter problems.

Why do I hope that the application of common sense can be promoted? Over the past decades, our education system has been transformed from one concerned with a mere upgrading of common sense to one underlined by a technology-based concept. The emphasis on technology has become the prevalent mentality of society, as evidenced by the fact that even when we talk about lifelong learning, we all invariably focus on the hardware aspect. But, frankly, things should not be like that. I think we should once again try to upgrade our common sense and bring our potentials into full play. That way, the self-confidence of all can be enhanced.

Third, we must stress the importance of quality parenting. In such an advanced society like ours, how can parents ever say that they are incapable of bringing up their own children properly and have to rely on society, on social workers? Is this fair to society, to our young people? People give birth to children, and so, as parents, they are obligated to bring up their children properly. If people think that they are incapable of bringing up their children properly, they should not give birth to any children and make them suffer so many hardships.

The editorial of *Ming Pao* today says, "With persistent deflation, Hong Kong should adapt its mindset to changes". This applies not only to the Government, not only to society, but also to everyone of us. Many examples of deflation can be found in history, the latest one being that of Japan. Japan has been in a downward spiral for as long as 10 years, and it has not yet "turned around". Ten years ago, we praised Japan for its adaptability, as if the Japanese were really "superb and unrivalled". We really have to adapt our mindset to changes. The United States has so far undergone three periods of deflation in its history. The last one was in the twenties of the last century. If we study

the history of the period, we will see that the circumstances at that time and the state of the world economy now are very similar. This tells us that things can turn very terrible. That particular deflation lasted as long as 12 years. That is why I think not only the Government, but also the whole community, must change their mindset; most importantly, everyone must change his or her mindset. For the sake of self-salvation, everyone must think about this issue very carefully.

I hope that my remarks today can induce the Government to promote such a concept in society. Let us all join hands to promote such a concept. I hope that the Government will not try anymore to "regulate" and "manage" every matter. I can give an example here. In December last year, a parent education programme was launched, and it was necessary to set up a steering committee. But, guess who was appointed to chair the committee? The Director of Education. Is he really such a better parent? Should the Government instead first seek to foster the participation of the community and then let a member of the public to take up the chairmanship? I hope that the Government can think about this. Besides, for the sake of self-salvation, we should really consider how we can change our mindset, our mentality.

MISS CYD HO (in Cantonese): Mr Deputy, the most profound impression I have of the right of abode issue is that integration with the Mainland is the natural direction of our development. On the issue of the right of abode, we can see that there are close and frequent ties between the residents of Hong Kong and the Mainland. But since there is a boundary separating the two places, families are barred from reunion. The SAR Government chose to request the National People's Congress to interpret the Basic Law related to the right of abode, for fear that there might be an influx of immigrants into Hong Kong. Since this move is taken, it has only served to destroy the rule of law, not solving this problem between the two places in the long term. Problems related to the integration of the economic, legal and social systems of Hong Kong and China remain unsolved.

That there is pressure on the population of the two places and the balance is always tilted towards the Hong Kong side is not simply because of the wealth gap, but also because we have more equal opportunities, greater freedom and better protection to personal safety over here. As long as the gap between the two places exists, the pressure on population will tend to tilt towards our side.

Recently, the Government has been taking more active steps in the integration of Hong Kong with the Mainland and ever since 1 May this year, the punch of such efforts has been increased. However, the way this is done is still open to question. The first problem is that the dissemination of information has been closed. After 1 May, the Financial Secretary made a trip to Beijing twice and he also visited other places such as Guangzhou, Suzhou and the North West. Each time when he came back, he would release some good news such as relaxing tourist visas, exchanges that would facilitate business travel, and so on. Though these are the right steps to take, there is no formal channel for the dissemination and of information release. We called the Financial Secretary's office after he had made a trip to Beijing and requested information, but we found out that there was not even a press release on what the Financial Secretary had said. We could only look for a record of the conversation between the Financial Secretary and the reporters by browsing through the Internet. The contents of the conversation depended entirely on what questions the reporters had asked and the answers were put on the Internet. It is surprising to learn that there is no formal channel in the Government for the dissemination of information.

In addition, on the issue of 24-hour boundary clearance, some groups have presented their views on that and the Government has also said that in the long run, we should be heading in this direction. But has any detailed assessment been made on that issue? Has the public been briefed on the short-term, medium-term and long-term effects? With the integration of the economies of Hong Kong and China, the people of Hong Kong may go to the Mainland to look for business opportunities and work, capital from the Mainland may also come to Hong Kong. If there are promotional efforts from the Government, the people may be able to know more about the future and the changes that may lie ahead. If the Government does not do anything about it, the people can only feel worried and consequently they may feel resistant.

Mr Deputy, the second problem related to the integration between Hong Kong and China is that things are done in a piecemeal manner. The kind of integration is confined to economic development only. The policy address this year explores the idea of Hong Kong-China joint efforts in the development of the logistics industry. But that is only limited to the issue of logistics and no explanation has been offered to the public on what will happen to Hong Kong after Nanxia has become a logistic hub. Likewise, there is no information on the effect of the commissioning of the new airport in Guangzhou on our airport at

Chek Lap Kok. The public has an impression that the Government is trying to sweep these questions under the carpet, unwilling to bring them up for discussion.

Apart from the benefits of economic co-operation, there are other more important topics with respect to the co-operation between Hong Kong and China, and that is on the policy of population migration. There is an increasing number of Hong Kong people settling in the Mainland and buying properties there. We hope that restrictions can be relaxed to enable capital from the Mainland to come to Hong Kong for investment and buying properties. How are we going to deal with the mobile population? Take the example of Shanghai, it has a population of 10 million and a mobile population of 10 million. According to a recent assessment related to this topic, we have not factored the mobile population into our policies on transport, infrastructure, urban planning, construction, cultural facilities, and so on. On the other hand, for those Hong Kong residents who settle in the Mainland, they have needs of schooling across the boundary, health care and services for the elderly, and so on. But the Government has no means to obtain figures on these. It just asks the primary and secondary schools how many students return from China to study here and thus tries to finish the matter off. No consideration has been given to the matching facilities in the planning of the transport and railway networks, as well as in the promotion of two-way migration in the two places. All this shows that the Government has been acting in a very irresponsible manner.

Since the integration of Hong Kong with the Mainland is such a vital issue in the years to come, I really hope that the Chief Executive would have given serious thoughts to that in his policy address. But the Chief Executive has been evasive even about whether or not he would run for a second term, and so only some short-term initiatives and relief measures have been proposed in this policy address, and there is absolutely nothing on the various plans to create temporary jobs, long-term goals, as well as short-and-medium-term plans. Neither are there any goals nor planning.

Mr Deputy, I really think that Hong Kong is very unfortunate, for we have been acting so disgracefully on the question of a new term of office for our Chief Executive. The incumbent shies away from question of whether or not he would run for a second term and he cannot speak on this topic openly with his head held high. That is not just a cause of embarrassment for him, for that is

not just his problem. In the absence of any healthy reforms of our political and constitutional set-up, and given the lack of progress towards one-person-one-vote direct elections, we have thus been made to face undue uncertainties in respect of the election of the second term Chief Executive. Therefore, I cannot help but express my discontent once again with the Chief Executive's statement in his policy address that a review of the political reforms will only be made in 2007. An Honourable Member said earlier that there are frequent changes of government in places like Japan, but the economic situation in these places do not seem to get any better. I would like to cite a counter-example. The Cuban leader, Fidel CASTRO RUZ, has been in power since the Bay of Pigs incident, but we fail to see the Cuban economy having done any better. Coming back to Hong Kong, we do not have a democratic political system and what is going to become of Hong Kong if we are so unfortunate as having an incapable chief executive who is so determined to continue ruling Hong Kong? We do not have to look very far from now, we just need to look at how things are in Hong Kong, and that is the doom and gloom in our economy and a total loss of confidence. Mr Deputy, I so submit.

MISS CHAN YUEN-HAN (in Cantonese): Mr Deputy, when I spoke last week I was not able to put forward some opinions on solving the poverty problem due to the time constraint, so I would like to continue with this topic now.

Obviously we can see that the policy address this year has talked at great lengths on how to improve our economy and the business environment. While we all want to improve our economy, I would like to ask whether the Government has noticed that the poverty problem in society is worsening. In the face of deterioration in the economy and employment prospects, we can see that the number of unemployed people will continue to rise and the problem of poverty will become more serious. Apparently, however, the policy address this year fails to address these problems squarely.

With respect to the issue of employment, the Government proposes to create more than 30 000 jobs as a measure to relieve the hardship of the people. However, these 30 000-odd jobs are virtually insignificant when compared to the total number of unemployed people we have now. That is better than nothing, though. How much relief does the Government anticipate these jobs can achieve? We can see that there is no undertaking from the Government not to

contract out these jobs, nor can we get any pledge from the Government to stop outsourcing of work already earmarked. If this state of affairs is allowed to go on, the wages of the workers will be lowered in the end and they will not be able to get fair wages. Recently, I called a number of residents' meetings in many districts and every evening there were attendees who complained that the Government was contracting out work to cleaning companies such as Johnson, Baguio, and so on. How much is the wage level of workers in these companies? Only \$3,000 to \$4,000 a month, this is real. If the staff want to get a higher pay, say \$5,000 or more, they must work for 13 hours a day. Many watchmen in the public housing estates were very happy at first when the Government proposed to change the two-shift system to three shifts. Soon they became very worried, because they did not know whether the salary of \$5,000-odd they used to get would be reduced to \$3,000-odd. Has it ever occurred to the Government that though jobs are created, the problem of poverty is still there? The plight of the poor stays on. So the Government must face these problems squarely.

How are we to find a way out for those jobless people with a low level of skill and educational attainment? Things such as creating more jobs and improving the business environment are necessary. Likewise, the Community Investment and Inclusion Fund to be set up with an initial \$300 million grant is also necessary. For I think the objective of the Fund is to encourage mutual concern among the people and to provide more services to the socially disadvantaged groups. I trust more job opportunities will be created if this scheme works well. The question we need to ask is: even if there is such a Fund, but given the rigid nature of our policies, can this innovative measure in our community be able to provide a remedy for our inadequacies in employment initiatives? Can mutual concern be promoted?

Recently, we have been talking about the hawker problem and hawking areas. The Hong Kong Federation of Trade Unions (FTU) proposed a 20-point relief package on 9 September and one of which was about the setting up of some hawking areas to let the unemployed find a way to earn a living. The proposal would involve how the Government would regard these small areas of economic activities in a community. The present policy in this respect is very rigid. Although Mrs R. LAU has said that the hawker policy would be relaxed, a lot of raids and prosecutions are still being conducted. It can therefore be seen that there is a divergence of policy as implemented at the middle levels from the policy formulated at the top. From many examples we can see that with the

rigid policy, even if the middle levels would like to make some relaxation, it will fail in the end. We very much hope that problems like these will be given due consideration. It is because if we want to eliminate the problem of poverty, we must solve the problems of unemployment and job insecurity first. A lot of solutions must be found and the Government must revise the relevant policies.

Mr Deputy, apart from the issues which I have just mentioned on helping the unemployed and the poor, the FTU has also proposed ways to help the unemployed to re-enter the labour market at this time of prolonged economic slowdown. The Comprehensive Social Security Assistance (CSSA) Scheme alone will not help those unemployed people who still have the ability to make a living. We have proposed to the Government to set up an independent unemployment assistance scheme, but despite our efforts over the past few years, the Government has refused to accept the idea. Our proposal is to divide CSSA into different categories. Under the present CSSA system, the unemployed will get \$1,805, but that is not enough for those who want to find a job. More financial assistance is needed. The contents of our proposal include four aspects. The first is training. This should be followed by counselling and group therapy whereby the unemployed are encouraged to re-enter the labour market. It is only after six months when the unemployed are still unable to find a job that they will be allowed to receive CSSA again. This is a positive solution to the present problems of poverty and unemployment.

Mr Deputy, apart from these problems, I think I must talk about the problem of poverty among the elderly. I think the policy address this year has made many elderly people feel disappointed. The Government has been making a review of the Old Age Allowance for an entire year, but it has not been completed yet. It is our hope that at such difficult times, the Government can provide some assistance to the elderly. Those elderly recipients of CSSA and those elderly beneficiaries of the fruit grant share the same aspiration that their situation can be improved. The same goes for those elderly persons with some tens of thousand dollars which they save up for their funeral expenses. These elderly persons are not eligible for CSSA, but their life is even worse than those receiving CSSA. How is the Government going to deal with the problem? What is the progress of the review which has been undergoing for one year? The DAB has suggested that the Government should devise a plan to help these elderly people. This is really a pressing task for the Government.

Mr Deputy, let me tell Members a story. There is this old lady who lives with her son and grand-children. Her son is unemployed and the entire seven-member family relies on the few hundred dollars of fruit grant which the old lady gets each month. The family has only an average of \$23 to spend daily. So even if the old lady is sick, she cannot afford to consult a doctor. There are really poor families like this in our society. How is the Government going to deal with this? I hope that when we discuss economic issues, we can show some sympathy. That is very important. To eliminate poverty, we must enhance social cohesion and community concern. Only when these can be done that we can truly realize the goal of Hong Kong people ruling Hong Kong. Thank you, Mr Deputy.

DR YEUNG SUM (in Cantonese): Mr Deputy, a recent opinion poll conducted by the Democratic Party shows that almost 60% of the respondents did not consider the performance of the Chief Executive should merit a pass. The ratings given by some respondents even ranged from zero mark to 30 marks. Since some Honourable colleagues have said that people are on the whole satisfied with this policy address, I have decided to quote the findings of this latest opinion poll conducted by the Democratic Party for Members' reference.

Mr Deputy, I have been in politics for quite some time, but I have rarely seen the people of Hong Kong, including the grassroots and the middle class, complaining about the performance of the Government in this way. This is indeed very rare. In the past, we might hear the grass-roots people grumble loudly because of unemployment. But the middle class people always emphasized their professional spirit; they chose to stand on their own feet and struggled on their own, believing that they must struggle for survival in a society that upheld fair competition. So, as a result of the development of the professions in society, they managed to lead a stable life. Little could they foresee that after the reunification in 1997, economic restructuring and the financial turmoil, coupled with the wavering policies of the Government in the areas of housing and education, would pose such a big problem to them — loss of job security. And, their trust in the Government has become rather low. If we further analyse the findings of the opinion poll conducted by the Democratic Party by matching the ratings with income levels, we will see that the ratings given by the middle class are the lowest. All along, the middle class has been an important pillar of society in its political, cultural, economic and professional development. But this pillar has now become increasingly alienated from

society, and its sense of belonging has also started to diminish. I think the Government must pay special attention to this.

In fact, the people of Hong Kong have always been noted for their determination to stand on their own feet. That is why the Government does not have to ask them to work hard. Basically, this has been part of the Chinese culture over past millenia. Though Hong Kong is heavily westernized, this culture has never changed a bit here. I instead think that the Government should review its policy of positive non-intervention. Hong Kong has adhered to this policy since the days of Mr COWPERTHWAIT and Mr HADDON-CAVE. But what Hong Kong is facing now are some unprecedented circumstances brought about by globalization, China's accession to the World Trade Organization (WTO) and the reunification. With changed circumstances, should the Government not consider whether it should continue to uphold the policy of positive non-intervention? The Government often says that following China's accession to the WTO, there will be lots of business opportunities for Hong Kong. But many of the professionals and small and medium enterprises (SMEs) that I have contacts with all say that despite their satisfactory performance and competitiveness, when they wish to start and develop their business in the Mainland, very often, banks will only lend them money with "bricks" as security. Without any start-up capitals, even if they have the ability (and, they do believe that they have the ability), it will be very difficult for them to establish their production lines in the Mainland and take part in the competition there. Should the Government not provide them with assistance in terms of market information and loans? Although there is a finance scheme for SMEs, the success rate is really very small. Therefore, what the government should do is not to call upon the people to stand on their own feet, but to answer their call for a review of the policy of positive non-intervention. The Government should consider how best to assist Hong Kong enterprises and professionals in grasping the business opportunities arising in the wake of China's accession to the WTO. It should not instead continue to govern with the concept of non-intervention, the concept of small government, because this may already be out-dated.

Mr Deputy, the Democratic Party has chosen to respond to this policy address in a relatively low-key manner, without moving any amendment with words like "regret", and other colleagues have also done the same. This has led some Members to conclude that the policy address is a very good one. The truth is that we have decided to adopt a more pragmatic approach, which is why

we have tried as much as possible to lower our requirements by putting forward seven proposals in conjunction with some Members of this Council, that is, those from the eight political parties. A comparison of our own proposals with the seven proposals will show that we have actually lowered our requirements, and many political parties and groups have also done the same. Why have we done so? We wish to show people that we do realize that they are tired of partisan disputes. Honestly, very often, because of differences in ideologies and political positions, political parties simply cannot co-operate over economic and social issues. This time around, we have tried a new approach, under which we put aside our differences, and for the common good, we have put forward a concrete and pragmatic package of proposals, worth \$20 billion, to relieve people's plight. Therefore, we hope that when the Government gives its response, as when it announces the Budget next year, it can take some serious actions in response to our seven-point proposal. In particular, we hope that the Government can give a concrete response to the proposals on a one-year salaries tax moratorium, a remortgage fund for negative assets, rental reductions for shop tenants in public housing estates, a 30% rental reduction for public housing tenants and a one-year waiver for rates payments.

There is still a little time left. I wish to respond to the remarks made by a number of colleagues. I am puzzled by the Honourable Bernard CHAN's remarks, because he said that the policy address was largely meaningless, just a kind of ritual. I fail to see why he thinks that way. Does he wish to see the Government operate in a more closed way? If yes, I must tell him that this secretive approach in government has already become out-dated in Hong Kong.

The Honourable YEUNG Yiu-chung referred to the political system of Japan, saying that despite the frequent replacements of the Prime Minister there, the country's economy had not yet recovered. His purpose is to prove that democracy cannot improve the economy. We have never said that democracy is a panacea for all our economic ailments. But at least, as people in Hong Kong know, even if they are not satisfied with the performance of the Chief Executive, they cannot change anything. Why? Precisely because the political system here is not democratic. Although the economy of Japan remains sluggish, at least, the people there can have the chance to change their government, to bring about a peaceful hand-over of political power. But the people of Hong Kong can only "tolerate" the situation. Despite their dissatisfaction with the Chief Executive, they can do nothing but see him remain in office for five more years. The difference lies precisely here.

The Honourable David CHU said that the people of Shanghai seldom criticize Shanghai. Obviously, this is very much because there is no freedom of speech there. The reason is just that simple. There is freedom of speech in Hong Kong, and this is our valuable asset. Let us not behave like an ostrich, thinking that by evading the problems, we can make them disappear.

Thank you, Mr Deputy.

DR TANG SIU-TONG (in Cantonese): Mr Deputy, every year when the Chief Executive presents his policy address, members of the public all hope that the policy address will outline a blueprint for the future development of Hong Kong and at the same time effectively resolve the various problems facing the Hong Kong society. Looking back on the past five policy addresses presented by the Chief Executive, we can indeed see quite a number of enlightening ideas of enterprising development. Besides, efforts have also been made to answer the aspirations of the community. The Chief Executive hopes that Hong Kong can develop successfully into a knowledge-based economy, continue to maintain its competitiveness in the face of the globalization of world economy, and at the same time improve the quality of life of the public. His determination and sincerity is beyond doubt. Regrettably, however, despite the macro long-term development blueprint in place, the policies of the SAR Government have been criticized by some people as being "unattainable, high-sounding and empty". This is because the work to develop the blueprint into specific policies just progresses too slowly and there is no specific proposal to implement such policies in some cases. Further still, some of the policies implemented by the SAR Government over the past few years are rather confusing and unclear. These rapidly changing and inconsistent policies have left the public perplexed and all at sea. In particular, as too many reforms are being introduced simultaneously, voices of objections are raised by the different stakeholders in society one after another, thereby contributing to the widespread discontent in society. In my view, the blueprint for development and ideas of governance presented by the Chief Executive do merit our approval and support. But then, in order to restore the confidence of the public, the SAR Government must refrain from "discussing without making decisions, and making but not giving effect to decisions". Besides, the formulation and implementation of policies must be clear and consistent, so as to prevent any inconsistency or contradictions.

Mr Deputy, what the general public, businesses, industries and professionals expect of the policy address all along is the Government improving both the economy and the employment situation. So long as people can find employment and the economy is improved, the discontent in society will not be so widespread. Nevertheless, as Members are all aware, under the world economy's general trend towards globalization, the various measures implemented by the SAR Government to improve the economy and promote employment have indeed encountered considerable obstacles and thus cannot bring about immediate effects. Having said that, I have to say that apart from these external factors, some major policies of the Government still have profound influences on the development of the Hong Kong economy as a whole. The Government's policies on housing, *inter alia*, are of crucial importance. It is an undeniable fact that the property market plays a decisive role in shaping the economy of Hong Kong and the livelihood of the people. The economy and the property market are closely related; a downturn in the property market will impact directly on enterprises' borrowing power, the employment opportunities of engineering professionals and construction workers, as well as the consumption power and consumer sentiment of the general public. The problem remains that the SAR Government's real estate property policies have been reversing and changing rapidly over the past few years. The lack of any clear message to the market and the obscure prospects of the property market render developers, owners of negative equity and potential home buyers at a loss as to what to do next. Given that the property market is one of the underpinnings of Hong Kong economy, any signs of instability in the market will definitely pose great hardships to our economic revival.

Mr Deputy, improving the quality of education and our manpower resources is another major policy objective of the SAR Government. In my view, the Government is heading in the right direction in making this policy objective a major strategy to maintain the competitiveness of Hong Kong in the international market and to resolve the unemployment problem. However, the effective implementation of this policy objective is by no means a simple task. Indeed, despite the Government's continuously increasing expenditure on education and retraining, members of the public are still sceptical about the cost-effectiveness of investments in education and retraining. The Government's policies on mother tongue instruction, secondary school places allocation, tertiary education, and so on have all aroused considerable controversy in the community. Has the Government been pushing forward such reforms too hastily without thinking over the matter thoroughly, or that the

reforms are being introduced rashly in the absence of adequate complementary measures? I think these questions warrant careful consideration by the Government.

Mr Deputy, I think the Chief Executive has undoubtedly strained every nerve and bent his back to do a good job in governing Hong Kong. Yet the SAR Government's governance of Hong Kong still leaves a lot to be desired. I just hope the Administration will conduct itself well. I so submit.

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy, recently, in a popular television drama series entitled "The Awakening Story", the actress of which, Ah Suet, recovered after remaining in a coma for 16 years. With her perseverance and the help of her family, she managed to reintegrate into the community by acquiring some job skills and working hard to establish her own career. After Ah Suet had regained her consciousness, she was at a loss with no confidence and did not know where to go in face of the drastic changes in the outside world. This is very much like the situation faced by Hong Kong people nowadays on coming round from the shocks resulting from the burst of the bubble economy. However, the actress, Ah Suet, kept equipping herself and succeeded in her transformation and developing her own career. What she relied on was the word "confidence". Whether Hong Kong can turn the corner and re-establish its edges, all it needs is also the word "confidence".

The five policy addresses presented by the Chief Executive over the last five years had proposed many long-term measures that included expanding investment in education, promoting tourism, pushing ahead with innovation and technological development, and so on, in order to enhance the economic foundation of Hong Kong and improve its competitiveness. The directions of these policies were supported by the general public. However, considering that they were long-term measures, the benefits they are supposed to bring to the well-being of the community could not be seen overnight. Thus, whilst bearing a heavy burden during the economic plight and experiencing the agony of economic transformation, we always hope that a panacea is available to cure diseases, solve problems and relieve pain. People have often criticized the policy address for not providing sufficient short-term measures to relieve people's hardships precisely because of this reason.

Although the Government is working hard to improve the development of the domestic economy and trying its best to alleviate the plights of the poor, the whole community is currently filled with pessimistic sentiments. People generally lack confidence or even hold negative views on government policies and measures. "Uselessness" is increasingly popular. As some people said: SMEs assistance funds are useless, reducing rates charge is useless, remortgage rates of 100% for negative assets holders is useless, retraining is useless, and so on. The situation is similar to seeing a glass of water which is half-full. In the past, optimistic Hong Kong people would feel encouraged because the glass was already half full. They aspired to fill up the other half of the glass. But now, Hong Kong people feel frustrated by the half-empty glass. They lose hope for the future, so they find the pain suffered as a result of the economic plight even harder to bear. If we can understand their feelings, we will then understand why there are strong voices in the community requesting the Government to adopt a lot more welfare and support measures in a more active manner.

The problem faced by the Government is: It is worried that if welfare is increased substantially and more financial support measures introduced, enormous deficits will occur, causing the international credit rating to drop, thereby affecting the business environment. It is also afraid that short-term measures will turn into long-term financial burdens, becoming a monkey on its back. It is not at all easy to strike a balance between meeting the needs of the public while maintaining the long-term development of Hong Kong in the policy address.

In helping the public to rebuild their confidence, marked results can also be obtained if government officials can be more approachable to the public apart from rendering support through various policies. We can see that the Chief Secretary for Administration, the Financial Secretary and Secretaries of some Bureaux always pay community visits in order to show the Government's solicitude for the people. This practical move should vigorously be promoted and implemented among senior civil servants. Officials of various bureaux and heads of various administrative departments including Directors, Deputy Directors, Assistant Directors or even other officers-in-charge, and so on, should pay more community visits, come into more frequent contact with the grassroots as well as the middle class, so that they can listen to people's views and understand the needs of the general public. Only by so doing can they keep tabs on the pulse of the community early, and the public's aspirations can then be considered in a more practical manner when they formulate different policies and

administrative measures. Through this form of interaction, the mutual trust between government officials and the public can definitely be enhanced, thus intensifying social cohesion in working together to construct Hong Kong.

With these remarks, I support the motion.

MR WONG SING-CHI (in Cantonese): Mr Deputy, the work carried out by government departments should be consistent with the ideas and directions of the policy address. We can often see the Government outline a series of ambitious plans in the policy address. Yet a lot of problems will emerge later in the course of implementation. Actually, we can often see that the Government hangs its policies high in the air for public admiration. When it comes to implementing the policies, however, what it does is often in contrary to its policies. This is precisely consistent with a popular saying that describes someone who is "all mighty to make whatever claims but powerless to do anything". For instance, the Chief Executive stated in paragraph 64 of the policy address that it is necessary to improve the business environment for certain operators and render support to small and medium enterprises (SMEs). Many small operators, particularly those facing difficult business in housing estates, were thrilled to hear this proposal, thinking that they would receive much support. Despite that, the Housing Authority and the Housing Society have paid no attention at all to the initiatives outlined in the policy address for helping small operators in public housing estates. What is more, some shopping arcades were even contracted out to large consortium, thereby stifling the vitality of small operators. Let me cite an extreme example concerning a complaint case received by the Complaints Division of the Legislative Council Secretariat lately. Several dozens market stall-holders of the Jat Min Chuen complained that they had been asked by the Housing Society to either wind up their business or move elsewhere as soon as possible to make way for the construction of a large superstore. The Housing Society even took immediate action to terminate their tenancy agreements and demanded their removal. This is precisely in contrary to the initiative outlined in the policy address that the Government is to improve the business environment and help SMEs to survive. The so-called improvement in business environment might only be targeted at large consortium, not small operators. Apparently, small operators will need to spend a large sum of money on renovation, investment or re-establishing their business if they are to move elsewhere. Some operators might even have to lay off their staff, wind up their business and live on Comprehensive Social Security

Assistance instead, simply because they cannot hold on any longer. Why did government departments choose to stifle the room of survival of small operators by such means in spite of the fact that the Government had stated in the policy address that it was going to help small operators? It is thus obvious that the Government's policies are designed purely for admiration. In the course of implementation, government departments and public bodies simply turn a blind eye to the plight of small operators.

Now I would like to turn to another example. It has been stated in the policy address that we have to care for our young people. The Chief Executive mentioned in the policy address that he was glad that he had attended the Youth Summit and been deeply moved by what he heard. Yet in the example I am going to cite, I believe the Chief Executive would definitely be shocked and annoyed instead of being moved if he was there to take part in the activity. The activity I am referring to is called "recognition ceremony for summer youth volunteers". If the Chief Executive had attended the ceremony, he would have witnessed what government departments had done in implementing government policies. The ceremony actually took place on 29 September. To mark the occasion, community centres were invited to nominate young volunteer workers with outstanding performance during the summer holiday to attend the award-giving ceremony so as to encourage them to continue serving as volunteer workers for the community in future. Subsequently, 100 volunteers were invited to the ceremony to receive awards. However, their parents and social workers who had been working so hard to train them were not even given an admission ticket. They were made to wait outside the venue until the ceremony ended before they could take the young volunteer workers home. Was it because there were no more seats available? The fact is, there were altogether 1 000 seats in the venue. Only 100 volunteers were invited to attend the ceremony to wait for the awards to be handed out. The remaining seats were empty, not because some people had failed to turn up, but because the seats had been reserved for those fans attending a concert to be held by Cecilia CHEUNG after the ceremony. The admission tickets had actually been distributed to the singer's fans. While the ceremony was supposedly held as a token of encouragement for those volunteer workers, they were subsequently exploited by the Government. On the other hand, the participants of the concert, that is, the singer's fans, might be used for "meeting the target" for the Government can thus claim that nearly 1 000 people have taken part in the activity in support of the young volunteer workers. Did the Government really respect these young people?

What has the Government actually done despite it is stated very clearly in the policy address that we have to respect and care for our young people? The Government is apparently sincere in achieving something. However, it has confined itself to proposing policies only. No serious consideration has actually been made. Neither has it considered how policies should be implemented specifically. We earnestly hope the Government can really care for young people and small operators and stop indulging in empty talk, or proposing policies in a high profile. I would like to invite government officials to "visit local areas" to see for themselves whether the staff working in their respective departments are in full compliance with the policy address or other proposed policies in enforcement. I have to tell Members that this is very often not the case. We hope the Government can stop indulging in "policy discussion" and change its attitude of showing no respect and care when it comes to supervision and enforcement in the course of actual implementation. I so submit.

MR LAU PING-CHEUNG (in Cantonese): Mr Deputy, with respect to the fifth policy address delivered by the Chief Executive, I expressed my views on policies related to the promotion of professional services, land planning, and works programmes last week. Today, I would like to further discuss the relationship between the abovementioned policies and the employment of professionals in the housing and construction sectors.

In June this year, five professional institutes associated with the construction industry conducted an employment survey among their members, including those from the architectural, surveying and planning constituency, which I represent. According to the findings of the survey, 60% of practitioners working in private organizations consider job opportunities inadequate, and 70% are pessimistic about Hong Kong's future. There is indeed no room for optimism for the negative impact brought about by the "September 11 incident" has not been factored into the survey. In the policy address, the Chief Executive undertook to speed up the implementation of public works projects for the purpose of creating 20 000 new posts. However, the Government has often been criticized for "inflating figures" for it has a habit of repeating unfulfilled promises it made previously and pretending that they are something new. Last week, the Buildings Department and the Civil Engineering Department announced one after another plans to carry out inspection of old buildings and the signing of an infrastructure development agreement in connection with the construction of the Disneyland. All this has

helped, to a certain extent, revived the confidence of the industry for a total of 2 200 posts will be created.

Mr Deputy, there is a close relationship between the Government's bureaucratic attitude and the reluctance of professionals to believe in the promises made by the Government. Actually, nearly half of the respondents interviewed by the survey conducted by the five institutes I referred to earlier are employed by the Government or quasi-government organizations. According to the findings of the survey, the respondents are of the view that the present arrangement whereby the Government tends to offer construction and consultancy contracts to the lowest bid is highly unsatisfactory and needs to be changed. From this, we can see that even professionals working in the Government or quasi-government organizations find it very difficult to push the Government to "take big actions". Faced with the present economic situation, the Government is unable to launch works projects immediately to create employment opportunities. I therefore hope that the Government can speed up the contracting out of infrastructure projects and try its best to make use of the market forces to give impetus to the economy so as to alleviate people's hardship.

On housing policies, I think it is equally essential for the Government to distance itself from the market. On 3 September this year, the Chief Secretary for Administration announced the suspension of the sales of Home Ownership Scheme (HOS) flats for 10 months. Moreover, a review of such important topics as housing structure, the ratio between the number of HOS flats and home purchase loans, eligibility for home purchase loans, criteria for site selection for HOS flats, and so on, would be conducted. I think this decision is in general correct.

In Hong Kong, a small and densely populated city, "housing" carries a multitude of meanings. It represents assets, as well as the basic need of accommodation, depending on the types and nature of housing under discussion. In Hong Kong, housing can in general be divided into two categories: private and public. However, since the Government is the key supplier as well as the largest owner of land, its housing policies will influence the whole market.

Owing to the rapid downturn of Hong Kong economy in recent years and the Government's failure to adjust the original divisive restriction on HOS flats and private flats in accordance with the economic situation, there is overlapping

between the HOS market and the private market. In other words, if someone happens to have \$600,000 in cash in the middle of this year (that is, the upper asset ceiling of a white-form household comprising two to six members), he can either choose a HOS flat or apply for a \$600,000 first-time loan from the Government to purchase a private flat. Consequently, the whole market is swallowed by HOS flats since discounts are given, and the private market has begun to shrink. As a result, proceeds from land sales are diminishing, and the Government's annual recurrent revenues are seeing the red too.

I think the 10-month moratorium on the sale of HOS flats can give all of us a cooling-off period to see if the property market is really unable to pick up and consider the way forward for our housing market. I would like to stress that, with respect to housing, a basic need of human beings, I fully agree that the Government is duty-bound and there is a need for it to provide needy families with rental units at reasonable rent levels. Nevertheless, the issue that has to be handled at the moment is: Do we still need HOS flats and do we need to review the public housing reform?

In addition to the Housing Department, the Housing Bureau, the Housing Authority and the Housing Society are responsible for formulating and implementing public housing policies. The community is generally of the view that such a "three-headed carriage" phenomenon has room for restructuring, though restructuring shall depend on our decision on the retention or otherwise of HOS and the continued construction of public housing.

Before making the decision, we must consider a characteristic of housing — our housing need will change according to our financial situation and our outlook on the future. Let me cite an example. In times of a booming economy, a four-person household which may originally be occupying a 400-sq ft unit may consider renting or even purchasing a 600-sq ft unit. Conversely, in times of a worsening economy, the family might be willing to sell the 600-sq ft unit and buy or rent a 400-sq ft unit instead. This example illustrates the fact that the public will, in the light of the changing economic environment, change their housing demand in a short span of time. Nevertheless, it is impossible for both HOS flats and public rental flats, both governed by different rules, to adjust within a short period of time to possible changes in the economy.

As I mentioned earlier, restrictions imposed on three aspects, namely income, assets and space standard, have divided the HOS market and private

housing market. Since the implementation of the HOS in 1978, Hong Kong has been hit by economic downturns several times. It has been proved that the restrictions have failed to promptly and effectively separate the two markets and the Government was eventually called in to remedy the situation. One example is the 100% buy-back guarantee offered by the Government for HOS flats, though this offer has already lapsed. The loan scheme currently provided by the Government to first-time home buyers can actually be described as a substitute for the HOS.

As for public rental housing, I believe the number of needy people who are eligible to apply for public housing will remain at a constant level. Very often, low-income households or families relying on Comprehensive Social Security Assistance are reluctant as well as finding it hard to relocate elsewhere because they need to live close to their place of work or where they can get support from their neighbours or relatives. Yet it is equally difficult for the Government to identify sites in such old districts as Sai Ying Pun, Tai Kok Tsui, Kwun Tong, and so on, to construct public housing for these applicants. One feasible and fair solution is to issue housing coupons to subsidize these applicants to find suitable accommodation to improve their living.

I have actually made a rough estimate of the expenditure that will possibly be incurred by issuing housing coupons. At present, 100 000 families are on the Waiting List, whereas the monthly market rent for a 350-sq ft unit is approximately \$4,500. If we set the subsidy level at half the market rent, it will cost the Government approximately \$2.7 billion annually. However, it might cost the Government up to \$15.7 billion in construction costs alone if 100 000 housing units of 350 sq ft each are to be built. If we calculate on the basis of land premium of \$600 per sq ft, the Government might need to subsidize \$21 billion. In other words, the Government might need to subsidize up to \$36.7 billion in construction costs and land premium in total, even without taking into account its annual subsidy for public housing management. If the proposal of issuing housing coupons is adopted, the sites originally earmarked for public housing can be put up for sale in the market. The proceeds thus generated can then be used to meet the expenditure incurred by the issuance of housing coupons.

THE PRESIDENT resumed the Chair.

Madam President, we should see the next 10 months as a cooling-off period to let us identify our way forward clearly and make a wise decision with respect to our future housing policies.

PRESIDENT (in Cantonese): Mr LAU, your time is up. Please sit down.

MR CHAN KAM-LAM (in Cantonese): Madam President, there is a well-known fable, entitled "The Hare and The Tortoise". The hare, trusting to its swiftness, did not take the tortoise seriously. But then the tortoise laboured hard throughout and eventually won the race. My purpose is to quote the maxim of this fable to show that Hong Kong has, without itself knowing it, been overtaken by neighbouring regions in the course of keen economic competition. The people of Hong Kong have all along thought that they possess a harbour with the largest throughput in the world, the most highly-developed network of international air transport, the most advanced communications system, the most well-equipped financial system and the best entrepreneurs in the world. Little do they realize that the rapid and robust economic growth before the reunification was just the result of a bubble economy. The financial turmoil led to the bursting of the bubble economy, exposing the very fragile nature of the export-oriented economy of Hong Kong. In contrast, in recent years, many mainland cities such as Shenzhen, Guangzhou, Shanghai, Beijing, Qingdao and Dalian have been developing continuously, achieving admirable results. Today, whenever we talk about these matters, we will always lament that Hong Kong is gradually being overtaken. But there are still some people who cannot realize such a change; or, maybe, they are just reluctant to note this change. Unfortunately, however, this is the reality.

Actually, the high costs of production in Hong Kong have already predetermined its direction of economic development, and economic restructuring has in fact started since as early as 20 years ago. Labour-intensive modes of production have gradually lost their competitiveness, and for this reason, it has already become an irreversible trend for manufacturing industries and low-skill support services to migrate to places where production costs are low. With economic restructuring, there is bound to be the disappearance of huge numbers of jobs. As a result, to solve this problem, besides relying on training to upgrade the quality of our workforce, we must also create a better business environment and encourage the self-upgrading of the workforce.

With its low land costs, wages and production costs, Guangdong has developed into a production base of Hong Kong industries. With its huge economic potentials, Guangdong is the best partner of Hong Kong in its further development. Therefore, how best to integrate Hong Kong's competitive edge into the economy there has become a topic we must handle immediately. At the end of this year, our country will become a member of the WTO. This will give Hong Kong a good opportunity, but more importantly, this will also pose a severe challenge to Hong Kong in the course of its economic development. China's accession to the WTO will accelerate the economic restructuring of Hong Kong; not only the SAR Government, not only the political sector, but also the commercial sector, the academic sector and even grass-roots workers, will have to reposition themselves in the new economy. In the past, we used to say that Hong Kong was a springboard, an unavoidable stop-over, for Western countries wishing to enter the China market. But as the Mainland's economic reforms continue, and as its legal system improves gradually over time, direct entry into China without the help of any springboard will certainly be the best choice for foreign investors. For this reason, there is a need for an all-out integration with the mainland economy, for this will let people know that Hong Kong is no longer a springboard to China, and that gaining a footing in Hong Kong is the same as gaining one in China. Only in this way can Hong Kong find any new room for development in the new economy. The mayor of Beijing announced yesterday six co-operation measures which can help Hong Kong people take part in the economic development of Beijing. The Democratic Alliance for Betterment of Hong Kong (DAB) welcomes these measures.

Chief Executive Mr TUNG Chee-hwa has, in the fifth policy address during his term of office, explicitly depicted the directions for the future development for Hong Kong. His emphasis on infrastructure development and investments in human resources is certainly correct. He has the full support of the DAB! No one can possibly resist the economic downturn now plaguing Hong Kong. We must consolidate our strengths and equip ourselves well for proactive counter-offensives, instead of simply waiting for opportunities to fall on our lap.

Madam President, international trade relations have changed very rapidly in recent years. In particular, following the "September 11 incident", one can see the rise of oriental economies and the decline of their occidental counterparts. The DAB maintains that the SAR Government should promptly hold negotiations with the Central Government on streamlining the immigration clearance systems

at boundary control points, implementing round-the-clock operation of the Lok Ma Chau and Man Kam To crossings, relaxing the restrictions on mainland residents wishing to visit Hong Kong, and establishing a department with sole responsibility for Mainland-Hong Kong economic and trade co-operation and the infrastructure. In addition, in view of the increasing economic and trade ties between the two places, the SAR Government should set up an office in each of the major cities in the Mainland, so as to promote Hong Kong, and to assist Hong Kong people in looking for new opportunities there. All these measures must be implemented as a matter of utmost urgency.

Madam President, the people of Hong Kong have never been a coward before any difficulties, but the prolonged economic downturn in recent years has indeed created a confidence crisis, which has not only plunged the consumption market into increasing sluggishness, but also led to anxieties in society. Although the Government has over the past years tried to ease the situation by introducing various measures, it has been criticized by some in the community for being "too hasty in rolling out reforms but too powerless in relieving people's plight", and these people have also tried to use such criticisms to highlight the Government's inability to keep its governance abreast of the times to answer the aspirations of society. The Government should reflect on these allegations seriously and launch the necessary reviews and reforms.

At a luncheon meeting last week, the Chief Secretary for Administration called upon all walks of life to overcome the current difficulties with determination and solidarity. But then, not long after this, the government radio station started to launch its anti-government civic education propaganda. Freedom of the press, freedom of speech and also editorial autonomy have all been turned into a shield protecting such anti-government propaganda. One really cannot help thinking that the Government's words and actions are different. I think there will be no peace in society as long as this problem is not solved. Donald, see what you can do about it!

Madam President, I so submit.

MR MICHAEL MAK (in Cantonese): Madam President, I believe not many people will object if I say administration of the SAR has been quite disappointing in the past four years. According to an opinion poll conducted by the University of Hong Kong this month, the popularity rating of the Chief

Executive is a mere 49%, reflecting poor public support for Mr TUNG. The SAR Government has actually been performing like an incompetent physician who has always "prescribed wrong medicine for his patients". This year's policy address seems like a prescription that "is not fatal but will provide no cure", like combining dangshen and red dates in a prescription inappropriately — it takes long hours to prepare but is useless for curing diseases. According to Mr David CHU, "a combined prescription of dangshen and red dates" is only slightly useful for nourishing vitality. Yet it cannot serve the purpose of improving the condition of a patient.

Let me turn to the measures proposed in the policy address for relieving people's hardship. The Chief Executive has undertaken to provide 30 000 job opportunities. On the surface of it, this contingency measure will offer more jobs than the 20 000 additional posts demanded by my allies and I. But actually, the Government is only playing a numbers game because these posts are required to meet the normal expansion of government services. For instance, these 30 000 posts have incorporated the number of additional security guards employed as a result of the introduction of a three-shift system, a proposal the Housing Department undertook to implement earlier. The Government is actually trying to play the trick of "engaging in false, big and empty talks" for the purpose of manipulating the public.

Although the Chief Executive pledged to handle the problem of disparity between the rich and the poor in last year's policy address, we only know that more and more people have been struggling to live above the poverty line over the past year. In order to impose upon Comprehensive Social Security Assistance (CSSA) recipients a moral burden and to coerce them into refraining from drawing CSSA, the Government has tried every possible means to force them to seek employment and receive training under all sorts of pretexts. But how we expect the grassroots to catch a tail of fish easily from a drying pond when even members of the middle class are faced with "trimming" and "layoffs" as a result of the knowledge-based economy?

It is definitely impossible for the Government to resolve the problem of helping the poor in a year. However, I would like to ask the responsible officials this question: What concrete solutions have they come up with in the past year to help people of the lower and middle strata to alleviate their hardship? Has the Government formulated a comprehensive programme to eliminate poverty later this year? It is most annoying that the Chief Executive has been

suspected of breaking his promise again. Last year, he promised that the Old Age Allowance, commonly known as "fruit grant", would be raised. This year, however, not a word has been mentioned about the allowance. Hence, the elderly people who were expecting to get an additional \$300 every month were greatly disappointed and felt that they had been deceived.

Let me cite the existing medical care policy as another example. As our population continues to expand and grow old, public expectation is set to rise continuously. Nevertheless, it is virtually impossible for the resources injected into medical care services by the SAR Government to rise in proportion to the rising demand mentioned above. Remaining as a treatment-based model, the SAR Government is lacking a long-term and forward-looking medical care policy. At the same time, the Health and Welfare Bureau has failed to play its co-ordinating role, making it impossible for relevant departments to expand primary health care services effectively.

If the Chief Executive is to implement an accountability system for senior officials in future, high-paid officials can no longer stay in the ivory tower and evade the responsibility of formulating policies to save Hong Kong. Moreover, they should be punished if they fail.

I find the governance culture in the SAR Government increasingly tinted with the flavour of the rule of man. Moreover, the Government has often failed to distinguish between right and wrong. Therefore, the senior officials should be held accountable not only to the Chief Executive, but also to the public and this Council in future. Should a motion of no confidence be passed by this Council, the official concerned should be required to resign from his or her office immediately.

I would now like to say a few words on other relief measures proposed by the Chief Executive. In my opinion, these measures can utterly do nothing to help the middle class and people with negative equity. For instance, the rates payment reduction of up to \$2,000 a year may be insufficient to cover a quarter's rates payable by many people from the middle class and those with negative equity. Another example is the relaxation of remortgage rate to up to 100% for people with negative equity. If these people do not have sufficient cash at hand and if the Government is unwilling to lend them money or provide a guarantee, they will not be benefited at all and can only continue to service mortgage loans at high interest rates.

Madam President, a Member with social conscience should strive to serve the public for the well-being of the community. I strongly disapprove of and feel sorry for a proposal raised by certain Members recently to automatically reduce our remuneration by 10% in the coming year. Apparently, the proposed remuneration cut is aimed at pressuring senior officials to cut their salary as a token of tiding over the difficulties together with the public. Actually, the proposal is aimed at "hurting people" and, if we think harder, even "killing a person with a borrowed knife" since "all people will be killed" once a pay-cut tide is started! I believe this tide will produce negative impact very soon and eventually all civil servants and even the entire labour market will be encumbered and forced to accept pay cuts together. It will definitely weaken internal spending power and lead to such sequelae as psychological and emotional disturbances that will lead to social instability, thereby further undermining public confidence in our future. Even if I admit I am trying to pin labels on these Members, how can they be accountable and responsible to the public if my prediction becomes a reality? The consequence is really worrying.

In sum, I think the general public will find this policy address unacceptable. I strongly ask the SAR Government not to take the 7 million people in Hong Kong for fools and harbour the wishful thinking that the prescription of "dangshen and red dates" can really provide the right remedy, though it is actually useless to save Hong Kong. Finally, I hope the SAR Government can cope with the emergency and help those in difficulty like the ancient practitioner, "Bian Que" (legend has it that "Bian Que" was even better than "Hua Tuo", a legendary surgeon).

Madam President, I so submit.

MISS LI FUNG-YING (in Cantonese): Madam President, following the six debate sessions held on three days last week to discuss specific policy areas, the Legislative Council's debate on the policy address will conclude today after Members have made their concluding remarks and government officials their responses. Nevertheless, it does not mean that Members' discussions about the policy address will end upon the conclusion of this debate. Quite the contrary, it marks the beginning of a new stage. Today, I will supplement a few points on the policy address.

My first point is related to the proposal to create more jobs to help alleviate the unemployment problem. The public at large generally considers that compared to the 190 000 unemployed ranks, the over 30 000 jobs the policy address has proposed to create are only a drop in the bucket. I just hope the Government will not insist on turning a deaf ear to the people's needs on the pretext of an unclear economic future and an increasingly grave budget deficit. In the meantime, the first and foremost task of the Government is to put in greater efforts to provide support for the unemployed and to allay people's worries over unemployment. I hereby earnestly urge the Government again to seriously consider the proposal put forward by the Federation of Hong Kong and Kowloon Labour Unions to set up an "Unemployment Loan Fund" for the unemployed.

It is said that the first infrastructural project of the Disney theme park, which commences today, could bring about 1 500 new jobs. It is also said that over 70 000 more jobs will be provided in the future. At the same time, however, we have also received complaints from workers that in the recently completed advance works for the Disney theme park, the workers employed were mostly imported labourers. It is very easy to issue post-dated cheques, but how is the Government going to ensure that the cheques will be honoured? In this connection, I have suggested the Government publish quarterly reports on the progress of the creation of these over 30 000 new jobs, and that this measure should apply similarly to the Disney theme park and other relevant major projects.

The second point is on the problems facing civil servants and employees of subvented organizations. Rather than alleviating my concern over the matter, the remarks made by the Secretary in this respect and some press reports have made me even more worried. I hope the Government will give us some clarification later on. At the relevant debate sessions the Secretary said, to this effect, "Imposing an additional pay cut (on civil servants) all of a sudden will definitely give rise to considerable controversy within the Civil Service." But then, on the following day some media reports were saying that the Civil Service Bureau would introduce a floating wage system to divide the salaries of civil servants into two parts, with one part being payable at a fixed rate and the other at a floating rate. If the media report should be true, I must warn the Government here that in addition to arousing considerable controversy among

the Civil Service, any radical changes made to the method of calculating the salaries of civil servants would also give rise to heated debates in society and serve to divide society further. I hope the Government will respond to and clarify this matter, bearing in mind that some employers' associations have already made a similar proposal earlier on to change the existing salary structure by increasing the proportion of floating wage in employees' salaries. The labour sector has reacted strongly to this proposal and made a joint statement pointing out that throwing up deliberately this sensitive wage calculation method in the prevalent economic downturn will have negative effects on society.

Last but not least, I should like to speak on the issue of subvented organizations. Both the Secretary for the Civil Service and the Secretary for Education and Manpower have made no mention of the issue in their replies, but that does not mean the issue no longer exists. Let me repeat here that because of the lump sum grant package, some subvented organizations have changed the long-standing practice of linking the salaries of their employees with that of the Civil Service. In view of the fact that many subvented organizations have reduced the reasonable rights and interests of their employees on the pretext of flexible use of resources, I hold that the Government must review the relevant policy.

During the debate sessions held last week, I criticized the policy address for concentrating mainly on investment in the future instead of offering relief to the people in dire suffering and thus failing to address the grievances of the community. As a matter of fact, even though Bureau Secretaries have been making every effort since the publication of the policy address to explain the proposals contained therein, I believe the disappointment and dissatisfaction of the public have yet to be pacified. I think the Government should take this debate in the Legislative Council as a golden opportunity to actively explain to the community how it has studied and examined the current social situation when drafting the policy address, and how the policy objectives and government policies are prioritized in the light of such situation. That way, the Government can appeal to the public for their understanding on the one hand, and draw lessons from the present experience to make better preparations for the implementation of policies and the forthcoming annual Budget.

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

MISS MARGARET NG (in Cantonese): Madam President, the policy address, as its name suggests, has to be not only forward-looking but also a report, a review of the administration and results over the past year.

I would like to discuss the relationship between the executive and the legislature in the past year. Article 64 of the Basic Law provides that the Government of the Hong Kong Special Administrative Region must be accountable to the Legislative Council and it shall present regular policy addresses to the Council and answer questions raised by Members of the Council. Under Article 59 of the Basic Law, "the Government of the Hong Kong Special Administrative Region" means the "executive authorities of the Region". Through the Chief Executive, the executive authorities have indeed presented policy addresses to this Council, but have the executive authorities really answered questions raised by Members of the Council? In my opinion, the executive authorities failed to meet this requirement of the Basic Law over the past year.

First, with regard to the Question and Answer Sessions in this Council, although the Chief Executive is obligated to respond to the questions raised by Honourable Members, these responses have deliberately evaded the questions, sometimes the answers given are not relevant at all. This kind of side-tracking is very disappointing. The question is not whether Members feel satisfied or agree with the answers. Rather their questions have not been answered at all.

Likewise, the public officers behave in the same way. They would choose to answer the questions they like. Sometimes the replies are very detailed and made in a very frank manner. More often than not, they do not care to answer at all, or even shake their heads to indicate ignorance. When Members point out that the public officers have not answered their questions, the public officers would speak in such a hostile manner as if they are completely ignorant of the provisions in the Basic Law under which they are obliged to answer the questions raised by Members.

Such examples abound last year. The attitude harboured by public officers rendered the significance of the question time in the Wednesday meetings next to insignificance. In the meetings of the panels of this Council, the Government adopted an attitude of refusing to make any comments on issues

like the election of the Chief Executive, the Election Committee, whether or not the appointment of the Financial Secretary was consistent with the existing mechanism, whether or not the Prevention of Bribery Ordinance should apply to the Chief Executive; as well as the issue raised in the Panel on Administration of Justice and Legal Services on whether or not local laws should be binding organizations of the Central Authorities in Hong Kong, and so on. Members were indignant about this, but there was nothing they can do.

Madam President, the greatest powers which this Council can invoke are the powers contained in the Legislative Council (Powers and Privileges) Ordinance. Members face the same problem in the select committees. Public officers did not give any reply if they so liked it, and they would refuse to disclose any information if they did not wish to. And they would stick to their decision. This is not only a violation of the spirit of the Basic Law, but also makes it impossible for Members of this Council to discharge their duties in respect of monitoring the executive authorities.

Madam President, we lack a democratic system of government here in Hong Kong, but the Government that we have is still obliged to listen to, accept and tolerate differences in opinion, with a view to reaching the largest consensus possible. However, over the past few years, not only has the Chief Executive been unwilling to embrace more opinions to reach a consensus, he only welcomes people who share his position and agree to his policy objectives. To all others, including those Members of the democratic camp in this Council, he has been deliberately resistant and indifferent. He is hostile to his critics, trying his best to belittle them, thinking that they are plotting his downfall, that they are the enemies of the people. Rarely has he appointed these people to advisory bodies or other statutory bodies, thus preventing them from playing a part in the establishment and making contribution to the community. This kind of total rejection of those who hold different views has undermined the forces that can be harnessed to the service of our community, aggravated division and confrontation, and added to the sentiments of insecurity and instability. When in future the accountability system is in place, those who hold different opinions will be ignored on even more justifiable grounds.

What is even more worrying is that the Chief Executive and some senior officials have demonstrated that they are becoming more intolerant of

disparaging remarks made to those in power. The Government, the Chief Executive and the senior officials think that they are not to be offended. The recent controversy surrounding the remarks made in the television programme "Headlines" has reinforced the impression among the public that the Chief Executive must not be ridiculed. And on this occasion, no official came out and said a word to defend the editorial autonomy of Radio Television Hong Kong.

Mr David CHU told us earlier not to criticize the Government all the time, for if not, our economy would never get any better. Mr Bernard CHAN said that if the Chief Executive was criticized all the time, then no one would be interested in taking up the job. Are these tantamount to telling the critics to shut up? Does it mean that our society will become better when only praises are sung? Is it not more conducive to building a better future when people who hold different views or independent views are tolerated and work together?

The freedom of speech has always been one of the underpinnings of our success. As a matter of fact, those who criticize the Government, including Honourable Members, merely seek to do service to the community. As such, they should be commended by the Chief Executive. But over the past few years, these people have been under great pressure and subject to attack. The pressure comes from the Administration and those in the left wing who are so much more powerful. So on the contrary, they have to tell themselves not to feel dejected and they should keep on telling the truth, though at times the truth may not be pleasing to the ears. Any civilized society should not demand that all its people be silent about the new clothes the emperor is wearing and to stop others from making criticisms.

Finally, Madam President, I would like the Government to comment on what in fact is the basic policy governing our relationship with the Mainland. Some people may say that the only solution to our economic woes is to ask those low-skilled and low-income people to go back to China to work and live there on the one hand, and attract those high-skilled and high-income people in China to come down to the south for settlement on the other. There are also views that although after the reunification, the obstacles to close ties between the two places are eliminated, there are still big differences in property prices and consumption expenses. A kind of economic pressure is built up. Such pressure will reduce when the gap is narrowed. I would like the Government to comment on this:

What is the approach taken by the Government on this? Does it plan to speed up the integration of the two places and use this as an approach to solve our economic problems? With regard to the boundary between the SAR and the Mainland, does the Government think that it only exists as a matter of technicality, or does it have any other implications?

I so submit.

MR NG LEUNG-SING (in Cantonese): Madam President, faced with the present plight, the SAR Government must devise and implement effective measures to stimulate the economy and promote employment. As the Chief Executive said in his policy address, in today's ever-changing world, we need to make rapid responses to issues as they arise. We also need to work efficiently without delay. The Government should simplify its procedures and shorten the lead time required. It has to be more determined in its action, open in its attitude and bold in its thinking. My personal view is that dealing with the present quagmire, particularly issues relating to the economy and employment, means more than just work at the economic level because economic principles and dogma are not the only factor we have to consider. It means work at the level of social policy and this work has to be viewed from an elevated comprehensive management concept about social stability and harmony. Thus, the work of the Government must cater to needs of both the present and the future. The Government should strive for substantive and immediate results in improving both the economy and employment.

As a Member of the Legislative Council, I note that the rising unemployment rate of late will become a threat to social stability and the security of our investment. It is time I tendered a piece of advice to the Government. On the issue of unemployment, the Government repeatedly stresses the importance of training and retraining. This is undoubtedly correct in the long term. But in coping with a surge in the employment rate, the Government has confined itself to infrastructure projects. It should instead work harder on immediate cures. Actually, if more flexibility can be introduced into our training and retraining programmes, marked and immediate results may be achieved in promoting employment. For training and retraining, the Government will invest \$2.6 billion this year. In some retraining programmes, learners may obtain cash allowances directly; and such allowances may amount

to \$4,000 monthly. However, for learners such as those involved in relative low-skilled work, for instance, home help, their need would tend to be a real job with monthly pay. This is because the skills for this type of work are often acquired only on the job and are often grasped through working. To continually inject resources to allow learners to pursue more courses on topics similar to actual work is not as desirable as to using these training resources as part of the wages to directly help learners find jobs so that they may train as they work and learn the skills required of them, while being employees, by their employers.

On the merit of the above idea, the Government may achieve some immediate results in tackling unemployment when it launches the relevant programmes. I have been proposing programmes with the proposed allowance for low-skilled workers intent on working as home helpers. For instance, they may be paid \$1,500 monthly for a two-year period. If an employer agrees to recruit a home helper at \$3,500, the employee may actually be getting \$5,000. This may increase the willingness of employers to recruit local home helpers. If, in addition to this, promotional efforts are made and actual allowances provided, people's attitudes may gradually change. Some low-skilled workers may thus be persuaded to transfer to jobs such as home helpers. More importantly, they may be given an opportunity to undergo on-the-job training. Everything considered, this may succeed both in training and finding jobs for more of our workers.

I suggest to start this as a trial with home helpers because against a high unemployment rate among local workers, the local market for home helpers is providing overseas workers with over 200 000 jobs. It is only reasonable that the Government should adjust its policies properly to provide incentives for employers to do their part in solving the unemployment problem. It should also encourage and assist local workers to compete for jobs as simple as home helpers. We must not forget that with more local home helpers getting jobs, we will have more people spending their money locally, instead of having more money remitted to overseas countries. Some may worry that home helpers as a work type may not be palatable to local workers, but I think circumstances are fast changing. We need not rest our decisions entirely on the results of some questionnaire surveys done earlier on certain assumptions and on heavily theory-based ideas, which said that Hong Kong people would rather sit back and grudge or even go on the dole. I still believe Hong Kong people are flexible and capable of accepting challenges in work. The key point is that the Government should do less talking but act decisively on certain policies; it must

provide assistance with determination and lead people to act in a pragmatic manner, working with them hand in hand to achieve a desirable shift in the economy and their attitudes towards certain jobs.

A folk adage says that amiability attracts riches. Hong Kong is now in a period of plight and critical conditions. We must unite and join hands to forge valiantly ahead against all odds. With 6 million people, there may be 6 million ideas and criticisms. But indulging in unconstructive satire, bickering, argument and complaining will only make the community dull in spirits and lose its sense of direction. Mencius said, "Thrive in calamity and perish in soft living." For some time in the past, Hong Kong people enjoyed prosperity and easy life. Now that we are confronted with adversities, we must unite to face difficulties squarely. We should keep calm, persevere and advance courageously. Only in this way can Hong Kong emerge from the predicament and gain a new lease of life.

Madam President, I so submit.

MR HENRY WU (in Cantonese): Madam President, in his policy address delivered two weeks ago, the Chief Executive proposed that enormous investments be made on education and the creation of employment. This is aimed not only at providing short-term relief to the hardship of the people. More importantly, it sets a long-term target for the reduction of unemployment and maintaining the stability of Hong Kong society. The measures deserve our support and commendation. In addition, the system of accountability for senior officials as proposed by the Chief Executive is a right step of governance. The only question is how this system will be launched and implemented. On the issue of the accountability system and decision-making, I have presented my arguments in my speech made last week, so I will not repeat them today.

Madam President, the focus of my discussion today is on the lack of effective measures in the policy address to help the financial services sector to tide over the present economic difficulties. I am very much disappointed with this. When most of the Policy Bureaux are saying that their work objectives for the coming year should fall in line with the objective of creating employment as stated in the policy address, the strategies for the financial services sector are running in the opposite direction. They only serve to create massive unemployment. That is really incomprehensible.

First of all, I would like to thank Dr the Honourable Philip WONG for mentioning in his speech last Wednesday that as the securities industry is facing financial hardships, the Government should make a fresh review of some legislation which may reduce the vitality of local small and medium-sized brokerages. As a representative of the sector, I would like to extend my gratitude to Dr WONG today, for I did not get the chance to speak on this last Wednesday.

Governments all over the world have taken some measures to rescue their economy in the face of this global recession and to reduce the negative impact associated with it. These measures are aimed at stabilizing their society and boost the confidence of their people. The Securities and Futures Commission of the United States and the NASDAQ, for example, have made some flexible policy reviews and adjustments to stabilize the market in the wake of the "September 11 incident" and the plunge and extreme volatility in the market that followed.

On the other hand, the SAR Government has demonstrated a lack of flexibility and adjustment in its policies. The Government is merely in pursuit of some ideals, failing to take account of the changes in the circumstances. The implementation of the Mandatory Provident Fund (MPF) system is one good example. The system is originally intended to help the people to prepare for their retirement life, but unfortunately the implementation is untimely and a lot of people have suffered heavy losses as their contributions are turned into investments. Another example of witlessness is the policy specifically raised by the Secretary for Financial Services last Wednesday of removing the minimum brokerage with effect from next April. At this time of economic uncertainties, the Government's support for removal of minimum brokerage is tantamount to forcing the brokerages to close their business. According to estimates, this will lead to the closure of not less than 200 brokerages. Thousands of employees will be forced out of work and our high unemployment rate will then be pushed even higher.

As far as I know, the Government has so far failed to produce any figures on the deterioration of unemployment as a result of the removal of the minimum brokerage. The Secretary for Financial Services stated clearly last Wednesday that the Government would not accept the suggestion that MPF contributions be suspended for one year. One of the reasons cited is that such a suspension will

lead to layoffs in the MPF industry and even in the fund management industry. Hence the number of unemployed persons will rise. Such views show that the Government does not care about the survival of the securities industry. Fund management companies are usually larger in scale and one can say that the Government is discriminating against small and medium-sized brokerages. For on the one hand the Government fears that a suspension of MPF contributions will push up unemployment, but on the other, it turns a blind eye on the unemployment pressure exerted on the securities industry in seeking to abolish the minimum brokerage.

The Secretary also mentioned that it is not government policy to reduce the number of brokerages. But the fact is at present there are about 500 brokerages struggling for survival under the present market circumstances. In view of this, I would like to ask the Government this question: Since it is well aware of the difficulties faced by the securities industry, what measures has it in place to help these 500 brokerages to tide over the current economic difficulties so that they can continue with their operations? If the Secretary thinks that 500 brokerages are far too many and this has made their survival difficult, then according to government estimates, how many brokerages may be accommodated by the market in order that they may not find survival difficult? Putting the question in another way, what volume of transactions would the Government consider sufficient to sustain these existing 500 brokerages? Can the Government devise some measures to give a boost to the securities industry, raise the transaction volume and rescue the market, so that these 500 brokerages may survive?

Madam President, we owe our economic achievements to the large number of small and medium enterprises (SMEs) which have worked so hard and so steadfastly to contribute to our economy and make its growth possible. In particular when there were downward adjustments in our economy and when we were under the attack of the financial turmoil, these companies did not retreat or withdraw but worked hard to bring about a recovery in our economy. The Government should therefore respect the right to survival of these SMEs, especially at this time of economic difficulties. Appropriate measures should be devised to enable them to continue with their business, instead of driving them out of their business and denying them the right to survive.

All in all, the policy objectives espoused in this fifth policy address of the Chief Executive are correct. Officials in charge of financial services should

lend their support and offer their assistance to the Chief Executive to put the policies into practice. They should focus their attention on how to steer the territory out of this economic quagmire and enhance social stability, think of some policies which will help the small and medium-sized brokerages and the SMEs in general, work with the industry to tide over the difficult times and refrain from forcing through some policies.

With these remarks, Madam President, I support the policy address delivered by the Chief Executive.

MR TOMMY CHEUNG (in Cantonese): Madam President, I have been a Member of the Legislative Council for a year unknowingly. During this period, I took part in the work of scrutinizing several bills. I would like to take this opportunity today to talk about the problems encountered by me in scrutinizing the bills and the Government policy on bill drafting.

The Liberal Party has all along requested the Government strongly to assess the impact on the business environment before formulating new policies and drafting bills. I am very happy to note that the Chief Executive, Mr TUNG Chee-hwa, has responded to the request of the Liberal Party in paragraph 64 of the policy address this year. After Mr TUNG has made his response, the policy will then be implemented with the co-ordination of respective Policy Bureaux and departments. In the course of scrutinizing bills this year, I felt that the Government had often set the scope of regulation too wide with excessive and indiscriminate sanctions in order to facilitate expedient administration and drafting. This not only contravenes the principle that laws must be clear and specific, but also causes serious disturbances to the business sector, or even stifles its survival.

Such examples abound. The bills which I have taken part in scrutinizing alone have many similar examples. For example, the Public Health and Municipal Services (Amendment) Bill 2001 being scrutinized by the Legislative Council seeks to empower the Director of Food and Environmental Hygiene to issue a closure order immediately to problematic food establishments on grounds that they will pose a hazard to public health. The catering sector is worried that the power of the Government is too extensive and open to abuse, dampening the desire to invest and affecting people's confidence in making investments.

In fact, people of the catering sector understands that public health is very important and they have taken it to heart. Last year, the Food and Environmental Hygiene Department (FEHD) conducted 490 000 serious inspections on food establishments and their hygiene standards were subject to strict supervision. I see no reason why the Director of the FEHD should be given such enormous powers. Since there was no mechanism for appeal, the aggrieved will have to take their cases to the Court. As that would take a very long time and incur enormous expenses, people in the business have been in fear and trepidation all the time and feel that there is no protection for them at all. Thanks to the persistent fight put up by Members on reasonable arguments, the Government finally agreed to set up an appeals mechanism which is acceptable to Members and the industry.

The Karaoke Establishments Bill is another example. Based on one isolated arson case, karaoke premises are required to apply for business licences again. However, the scope of regulation of the new licence overlaps with that of some existing licences, such as the liquor licence, thereby causing overlapped regulation. Moreover, the Bill adopts an across-the-board approach in requiring industry compliance with the strictest fire-prevention measures. For example, the width of corridors must be changed from the existing 1.05 m to 1.2 m, and partition walls meeting one-hour fire resistance standard must be installed. New premises may manage compliance although they have to increase their costs. Whereas in old premises, structural changes are required in renovation so as to meet the new requirements. According to the estimates made by the industry, the cost of redecorating a karaoke premises with a surface area of 800 sq m in accordance with the new requirements is \$3.7 million or so. It has not factored such other expenses as staff wages, rents, rates, licence fees payable during the decoration period into the calculation. Given the current economic condition, these regulations are tantamount to forcing those businesses to close down. More important questions remain. Are the new regulations reasonable? Can they deter criminal offences such as arson from happening?

The Bill also empowers the police to confiscate the business equipment, audio equipment and computers and to inspect all books. But is it really necessary?

There is one example that I cannot help mentioning in respect of the Public Health (Animals and Birds) (Chemical Residues) Regulation and Harmful Substances in Food (Amendment) Regulation 2001. The Government proposes

that an indictment be pressed if food animals such as pigs, chickens and other poultry are found containing prohibited chemical substances. The Government will even invoke the provision on strict liability by shifting the onus of proof onto the defendant. In other words, the Government can initiate prosecution, but it is not required to adduce evidence to prove that the defendant is guilty.

The Government also proposes that once the livestock farmer, dealer or worker is convicted, the director and senior management of the relevant body corporate will all be prosecuted, that is, they will be caught by one single conviction. The only way to defend is to adduce evidence themselves so as to prove that they are innocent. Fortunately, due to my strong fight against this, the Government finally took my views on board and deleted this provision.

Although the industry to which I belong is not affected by the Bill, I also have strong views about it. Under the spirit of common law, a person is innocent he is proved guilty, and the onus should not be on him to prove his innocence. The onus of proof lies with the prosecution, that is, the Government, but not the defendant or the suspect such as citizens, workers or the business sector. The Government has expressed that the provision of strict liability is invoked because of the difficulty in adducing evidence. Is such a reason a violation of the spirit of common law? How can the Government invoke the provision of strict liability and push the onus of proof onto the defendant such as citizens, workers or the business sector simply because prosecution is difficult owing to the difficulties in adducing evidence?

The many examples cited above illustrate that the Government has made a general mistake in bill drafting lately. That is, the Government has often imposed in various bills many "straitjackets" on the people and the businesses affected, in order to exercise overlapping and unreasonable regulation of the business sector. Coupled with the strict provision on liability, the Government tries to catch the public and the business sector in one clean sweep. If Members criticize the Government for abusing its powers, the Government then explains that it will handle with flexibility and will not initiate prosecutions casually. But can this actually be done? If the Government is really to apply leniency in enforcement, why should the laws be written in such strict terms?

I have to remind Honourable Members that in scrutinizing strict liability provisions, we must adopt the same standard. That is, not to use it as far as possible unless under special circumstances. We cannot use it simply because it

is related to the hygiene standard of food establishments and public health. Can it also be used if demonstration and procession are involved? If the Government invokes the provision of strict liability too lightly, a habit will gradually develop and habitual application will occur very easily

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

MR TOMMY CHEUNG (in Cantonese): Madam President, I so submit.

MR ABRAHAM SHEK: Madam President, currently, Hong Kong is facing the most stringent economic hard times that we have ever encountered for 30 years. Our open economy has been severely affected by incidents such as the Asian financial turmoil and the terrorists' attacks in the United States on 11 September. Low-skilled industries and low value-added services are confronted with strong competitors from the Mainland and other Asian regions. As our sluggish economy has shown no sign of recovery and the external economy is undergoing a rapid downturn, the future of our economy is gloomy.

I agree with our Chief Executive that the difficulties will persist. Hard work, diligence and adaptability inherent in Hong Kong people form the keys to lead us back to prosperity. What Hong Kong people need in these days is the courage to strengthen themselves so as to overcome the economic hard times and to meet the challenges in the competitive world. What our Government should do is to further enhance its efficiency, as well as to reduce bureaucracy and rigidity in policy-making and policy implementation. Otherwise, we will lose our competitive advantages and our status as a financial and trade centre of Asia.

No one can look into the crystal ball and know when our economy will recover. We should bear in mind that the more difficult the economic situation is, the more community consensus and public confidence are needed for working towards the revival of our economy. Madam President, I hereby urge the Government to consider the following:

Firstly, to improve co-ordination between the Legislative Council and the Administration. We both share the same objectives of serving the community, but the existing communication channels are insufficient and inadequate.

Moreover, there is a lack of transparency in government policy making and consultation. Conflicts between government bureaux and Members of this Council often arise which delay policy implementation. Consequently, community interests are being affected.

Secondly, to hear voices from members of the public for the sake of formulating strategies to tackle socio-economic problems. As we know, economic restructuring is the most stringent problem that Hong Kong is now encountering. The Government should be more open in listening to public opinions, not just shouldering off its responsibility in the name of *laissez faire*.

Thirdly, to foster community consensus and restore public confidence during the present economic hard times. A coalition of eight political parties to express their views over the Chief Executive's 2001 policy address is a good example of how consensus can be reached for the well-being of our community. With consensus among various parties, more constructive measures can be worked out for reviving the economy while public confidence in the future will be restored. Listening to the advice of the public and the political parties reflects the strength of our Government rather than its weaknesses. A good government is a good listener.

Fourthly, to maintain and strengthen our competitive edge, to improve our business environment and to enhance the efficiency of our open market. Our competitive edge would not last forever unless we do something about it. We are losing out to Shanghai, we are losing out to Singapore. Both the executive and legislative institution should work together to enhance our competitiveness and maintain a favourable business environment.

Lastly, to accelerate economic integration with the Pearl River Delta. In the past 20 years, the rapid economic growth of Hong Kong is partially due to the open door policy of China and its close linkage and economic co-operation with Guangdong Province. Guangdong is one of the cities in the world which has experienced the fastest pace of economic growth. Economic integration with the Pearl River Delta will provide a hinterland for Hong Kong and accelerate the economic growth of Guangdong. In view of this, Hong Kong should complement its strengths with those of Guangdong and establish effective communication channels with the Guangdong Provincial Government so as to avoid unhealthy competition and achieve a win-win situation, thereby leading to long-term economic growth. Twenty-four hours' opening of cross-border

passages for goods vehicles and passengers, expediting of cross-border transport infrastructural projects, withdrawal of unnecessary procedures and restrictions on people and capital flows are top priority issues that the Administration must address.

Capital from Hong Kong can flow freely into China, yet capital flow from China is restricted by exchange control. The Hong Kong Government should persuade the Central Government to lift this restriction. After all, we are one country but have two systems. Granting the right of residence to people from the Mainland who invest in Hong Kong is also a feasible way to attract investors and talents from China who wish to come to Hong Kong. In many large cities of China, inflows of capital and talents are promoted to facilitate regional economic development. Hong Kong's legal system, highly efficient market system, free flow of information and world-class infrastructure could have provided an extremely attractive business and environment for investors from the Mainland.

Hong Kong's economic conditions have been affected by external economic factors and the path of economic restructuring is long and hard. However, if the Government, the Legislative Council and the citizens are to bear their own responsibilities to overcome the economic difficulties, Hong Kong will continue to have a vibrant and bright future. Thank you, Madam President.

MRS SELINA CHOW (in Cantonese): Madam President, the community is now full of grievances. Why? The fundamental reason is that Hong Kong people have lost their bearings and confidence. This should not be attributed only to the economic downswing or slow progress of policy reforms. The crux of the question is that something we used to count on, something that used to operate well and reliably has vanished all of a sudden, or become no longer reliable. Those who bear the brunt of this are the middle class, professionals and managers of small and medium enterprises, people who have all along been most dynamic, least dependent on the Government and most capable of starting their own business in Hong Kong. They are the driving force for the progress of Hong Kong. Some of these people have received long education or training, and they, after acquiring the experience and professional qualifications, took up jobs that they considered to be lifelong careers. However, given the economic downturn, the professionals have been made sacrifices of companies downsizing,

and they, in great trepidation, are prepared to receive the "big envelope" anytime. Besides, tens of thousands of small owners have put their savings on their homes, but after several plunges of the property market, their assets have not appreciated in value and have, worse still, become a burden to them.

Last year, as the dot com fever sprang up, we saw many people swarming to buy such shares. Now that the bubble has burst, many people have come out of this burst scathed. The surrounding environment is fast changing too, with competitors emerging from all directions and consistently making much headway. Hong Kong people, therefore, began to feel at a loss and awaken to the fact that they are lagging behind. They began to look back and cherish fond memories of the past, feeling that they fare less well than others in all aspects. Whilst they have lost their bearings, they have at the same time lost confidence and even hope, and feel downhearted. Faced with these unprecedented adversities, I think the only way out is to find, amidst such confusion and frustration, the right direction to get back on the track. Only in this way will individuals and society have future.

To restore confidence, we must first rethink what advantages and edges Hong Kong has. Then, we must reassert our strengths and work hard in the furtherance of our stakes.

Hong Kong is geographically unique and well-positioned. After the reunification, we become part of our Motherland. Given the robust economic development in the Motherland and her impending accession to the World Trade Organization (WTO), the people of Hong Kong must expeditiously jump on the bandwagon and exploit all room for development. We have a sound rule of law system; we have infrastructures of a high standard; we have a pool of professional talents roped in over the years in the fields of trading and financial services and on the economic front as well as in all trades and industries. Coupled with the fact that Hong Kong is a highly attractive and pluralistic metropolis, we have the qualities that can best guarantee appeal to foreign investors.

Hong Kong people must not forget that we ourselves are assets of Hong Kong. We have long been acclaimed for our diligence and perseverance. Where there are business opportunities, there will be Hong Kong people. Besides, Hong Kong has always been a melting pot of the East and the West, and

most of the people here are bilingual. After the reunification, Hong Kong has become a city of China. But among the numerous cities in China, Hong Kong is still in the best position to help our Motherland in her entry to the WTO, and to benefit from it in the process. To this end, we must, however, turn grievances into strengths so as to explore and exploit business opportunities, and this is precisely the new direction of development. In other words, Hong Kong people must revive the spirit of striving for continuous improvement on self-reliance and strive forward courageously.

After all these serious discussions, perhaps I should come to a lighter side. What kind of a place exactly is Hong Kong? Hong Kong has the world's largest Air Passenger Terminal, and our cargo throughput is also second to none; our country parks account for 40% of the area of Hong Kong; we have seven major dining districts where all kinds of cuisine are ready to serve; we have the longest outdoor electric escalator in the world, measuring 800 m. *Travel+ Leisure* is one of the many magazines that have chosen Hong Kong as the best city in Asia. The World Tourism Organization estimated that 56 million visitors will have visited Hong Kong in 2020.

A friend of mine told me that the other day when he arrived at the Hong Kong Airport, no one gave him a tourist guide since he is a Hong Kong resident. So he picked up some information brochures and read them. He then found that there are many places in Hong Kong that he has never visited. Members may have heard that the Hong Kong Tourism Board (HKTB) is running the "City of Life: Hong Kong is it!" campaign to promote the various scenic spots and activities in the 18 districts. The HKTB is responsible for promoting these scenic spots and activities overseas. But is there anyone tasked to promote these attractions to Hong Kong people? The answer is no. This is not a task that can be successfully performed simply by casually making one particular party responsible for it. Think about this: What exactly do we have to do? We must in fact face the market of Hong Kong. Whether it be the tourism industry, the catering industry or any other sector, we must compete with the neighbouring countries for customers. If we can adopt this attitude to face this market with a population of 6.8 million, I believe the service industry in Hong Kong will have very promising prospects. It is because whether it be Shenzhen or Bangkok, they still pale in comparison with Hong Kong in terms of the quality and comprehensiveness of services.

MR ALBERT HO (in Cantonese): Madam President, in the past year or so, many senior government officials and even many Members of this Council have constantly asked Hong Kong people to be confident in the future of Hong Kong, to be confident in the Government, and to be confident in themselves. They told the people not to belittle themselves and lose all confidence in the face of economic hardships or the spate of crisis in society. They may have a point. But let us look at what is lacking in the TUNG Chee-hwa Administration? I think the Government also lacks confidence. Has not the Government also lost confidence in the future of Hong Kong? Has not the Government lost confidence in the ability of Hong Kong people? Has not the Government lost confidence in the effective administration and credibility of the entire Government? It is precisely because of this lack of confidence that the Government has failed to make prompt decisions and vigorously implement policies that answer the needs of the times and bear instant results, so as to rescue Hong Kong on the brink of crisis. Very often, the wavering policies of the Government and its always contradictory statements are indicative of this confidence crisis.

Let us look at the fiscal policies first. While the Government has a huge fiscal reserve, it still pandered to outworn rules and refused to use fiscal policies to stimulate the economy, relieve the plights of the people and create more employment opportunities when Hong Kong is faced with such unprecedented difficulties in history. Compared with Singapore, while their reserve is not as strong as ours and their economy no better than ours either, their officials are nevertheless more committed and more energetic. Why can the Government not pluck up more courage to embrace new ways of thinking and bring new hopes to Hong Kong people at this point in time, just as the President of the United States gave his people a "New Deal" back in the '30s? It is because the Government fears that economic recovery still has a long way to go and worries that external factors will not improve in the near future, in which case the fiscal deficits would become a structural problem. It also fears that our credit rating will be lowered and Hong Kong would not be able to turn the corner. The Government does not think that the reserve should be used to meet urgent needs. Rather, it considers that the reserve "last stakes saved for one's funeral", in that once the situation of Hong Kong deteriorates, the reserve can be used to keep Hong Kong afloat for a longer while. Is this mentality correct? In fact, we should use the reserve to rescue Hong Kong where circumstances most warrant so. Excessive prudence is unduly conservativeness, indicative of a lack of confidence.

On the education front, the Government has always emphasized the need to better our education endeavours, in order to cope with the economic restructuring and support the sustained development of Hong Kong. However, putting the reduction of government funding for tertiary education by \$3 billion aside, manpower surveys projected that in 2005 Hong Kong will have a shortage of 120 000 talents with post-secondary education. In the next few years, there will be a lack of talents in information technology and financial services. So, while we have a large pool of university graduates in Hong Kong, there is still the need to indefinitely import talents and professionals from the Mainland. To our university students and university education, what confidence is there to speak of? The Financial Secretary has recently reversed his position by calling on the private sector not to resort to layoffs hastily, urging the private sector to consider the overall interest of the community and think twice before they act. I definitely share this view. The Financial Secretary should have exercised such caution and put forward these views earlier. Nonetheless, many statutory bodies of the Government are still laying off staff and cutting their salaries, instead of preserving jobs for their staff by means of redeployment or training or providing the option of salary reduction. Moreover, 19 government departments have continued to outsource their work, thus forcing many staff to leave on their own initiative. The fact that the Government has hastily sought to pare down the recurrent expenditure and consistently taken steps to "lose weight" also points to its lack of confidence in the future under the present circumstances.

In respect of governance, I think the TUNG Chee-hwa Administration also seriously lacks confidence in its prestige and acceptability among the people. Mr TUNG Chee-hwa has refused to build up a constructive co-operative relationship with all political parties and even people whose political convictions are just slightly different from his. It is because he is afraid that his powers would be checked, that his authority would be overshadowed or affected. Many political parties had asked the Government or the Chief Executive to hold a summit, so as to reach a consensus on solutions to economic problems, but their suggestions were rejected. A review of the political system is deferred indefinitely. The higher echelons of statutory bodies are always filled by TUNG's supporters through appointment by the Chief Executive. Cronyism invariably results in measures that are nothing more than old wine in a new bottle. The introduction of a system of accountability of senior officials has pointed even more clearly to the Chief Executive's concern for the allegiance of senior officials to himself, rather than their accountability to the general public. Indeed, it is only natural for the Chief Executive to be lacking in confidence, for

he is not returned by direct elections and therefore he does not have the mandate of the people. That his policies now are contrary to the wish of the people has all the more made him feel as if he is besieged on all sides. But I do not think that to resolve the problems, the Chief Executive should be even more domineering or more obstinate, or should vent his grievances on the Radio Television Hong Kong or other news media that reflect public opinions, or even by attacking vulnerable minority groups, such as the Falun Gong, in a bid to divert the attention of the public. I think that the ultimate solution is to democratize our systems and allow members of the public to make their own decisions through elections, so as to truly allow the people to be the master of their destiny. Only in this way can hostility be turned into harmony, pessimism into proactiveness, and retrogression into progress. This is the only way out for Hong Kong. Thank you, Madam President.

MR WONG YUNG-KAN (in Cantonese): Madam President, I did not intend to speak originally, but now I would also like to express my views. Madam President, I went to Kat O at Sha Tau Kok with you earlier, and saw that the environment surrounding Sha Tau Kok is very beautiful. In fact, this is exactly the hinterland of the local tourism, and also a direction of development. Earlier, I heard the Honourable Mrs Selina CHOW talk about the development of tourism and I subscribed to her views. It is because the development of tourism is the most urgent matter. But the point is, how we can make Hong Kong people stay in Hong Kong to spend money and this is the most knotty problem apart from the large-scale planning insofar as the development of tourism is concerned. If we can make Hong Kong people stay here to spend money, not to speak of a million people but just a hundred-odd thousand, the development of tourism can then be promoted. Therefore, we should develop tourism not just externally, for internal development is even more important. Hence, I hope the Government can give serious thoughts to opening up the border. In fact, to set up checkpoints in Chung Ying Street now can be regarded as having opened up the border at Sha Tau Kok. Will the Government consider this?

In addition, we are very dissatisfied with the Government after the reunification. However, I would like to point out that since the establishment of the Environment and Food Bureau, the various departments under it and tasked with food safety have done a better job than before. For example, the front-line staff of the Food and Environmental Hygiene Department have taken vigorous enforcement actions against illegal roast meat stalls in Yuen Long, and some

staff were even assaulted as a result of such operations. It can thus be seen that the work in this respect is gradually going on the right track. Besides, sometimes I rang the Agriculture, Fisheries and Conservation Department some time between eight and nine o'clock at night, the Assistant Director was still in the office answering my calls. Although there are many things that have made us feel very aggrieved apparently, from another angle, I am sure that some officials are still working and addressing problems in a whole-hearted and responsible manner. For example, after I had unleashed criticisms against the Architectural Services Department on the last occasion, the Director replied at once that 64 projects would be "launched" at the earliest possible time. This was an active response showing that they were not stalling on purpose. Of course, some matters indeed made me very "agitated". Food safety has all along been the most agitating issue for me because I feel that this matter not only concerns about my sector, but also concerns a wider issue of food safety in the territory as a whole. Since it took us great pains to establish this Policy Bureau, how can the co-ordination work be improved after its establishment? This is the most important issue. For example, stamps have recently been found even on pork smuggled into the territory, and that is the problem. But what should we do about it?

When I talked about the problem of chickens on the last occasion, the time was up. I would like to continue with my speech now. With regard to the problem related to frozen chickens, the Government should negotiate with its mainland counterparts. If the governments of both places can deter such incidents beforehand, the smuggling activities will then be stemmed in future, and the problem in relation to "farm chickens", then "fresh chickens" and "chilled chicken" later will not arise again. If we had deterred it beforehand, such activities would not have taken place. I think the Government should give this consideration.

I would also like to talk about ways to face adversities. I once talked the issue of "fishing" with other colleagues in a programme of the Radio Television Hong Kong, because the Financial Secretary had taught people how to "fish". Insofar as my sector is concerned, we first need to learn how to ride out the storm and survive in difficult circumstances before we can get the hang of fishing. If we cannot weather a storm, under no circumstances shall we be able to get the fish hooked. Even though fish are swimming in the pond, we will not know how to catch them. If we can ride out the storm in all circumstances, I believe there will not be any difficulties in catching the kind of fish we want.

Conversely, if we cannot ride out the storm, it will then be difficult for us to do that.

In my constituency, many residents have expressed their views to me in respect of the policy address released by the Chief Executive. I think that this policy address is acceptable whereas some residents have also told me that they really consider this policy address not that bad and acceptable. Certainly, there is hostility in society now, but such a phenomenon is not peculiar to Hong Kong. It also exists in neighbouring countries or places. Why do people say that this phenomenon exists only in Hong Kong? Are Hong Kong officials really that bad? My colleagues and I really have to think it over seriously. Surely, some people may be upset by my remarks. Anyway, I think the Government knows how the problems should be considered and raised. I also believe that this policy address is not something thrown out in a slapdash manner. Thank you, Madam President.

MS AUDREY EU (in Cantonese): Madam President, I have heard many colleagues speak in respect of the Motion of Thanks today. I feel a little bit like we are having a debate on "supporting TUNG" or "opposing TUNG". Madam President, I do not want to participate in such a debate. Today, Mr IP Kwok-him mentioned that we should not be entangled in the question relating to who will be elected the leader. I agree with his views. We should not be entangled in this question. Mr IP Kwok-him and Mr YEUNG Yiu-chung also cited examples, stating that a popular election system is also in place in Taiwan and Japan, but the economic conditions of these two places are still very poor. Madam President, this statement is really mixing up the question of candidate with that of system. Moreover, it has even mixed it up with economic problems.

Madam President, I would like to make it clear that my focus is not on the candidate but the election system. A democratic election system cannot guarantee that the best person will be elected, nor can it guarantee that economic problems will certainly not arise even though the best candidate is elected. Therefore, although Taiwan and Japan also have economic problems, it does not follow that the democratic election system has problems or fails. A democratic election can safeguard citizens' rights to participate in deciding their destiny themselves, and it is accepted by the international community as a fair and open system.

Madam President, I could not arrive at the Legislative Council for the meeting at 2.30 today because I went to a luncheon. At the luncheon, someone asked me: "Why can Americans be so united?" And a little bit embarrassed, he said to me, "Please do not take it personally, but I would like to say that Hong Kong now has 'three lesses', that is, the legislators are shameless, the government is useless and the public is helpless. Why are Hong Kong people making so much noises but not the least as united as the Americans?" I replied, "Let us see how exciting and what a scene the Americans made during the Presidential Election this year. The votes had to be recounted afterwards or even a lawsuit was instituted. The outcome of the election was released only after a long delay. However, no civil war broke out because of this and the public also accepted the result. It reflected that American citizens in general accept the mechanism of a popular election." Madam President, an election system generally accepted by the public is the foundation of a peaceful and stable society. In case the country or society is in crisis, all people can put aside their different views and support the government. Whereas in Hong Kong, we can take a look at the policy address and the senior government officials, can they strike a responsive chord in the hearts of the general public despite their repeated appeals for support?

Madam President, the deficiencies in a coterie election are inborn. In good times, they may not be a problem; but in times of adversity, problems will thus surface. Insofar as the solution is concerned, I agree with Mr IP's view that we may not have to find a substitute for the incumbent, it is the system that we have to change instead. As regards the fact that no undertakings were made in the policy addresses over the years that discussions on the future constitutional development in Hong Kong would be carried out at the earliest possible time, I feel very disappointed about it.

Many people said that nobody is willing to be the Chief Executive in Hong Kong, and someone is saying this even today. Therefore, as long as the person is "kind", "sincere" and is willing to be the Chief Executive, it will be fine. Madam President, such a requirement is rather too low, and it smacks of looking down upon Hong Kong people at the same time. The requisite is a good system. I believe there must be some talent in Hong Kong who is willing to take up such a difficult task.

Many people are worried that the greater degree of democracy will simply make the louder noises. Madam President, a democratic system must undergo

the course of heated debates or noisy elections and the United States is a good example. After the noises, the public will also accept the result. When things happen, people will be more united and work even harder.

Let us come back to the policy address this year. Compared to those in the last four years, this policy address is really a lot more practical. Instead of talking about unrealistic long-term plans, some practical measures to relieve the people's hardships and enhance the economic edge of Hong Kong are mentioned. Besides, the way out for Hong Kong in the long run will lie in expanding the investment in education, improving the quality of manpower and developing infrastructure. The overall direction is correct. However, in respect of the punch of relief measures, the Government could have done more. Moreover, I am happy that many colleagues of the Legislative Council can reach a consensus in this respect, and this is a good beginning. Madam President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, I find the policy debate conducted this year very special for, in an extremely rare move, Mr James TIEN, Chairman of the Liberal Party, has surprisingly moved an amendment in respect of the policy address. In the past, only Members who loved to make a fuss like us would move an amendment to a Motion of Thanks. The occurrence of such a rare phenomenon has indeed, to a certain extent, reflected the existence of certain problems. Otherwise, Mr TIEN will certainly not do something like this. Apart from that, the so-called "coalition of eight parties" should not have existed for certain political parties have earlier indicated that they will not join the coalition and prefer expressing their views individually. Surprisingly, they "took a U-turn" again at the last minute. One political party also joined our ranks at the end to form the so-called "coalition of eight parties" and introduced this amendment.

Madam President, I guess this phenomenon has occurred simply because we are so impressed by the social problems facing us today. As a result of these problems, even former "royalist" political parties no longer dare to remain royalist. Why? It is because they fear that they cannot keep their seats if the situation is allowed to go on like this. Therefore, they have been anxious to come up with solutions to see how changes can be made under such circumstances. The political parties have done so not because they have made any changes, rather they hope the Government can make changes to its policy objectives. This is of course a good thing. I also hope the Government can

truly listen to Members' views under such an exceptional situation. The fact that so many people have made changes has indeed reflected the seriousness of the problems. We all realize that we cannot take the matter lightly any longer. The consequence might be inconceivable if we allow the problems to deteriorate.

What we should discuss today is no longer what political parties should do. We should rather discuss why this problem, which has impressed us so deeply and is recognized by so many people, has emerged in our community today. A number of Members have advanced many views earlier. I would also like raise some views to share with Members. Many government officials have insisted that the problems facing Hong Kong society today are associated with some objective factors. These factors include the problems left behind by the previous colonial government and such other objective factors as the financial turmoil and the "September 11 incident". I certainly agree that such problems do exist. Actually, we cannot avoid these problems. However, if we look back at the policy objectives of the Government over the past four years, can the Government shirk its responsibility simply by shifting it to the previous colonial rule, the financial turmoil and the "September 11 incident", arguing that the problems are absolutely unrelated to the rule of the SAR Government?

I feel that we can really not say something like this, because we can see that there have been seething sentiments among the masses over the past few years. In fact, there is almost a consensus in society with respect to a number of observations made by the public. These observations include, *inter alia*, a number of characteristics displayed by officials under the leadership of Mr TUNG Chee-hwa — appointing trusted followers only, permitting collaboration between government officials and businessmen, ambitious, manipulating figures, politically conservative, indecisive, making wild guesses of the intention of the Central Authorities, over-obedient to the Central Authorities and reluctant to make self-judgement, and so on. All this is in fact what people have been trying to say from the bottom of their heart. Actually, they have expressed these views through various channels before. It is indeed not at all difficult for me to cite a few more examples today to illustrate these observations if someone asks me to do so, only that I do not have much time. Some Members who are sitting in this Chamber at the moment might question me for having failed to cite examples to support my remarks. Perhaps we can engage in more discussion after the meeting or discuss more examples without hurry. I truly feel that these problems are closely related to the way Hong Kong

was governed in the past few years. We can simply not deny the existence of such a relationship.

Some Members suggested earlier not to discuss problems relating to the governor but suggested discussing problems relating to the system instead. I think we should not heed such suggestion for we need to discuss both issues. We cannot choose to discuss either one of them. This is because, from what we see, there is indeed such a person under the existing system. I once made this remark before the reunification in 1997: "foul grass grows out of a foul ditch". Under a small-circle election system, that person is bound to appear. This is the same as saying that there is a definite relationship with the political remark I made earlier and no one can deny that. Since such a person has appeared under the system, it will become totally meaningless if we do not examine that person and the system as a unit. Therefore, today I will still insist that we must examine the problems with the policy objectives as well as the crux of the problems. Otherwise, the whole discussion will become meaningless.

Madam President, this is the last day for us to debate the Motion of Thanks. I really hope we can take this opportunity to examine how the existing political system can be changed. Otherwise, I will be really worried. Why? Mr TUNG Chee-hwa said this in the policy address: "Building on our Strengths, Investing in our Future". Madam President, what worries me most is how we are going to build on our strengths for the Chief Executive has outlined a very important direction in the policy address with respect to building on our strengths — the introduction of a so-called accountability system. But what is the significance of this system? Actually, what worries me most and what has come under the most severe public criticism are such phenomena as appointing trusted followers only, permitting collaboration between government officials and businessmen, and so on. Nevertheless, even the accountability system is implemented in future, government officials will not be truly accountable to the public. They will only be accountable to the future Chief Executive. Members should be aware that Mr TUNG has indicated that he will continue to serve Hong Kong society with unflinching resolve. We can say that the candidate has largely been chosen and the accountable officials have also existed. Insofar as the next five years are concerned, we can still see no light of early dawn and hope from the policy address delivered this time.

Madam President, I would like to point out in today's policy debate that the accountability system must be changed before we can put a truly accountable system into implementation. Thank you, Madam President.

MR JASPER TSANG (in Cantonese): Madam President, public policies should be people-oriented. The Government should adhere to this principle when implementing social reforms, and it cannot run counter to this principle when addressing social problems brought by economic restructuring. By people-oriented, it means that the people affected must be given first priority in consideration to see whether they have the opportunity to give play to their potentials, whether their hard work are duly rewarded and whether their quality of living progresses with the times.

Madam President, the Government intends to develop Hong Kong into a modernized society, an advanced metropolis and a thriving cosmopolitan. Everyone must be well-versed in high technology and must pursue continuous learning, in order to enhance their competitive edge. Therefore, from seven-to-eight-year-old children to grandfathers and grandmothers aged seventy to eighty, all must learn how to operate computers. It is all the more necessary for the Legislative Council to install nodes for access to broadband networks.

We have seen the completion of many blocks of gigantic multi-storey shopping arcades. We have seen supermarkets and mega stores opening one after another, and we have delightfully watched celebrities cutting ribbons at their opening ceremonies. Behind all this there is also the closure of grocery stores, and the closure of old stores known as the "cockroach droppings" and those filthy stalls operating in hot noisy markets. But no one will heave a sigh of regret for them, because that represents progress. Our government officials excitedly reported to us how many more international consortia have set up their offices in Hong Kong this year. But no one will feel sorry for the winding up of many local small and medium enterprises, because that represents progress. To adapt to such progress, everyone must work hard and must sharpen his competitive edge, because if we are less persevering in our hard work or if we learn less, we would be overtaken by Singapore, by Shanghai, and by the young man next door. Why do these people not visit the scenic spots in the 18 districts? It is because everyone is obsessed with the desire to pursue learning and hard work.

The Financial Secretary, Mr Antony LEUNG, always urges and encourages Hong Kong people to strengthen their competitiveness, saying that we must sharpen our edge in order to keep pace with the development of the times. But it will still be fine if they lag behind, for the Government has a safety net in place and they therefore will not have to starve.

Madam President, I think these encouraging remarks, such as urging people to be hardworking and persevering, stressing the need to upgrade oneself and sharpen one's edge to avoid being eliminated, are appropriate if they are advice from parents to their children. In my school days, my mother had often said to me that if I did not study hard, I would become a beggar in future and no one would have mercy on me by then. She did not know at the time that there would be a safety net.

Mr Antony LEUNG is a high achiever. Being an elite member of society, he is entirely qualified to give advice to us and people around him, reminding everyone that they must rely on their own efforts and upgrade their competitiveness, for he himself is a good example of achieving success through his own efforts. That said, being a principal official of the Hong Kong Special Administrative Region, if he only keeps on stressing to the public that there is little that the Government can do in the current economic restructuring, and that we must count on ourselves to upgrade our competitiveness, it will inevitably be a great disappointment.

One would be eliminated if he failed to enhance his competitiveness. This, Madam President, sounds somewhat like the naked truth of the law of the jungle where the weak are the prey of the strong and the order is survival of the fittest. If that is happening in our society, what difference is there between our society and a jungle? What is the use of the Government? Birds and animals in jungles at least do not have to pay tax or engage in rows over whether government officials should have their salaries slashed.

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

(No Member responded)

PRESIDENT (in Cantonese): Mrs Selina CHOW, you may now speak on the amendment. You have up to five minutes.

MRS SELINA CHOW (in Cantonese): Thank you Miss LAU for reminding me to put on the microphone.

I am very delighted to hear that all Members, especially Members from the coalition of eight political parties, have reached a consensus and added a tail to my motion in the end through Mr James TIEN, the caller of this coalition. I believe Members knew this tail very well because the requests made by the eight parties had been reported in detail in different sectors. Therefore, I consider it unnecessary to say anything further. The only thing I have to say is that I support the proposed amendment.

FINANCIAL SECRETARY (in Cantonese): Madam President, first of all, I wish to thank Members for their remarks on the policy address. This policy debate, held last week and today, have touched upon many different areas and drawn a pool of opinions from a great many quarters. My colleagues and I have been greatly enlightened. I shall respond to the remarks related to economic issues, and the Chief Secretary for Administration shall speak on other aspects later on.

The Chief Executive has always attached very great importance to the views of the community about administration by the Government. In fact, during the drafting process of the policy address, the Chief Executive and other colleagues in the Government separately met with people from different sectors and the masses, including a number of Members in this Chamber and the consultation was very extensive. We have listened to the people's difficulties and anxieties. In general, most people said that they were most concerned about the problem of employment. Many people hoped that the Government could point out clearly the road ahead for them and for Hong Kong, and that the Government could join hands with them to tide over the difficulties by putting in place some concrete and effective policies. We do hear the voices of the people. And, the Chief Executive has responded to these concerns by putting forward many concrete measures in the policy address.

Under the exiting economic conditions, it is only natural that people should focus on the problem of employment. The unemployed and those who are looking for employment will of course wish to find a job as quickly as possible, and those hold jobs now will wish to keep them. People who are repaying their mortgage loans will attach even greater importance to keeping a stable income to meet their mortgage repayments and other expenses. How best to provide the job opportunities required is precisely the focus of the Chief Executive's policy address.

Ours is a free economy, in which most of the jobs are provided by the private-sector employment market. For this reason, any ultimate improvements to the employment market must lie in bettering the business environment and promoting inward investments. The Chief Executive has put forward a series of measures to make improvements in these aspects. The main measures are as follows:

First, the development of the logistics industry is to be enhanced through the provision of assistance to the industry in terms of infrastructure construction, information technology, manpower resources, market promotion and regulatory procedures. A prosperous logistics industry will bring benefits to the import/export, air/land/sea transportation and even financial and insurance sectors in Hong Kong.

Second, earlier on, the Chief Executive announced a series of schemes to promote the tourism industry. He has now also obtained the consent of the Central Government to relax the restrictions on mainland residents wishing to visit Hong Kong. The promotion schemes and the relaxation will complement each other and bring in more visitors, thus helping those businessmen and people engaging in the tourism, hotel, retail and catering industries. A moment ago, the Honourable Mrs Selina CHOW mentioned the need to develop the local tourism industry. I cannot agree with her more. I have actually met with Mrs CHOW before, where she learnt that I would meet with representatives from such relevant sectors such as the industrial and commercial sector, the public utility sector, the public transport sector and even the Hong Kong Tourism Board to explore how best to develop the local tourism industry.

Third, although the Government is now facing the problem of diminishing revenue, it will still continue to invest in the future by making huge investments in the infrastructure, in particular those infrastructure facilities linking Hong Kong to the Mainland. These works projects will benefit the construction industry and other related industries such as the financial, legal and insurance businesses. Besides, improvements to cross-boundary traffic will also help enhance the flows of people and goods between the two places, thus benefiting the trade sector and the transportation and logistics industries of Hong Kong.

Fourth, four funds will be established to assist small and medium enterprises (SMEs) in enhancing employee training, market promotion and the purchase of installations and equipment. These SMEs account for 98% of all

businesses in Hong Kong and they employ 60% of the local workforce. Assisting SMEs in improving their strengths and opening up new client sources will certainly be beneficial to both employers and employees.

Fifth, further steps will be taken to improve government licensing mechanisms and streamline reporting procedures. Furthermore, in the process of formulating new policies and laws, more emphasis will be placed on assessing their impacts on the business environment. And, we will also explore the possibility of putting in place more one-stop services. These measures will help businesses reduce their operating costs and enhance their efficiency. The aim is to create a yet better business environment in Hong Kong.

The measures mentioned above will greatly boost the further economic development of Hong Kong and bring about more business and job opportunities. We know that for some of these measures, it may take quite a long time before their effects can be felt. But people are very concerned about the pressing problem of employment now. That is why the Chief Executive has also instructed the relevant government departments to create 33 000 posts in the immediate future through the provision of government services and expediting the launching of infrastructure projects. Some Members have said that these posts are not any additional posts. I know that the Secretary for Education and Manpower already responded to this query in detail last week. I only wish to reiterate that all these posts are genuinely new posts, and the people of Hong Kong will be able to benefit from them.

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

It is clearly pointed out by the Chief Executive in the policy address that in positioning itself, Hong Kong should reach out for the entire globe with the Mainland as its hinterland. Our country is now the place with the fastest economic growth in the whole world. It is most important that in its future development, Hong Kong should connect itself to the powerful economic growth of the Mainland. In this connection, there is already a very strong consensus in the community. The Chief Executive has all along been trying to promote the co-operation of the Mainland and Hong Kong, to complement our strengths with those of the Mainland on the basis of mutual benefit, and to upgrade the competitiveness of the entire region. This policy address proposes to provide

further resources to assist our professional sectors in identifying business opportunities in the Mainland, to implement the establishment of an Economic and Trade Office in Guangzhou, and to promote long-term cross-boundary transport network projects; all these are meant to foster development in the direction mentioned above. And, we in the Government will try to assist Hong Kong businesses in identifying business opportunities in the Mainland in various different ways. For example, I have just returned from the Beijing-Hong Kong Economic Co-operation Symposium held jointly in Beijing by the Trade Development Council and the municipal government of Beijing. The municipal government of Beijing has made it very clear that without violating the relevant regulations of the World Trade Organization, it will enhance its co-operation with Hong Kong for the mutual prosperity of both places. To this end, it has put forward a six-point scheme to enable Hong Kong businesses to identify business opportunities in Beijing. During the symposium, the two cities signed contracts and letters of intent worth a total of US\$1.3 billion; the huge mainland market will bring us an infinite number of business opportunities.

But people must realize that when it comes to business opportunities, whether in the Mainland, or in overseas countries, or even in Hong Kong, the demand for knowledge will invariably increase as a result of rapid economic restructuring. At the end of September, I attended a gathering of young people, at which a young man told me that the demand for knowledge in one's work was increasing day after day, and even a delivery worker had to know English. This tells us that people must take positive steps to equip themselves before they can grasp the opportunities before them.

This point can aptly highlight the significance of the Chief Executive's continuous investment in continuing education, training and retraining. Over the past few years, the Chief Executive has been drastically increasing the expenditure on education and various training and retraining programmes. This year, he announces other improvement measures for different levels in our education system, and he also proposes to establish a \$5 billion lifelong education fund to further assist people, so that they can upgrade their skills in a flexible manner and meet the new challenges of society. I understand that training and retraining may seem unattainable to people with low academic qualifications, and what they wish to have is just a job that enables them to earn a living. But the people of Hong Kong must not underestimate their adaptability. In fact, the adult education and training courses offered by the Government and various training institutions in recent years are mostly concerned with practical

and skills training, such as languages, basic computer knowledge and skills required by specific occupations. These skills are not unattainable at all. Provided that people are prepared to take part, provided that they find these courses useful, the Government will definitely do its utmost and provide more and better courses.

With the Mainland as our hinterland, we should reach out for the entire globe; at the same time, we must consolidate our own strengths and progress towards higher goals. All this is precisely the broad development direction for Hong Kong, the path which the people of Hong Kong must be prepared to follow.

We understand that in times of economic hardship, people would wish to have some immediate assistance. That is why the Chief Executive has also put forward a series of measures to ease people's plight besides trying to improve the business environment, invest in infrastructure and education, help society create wealth and jobs and enhance Hong Kong's competitiveness. Despite its own financial pressure, the Government has still decided to reduce rates and raise the tax-deduction ceiling for housing loan interest payments, in the hope of giving some immediate assistance to the masses.

During the debate on 19 October, the Honourable CHAN Yuen-han told a story that touched a chord in me. She said she was told by a very old man that he did not care whether he could have any increase in the fruit grant. The old man just hoped that the Government could help his three sons, because though they were young, they had been unemployed for a very long time. Miss CHAN sought to use this story to point out the difficulties now faced by old people through, and she also wanted to draw our attention to the problem of poverty. The situation of the old man and his sons in the story is really miserable, but their story also highlights the spirit of Hong Kong people, that is, they all hope that society can give them the opportunities to earn their own living. As a government, we are of course duty-bound to offer people a safety net, to ensure that no one will be deprived of food, housing, schooling and medical services through lack of means. But what most of our people wish to have are just the opportunities to earn their own living, to make progress, and to give full play to their abilities. This aspiration is very clear. They all hope that the Government can appreciate their plight and put forth some relief measures. But they also realize that basically, opportunities and wealth must be created by society as a whole.

The broad direction underlying the above measures has received the support of most people from all sectors of the community over the past two weeks. Many Legislative Council Members also recognize the importance of job creation and investment in education and the future. Most economic analysts and scholars have also pointed out that fiscal measures to relieve people's hardship can only effect a very limited boost to the economy, so the introduction of the proposed measures can be considered suitable and appropriate, especially given the current financial conditions.

As I said at the beginning of my speech, many people do hope that the Government can really implement the various policies to deliver them from the current difficulties. Some Members and people also hope that the Government can do more and proceed more quickly. If I were them, I would also have held the same expectations. In response to people's aspiration, the Chief Executive has instructed the relevant Policy Bureaux and departments to implement the measures outlined in the policy address, especially the creation of new posts, at the soonest possible time. I can assure Members that the Government will definitely provide financial support, so as to ensure that all the new posts mentioned in the policy address can become available in the job market at the soonest possible time. Besides, the Treasury and the Department of Justice have also completed the drafting of the bill on raising the tax-deduction ceiling for housing loan interest payments, and the bill has been endorsed by the Executive Council. It will be tabled before the Legislative Council next Wednesday for scrutiny, and it is hoped that it can be implemented as soon as possible to benefit taxpayers early. We will demonstrate to the people the determination of the Government by concrete actions.

With respect to the seven measures to relieve people's plight proposed by the eight political parties in the Legislative Council, most of them have been taken on board in different degrees. Mr James TIEN has proposed an amendment today, asking the Government to reconsider the idea of strengthening some of these measures. I have just responded to this demand from the perspective of fiscal strategies. Let me now add a few more points.

As I pointed out at the meeting of the Panel on Financial Affairs held on 26 September, three main items in the revenue estimates of the Government for this year may see very drastic reductions, including the estimated \$28 billion from land sales, \$36 billion from investments and \$15 billion from the sale of the second batch of shares of the MTR Corporation Limited. Besides these three

items, other items may also see reductions due to the economic slowdown. Given the volatile international situation and economic conditions now, I believe no one will possibly predict that government revenue can pick up once again in the near future. That is why the Government must manage its finances very prudently.

Actually, as Members know, it will be very easy for the Chief Executive to win the applause of the people by spending our fiscal reserves on introducing more measures to relieve people's hardship. But the Chief Executive must consider the overall financial position of the Government in the long run, and he must also ensure that all the various expenses and concessions can best help the most needy. That is why the measures put forward by him are quite prudent. For example, the ceiling for rates reduction can ensure that low-income families and small shop-owners can benefit greater from the measure. The fact is that with the proposed reduction, 840 000 households now having to pay rates will not have to do so in the coming one year.

Some also proposes the Government to set up a remortgage fund for owners of negative assets. After careful studies, I have decided that this is not practicable. In fact, as revealed by many opinion polls, most people do not want the Government to make any substantial financial commitment in this respect, nor do they wish to see any unnecessary moral hazards. But the Government's refusal to set up a remortgage fund does not mean that it is going to turn a blind eye to the plight of negative asset owners. Some two weeks ago, I met with seven major bankers, asking them to appreciate the plight of these owners and adopt flexibility in respect of interest rates and repayment tenures. Following this, the Hong Kong Monetary Authority also relaxed the remortgage restrictions on negative assets. Our aim is to make the maximum use of market forces to relieve the repayment burden of negative asset owners. Over the past two weeks, many banks have already launched a number of schemes to ease the repayment burden of their customers. I hope that the banking sector can continue to do what is permitted by the market as much as possible and introduce more schemes to relieve the burden of negative asset owners as long as this does not affect the stability of the sector. Reliance on market forces instead of the Government has all along been what Hong Kong takes pride in. Such a reliance is also an important reason for Hong Kong's ability to respond flexibly to changes over the years.

But anyway, I am still grateful to the eight political parties in the Legislative Council for putting forward their proposals to the Government.

Actually, the relevant proposals were put forward on 9 October, by which time the Chief Executive's policy address had been finalized. But of the seven measures proposed by Members, six had been implemented in different degrees either in the policy address or in the response of the Housing Authority. This can show that the SAR Government has sufficiently considered the views of different sectors during the process of policy formulation. This also proves that there is a lot of room for co-operation between the executive and the legislature. I have also promised to hold a meeting with Members next month to discuss their opinions further. I hope that both sides can seek to find common grounds on major areas by setting aside minor differences. I also hope that we can maintain positive dialogues and co-operate whole-heartedly to work for the well-being of the people.

Madam Deputy, my government colleagues and I all realize that in times of economic difficulties, the Government must maintain communication with the people and different sectors, so as to ensure that both policy formulation and implementation can keep pace with the people's needs. Many of our competitive edges are still the envy of many foreigners. I am convinced that as long as all of us can work with one heart and solidarity, and as long as each one of us can work a bit harder, we will have very bright economic prospects and a better tomorrow. Thank you, Madam Deputy.

CHIEF SECRETARY FOR ADMINISTRATION: Madam Deputy, closing this Motion of Thanks debate on behalf of the Administration has been a tradition for the incumbent Chief Secretary for Administration. I firmly believe that the Administration must give a detailed outline of its policies and priorities to the people. And the Chief Executive's policy address is the appropriate occasion. It is important for Hong Kong and for the legislature.

These are not normal times. The world has changed since 11 September. The slowdown in the United States economy, which is already affecting most Asian economies, has become more pronounced after what happened on that tragic day. Political and economic landscapes in the coming year have become blurred and uncertain. I would urge Members in the spirit of partnership, and with Hong Kong's future uppermost, to support the initiatives set out in the policy address. The Chief Executive's blueprint to provide relief for those immediately affected by the current global economic downturn, and to build for our longer term future, has struck the right balance. It may not have satisfied

everyone. Some would like him to do more. Indeed, this kind of reaction is what we should have expected in our free and open society. Here, I would like to thank Members for their valuable contribution to the debate.

This year, in particular, Members' comments have been thoughtful, calm, comprehensive and even courteous. We seem to have received fewer of the sharp barbs that we have had in the past. I do not say that in any way to disarm Members, or conversely, to invite them now. It is a measure of the maturity of our system and the way in which we can, in difficult times, all discuss issues — highly controversial issues, rationally without the histrionics that characterized some of our past exchanges in this Chamber. And it is a mark of the seriousness with which we view the well-being of Hong Kong and our people.

We in the Administration have certainly listened to Members' suggestions and comments. My colleagues, the Bureau Secretaries, responded to them fully last week. The Financial Secretary just dealt with those points that might impinge on next year's Budget. From my reading of the debate, the Government is on the right track with our proposals in areas such as education, infrastructure, cross-boundary connections, and, most of all, job creation.

THE PRESIDENT resumed the Chair.

Tonight, I propose to confine myself to five key areas which we could profitably discuss in greater detail — accountability, the relationship between the executive and the legislature, housing, infrastructure and cross-boundary matters.

The issue of accountability has far-reaching meaning for the way we are governed in Hong Kong. This is not a new topic. We have known for some time that the existing arrangements are more a reflection of our colonial past than the high degree of autonomy that we now enjoy under the twin policies of "one country, two systems" and "Hong Kong people administering Hong Kong". The Chief Executive's announcement takes an important step forward in this regard by introducing modern government that the community has implicitly asked for.

Since the handover four and a half years ago, the community has come to expect much more from senior officials, quite rightly so in the spirit of Hong

Kong people running Hong Kong. As a consequence, the community has witnessed a sharp increase in the tempo of work across Policy Bureaux arising from competing demands from the public, the news media, the Legislative Council Panels, the Legislative Council Committees and, indeed, this very Chamber. The intensity, complexity and volume of work have gone up exponentially. The tasks of Heads of Bureaux now involve not only policy formulation and implementation, they must also argue the case for their legislative and funding proposals in the Legislative Council, promote and defend them by way of the media and increasingly face to face with the public. Exceedingly long hours of work have become a norm. The sheer volume of work is taking its toll. We need to take steps to address the situation, which is fast becoming untenable.

Secondly, the increase in effort on the part of senior officials still fails to meet demand for a higher level of accountability. People feel that as senior officials are involved in policy-making and play a leading role in public affairs, they should be held accountable for the outcome of their policies. They should be responsible for the success or failure of their policies. In short, people expect top government officials to shoulder political responsibility. In extreme cases, they expect officials to resign for serious mishaps arising from their respective portfolios. However reasonable this may appear, it is not achievable under the present employment terms for civil servants. Nor is this compatible with the established practice of collective accountability where major decisions are taken by the Chief Executive in Council.

Finally, if the present trend continues, the political neutrality of our Civil Service will be gradually but decisively undermined. It is imperative that we maintain the integrity of our civil service system, which is one of the cornerstones of Hong Kong's success.

The accountability system announced by the Chief Executive is designed to overcome these problems. The new appointment system reflects the personal roles and responsibilities of the Chief Secretary for Administration, the Financial Secretary, the Secretary for Justice and most Directors of Bureaux. We believe that this system will provide for better governance. In putting our proposals forward, we have re-examined how we operate within the Government, how we work with the Legislative Council — and I will come back to that point a little later — how we deliver services to the public. We have to strengthen the upper echelons of the Government where the pressure of work and the need for change are most sharply felt.

In proposing constitutional reforms at this stage, we have consistently reminded ourselves to be realistic in not going beyond the existing provisions of the Basic Law. In particular, the Chief Executive, the principal officials and the Government as a whole must continue to be accountable to the people of Hong Kong.

Indeed, our objectives are to strengthen the accountability of principal officials and the Government. We aim to bring about a new approach to policy-making and to become an even more responsive and responsible government to the legislature and to the people.

I want to emphasize that the introduction of the new accountability system can only succeed if the appointed principal officials continue to receive the full support of an efficient, professional, politically neutral and dedicated Civil Service. Civil servants will continue to help the principal officials in policy formulation and the delivery of quality service across departments. In order to discharge their responsibilities effectively, and with undivided loyalty, they must be able to command the trust of the people that they serve. This means that we need to ensure that the Civil Service offers a satisfying career for those sharing a mission to better the livelihood of Hong Kong people. This points to the importance of establishing appropriate conditions of service, including pay, development opportunities and promotion prospects, that are capable of attracting people of the right calibre to join the service, and of retaining them.

In the light of the current economic downturn, there have been calls in this Chamber, and outside, for a cut in the pay of senior civil servants outside the normal pay adjustment cycle. For many who made the suggestion, it is intended as a political gesture to demonstrate the readiness of senior civil servants to share the pain of economic restructuring with the rest of the community. As the Secretary for the Civil Service explained last week, we already have a long-established mechanism and timetable for civil service pay adjustments. To introduce a pay cut for political reasons would be a departure from the established norms. Indeed, we should be more concerned that the civil service pay system would become subjected to political whims. This kind of development would undermine the stability of the service and the much vaunted principle of political neutrality.

But I note that there are other more substantive concerns. They revolve around the fact that the Administration has not reviewed pay levels of the Civil

Service for over a decade. Because our pay adjustment mechanism is based on three broad salary bands, the comparability of civil service pay with private sector pay for some grades and ranks may have been eroded over time. As a responsible government, we need to address these concerns. We are not shying away from them. You may recall that, as part of our Civil Service Reforms that we launched in 1999, we revised the starting salaries for all entry ranks. In some ranks, this led to reductions of up to about 30% in the starting point salary.

In my view, the most germane issue arising from the ongoing debate over civil service pay relates to the extent to which our current policy and system for civil service pay meet today's circumstances. This highly complex subject affects the interests of hundreds of thousands of people in the public and subvented sectors. We need to approach it with care. As a matter of policy, the Administration will address the public concerns in this regard and, in the process, we will consult our staff before making a final decision on the way forward. I must warn that this will not be a fast process. We must at every step measure its wider costs and benefits to the community, against the political and economic realities of the time. As I mentioned earlier, a stable and motivated Civil Service is a cornerstone in the stability and prosperity of Hong Kong. In proceeding, we will never overlook this.

Madam President, I wish now to turn to a subject that I know is close to your heart and, indeed, to all of us here in this Chamber tonight — strengthening the co-operation between the executive and the legislature. As Chief Secretary for Administration, I am determined to forge a closer relationship with the Legislative Council after our frantic soul searching arising from the fall of our economic fortunes, as well as from the apprehension, tension and zeal associated with the handover. We must now settle down, put our differences aside, work together to tackle the many challenges that lie ahead and concentrate on serving the best interests of the community.

Since taking over my present post, I have given top priority to strengthening our working relationship with the legislature, and enhancing our formal and informal channels of communication. At this time of uncertainty, the community is looking to us — the executive and the legislature — for leadership and unity, for directions and fresh thinking on ways to help Hong Kong.

When you look back over the past four and a half years, we have achieved a lot together.

First and foremost, under the concept of "one country, two systems", we have made the historic transition while preserving Hong Kong's core values — the rule of law, a clean, accountable Civil Service, the free and unfettered flow of information and ideas, and a level playing field for business.

We saved our currency and our economy in the face of the worst financial crisis to hit the region in decades. We have further liberalized our banking and deregulated interest rates; merged and listed our stock markets; upgraded our financial markets' e-infrastructure, and introduced a universal retirement scheme for all workers.

We together have revolutionized our telecommunications market, making it one of the freest in the world. We have put government services on-line around the clock, throughout the year. Hong Kong is truly connected to the world.

We have made steady progress in cleaning up our air and water. 70% of the taxi fleet is now powered by liquefied petroleum gas. We have switched fully to ultra low sulphur diesel. And roadside air quality readings have significantly improved.

Our new airport, in operation for just over three years, has won international acclaim. We are hard at work on Container Terminal No. 9. We intend to spend \$600 billion on infrastructure over the next 15 years.

And, we are putting in place the physical, economic and political infrastructure both here and with the Mainland — in particular, the Pearl River Delta — to prepare for the next economic take-off.

These are no small achievements in four and a half years. They would not have been possible without the collective wisdom and the full co-operation and support of this legislature. And I take this opportunity to personally thank every Member for their contributions to this effort in enhancing the quality of life for present and future generations of Hong Kong.

In that same co-operative spirit, the Administration is looking at how we can ease Members' workload by introducing only the most essential bills into the legislature during the new session. In part, this is in response to comments made by the Chairman of the House Committee, the Honourable Mrs Selina CHOW, about the heavy workload imposed on Members in scrutinizing government bills and the time pressure that they are sometimes put under.

While this can be a very painstaking task, it is a vitally important constitutional role of the legislature. It is also why we have taken a fresh and critical look at our bills programme. We will establish a clear priority list for new legislation to allow Members sufficient time to properly perform their important duty. In addition, we will adopt an even more proactive approach in consulting Members on our major policy, legislative and financial proposals. As far as practicable, we will present different options together with their pros and cons, to Members and to the public for debate at the earliest possible opportunity.

Before I leave this important subject, let me also address another point made by Mrs Selina CHOW and others for the Chief Executive and principal officials to brief the legislature after our official visits to Beijing and overseas. We have considered these views. We do not feel that a rigid standing arrangement for debriefing is necessarily the most effective means to achieve our goal of enhancing communication with the legislature. And, given the greatly increased number of meetings and contact between us, the Mainland and our major trading partners, neither do we consider it practicable for such debriefings to be institutionalized. My suggestion is for the Administration to consider the need to debrief the Council on a case by case basis and we will, as in the past, seek to meet with Members or debrief the Council when there are substantial and substantive issues to cover after such official visits. And I expect such briefings to be more frequent in the future.

We have been working closely together on a number of key issues such as education. In reinforcing what my colleague, the Secretary for Education and Manpower, had said, I would simply add this: We have no greater priority in budgetary, social or economic terms than education programme. We are implementing the initiatives in the policy address and in doing so, are forging a strong partnership between the parents, the teachers and the schools.

But there are also other policies and initiatives aimed at improving our livelihood and competitiveness, for example, housing, which continues to be one

of the most talked about issues in Hong Kong. It is a topic that touches each and everyone of us. Both the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HS) have yesterday decided to grant a one month rent holiday for all public rental housing tenants in December and to defer the rental review originally due that month to December next year. They have also volunteered rent relief for all commercial tenants on application. I do not intend to repeat the other initiatives mentioned last week by the Secretary for Housing. Rather, I wish to set our housing policy in a broader economic perspective, and to suggest that significant institutional changes may be inevitable in order that our housing policy may be wholly successful.

Since 1997, we have moved progressively to more market-friendly and flexible ways of helping families in genuine need of public housing assistance. We must continue to do so, and three of our individual policies are contributing to this objective — the Tenants Purchase Scheme, the home ownership loan schemes and our policy of land supply for private sector housing development. In the last category, prior to 1997, the sale of land to the private sector was determined in accordance with a variety of political and administrative factors. Today, the market decides. The Government makes land available for the long-term needs of the people, and puts in place the necessary infrastructure. But we do not tell developers or consumers when or where to buy or sell. This results in the development of a transparent and flexible system of land supply, and a private sector operating freely in response to changing economic circumstances, whether locally or internationally.

Members have asked about the progress of the review of the institutional framework for public housing which I chair. The results will be ready next year and I do not wish to pre-empt them at this stage. Much analytical work remains to be done. But changes in the delivery of our public housing assistance programme may require some radical changes to the organizational structure. We need to look beyond our internal structure of the Housing Bureau, the Planning and Lands Bureau, the Housing Department and others. We must review the public housing roles of organizations such as the HA and the HS.

The task before us — the Administration and the legislature — is to maintain the will to gradually reduce the scale of government intervention in the housing area, and to restore the proper role of the private residential property market. In doing this, we must always bear in mind the low income group who need to rely on public rental housing.

We will not shirk this responsibility. Our role is to provide housing assistance to needy members of our community quickly, fairly and effectively. At the same time, we must maintain a level playing field in the private sector under which market forces operate fairly and freely in the best Hong Kong tradition.

Of course, this same principle applies to the Government's entire infrastructural programme which, over the next 15 years, will amount to some \$600 billion. Efficiency and professionalism will be the key to completing this mammoth works programme on time.

To ensure the success of this programme, we have devised a number of administrative measures to streamline procedures and to compress the time required without compromising quality. For example, we will reduce the lead time for an average civil engineering project from the previous six years to less than four years. And we are exploring the feasibility of reducing even further the time required for the implementation of the projects. One possible way is to undertake some of the statutory procedures concurrently. The sooner we can achieve this streamlining and so launch the infrastructural projects more quickly, the sooner we will be able to create new jobs.

In taking these steps to reduce the lead time, I want to assure Members that we will seek to strike a proper balance between the well-being of the community as a whole and those affected, without compromising any of the principles concerning individual rights and democratic processes. We will also ensure that the community will be properly consulted every step of the way of change.

For example, in land resumption, we have in mind procedures that will considerably reduce the time required to complete the processing of an average resumption case from the present 12 months, and we will look at how we can better deal with the associated arrangements for compensation and rehousing for those affected.

Finally, Madam President, we must and will do more to improve the flow of goods and people between Hong Kong and the Pearl River Delta to continue to drive economic growth and interdependence. In doing so, we will be careful to maintain the integrity of our world-class customs and immigration controls. Opening hours will be extended, facilities improved and expanded, and new

technology utilized to hasten the flow of people at Lo Wu and Lok Ma Chau. There should be noticeable improvements soon. A "one-stop-clearance" for customs and immigration at Lok Ma Chau has been positively received by truck drivers and if trials prove successful, we will introduce this service permanently as soon as possible.

We are investing heavily in new road and rail links to boost cross-boundary traffic and passenger flows and meet future demand. The Shenzhen Western Corridor and the Lok Ma Chau railway spur line will be completed around 2005 and 2007 respectively. There are other initiatives on the drawing board — a Port Rail link to smooth the transfer of cargo between Hong Kong and the Mainland, linking our proposed Regional Express Line into a high-speed inter-city link at Shenzhen that will cut traveling time from Hong Kong to Guangzhou to one hour. We will also need to look for new and innovative ways to tackle problems, for example, by co-locating customs and immigration facilities at a joint terminal in Shenzhen. This would involve legislative changes, but I must once again stress that the integrity of our own systems and checks would not be compromised for the sake of convenience.

Of course, in all that we do, we will need the support and encouragement from Honourable Members. Given the importance of closer links with the Pearl River Delta, and the very strong links that already exist between Hong Kong and Guangdong, I am confident that we will be able to work together to increase the flow of people and goods across our boundaries in a timely and sensible manner.

Madam President, as I said at the outset, we live in uncertain times. But we have been in this position many times before. Each time, we have emerged stronger and more resilient. The package of measures in the policy address will help to steer us through the current economic downturn and position us well for the recovery when it comes. The Administration looks to the Legislative Council for a strong partnership in bringing them to fruition. Let us begin this work now.

PRESIDENT (in Cantonese): I now call upon Mr James TIEN to move his amendment.

MR JAMES TIEN (in Cantonese): Madam President, I move that Mrs Selina CHOW's motion be amended, as set out on the Agenda.

Mr James TIEN moved the following amendment: (Translation)

"To add ", and urges the Government and the relevant organizations to increase employment opportunities and alleviate the hardship of people's livelihood by adopting more positive measures, which should include fully waiving rates payment for the next four quarters, creating 20 000 temporary posts in addition to the jobs arising from infrastructural projects, reducing the rents payable by tenants of the Housing Authority's commercial properties and public rental housing flats, and deferring to the end of March 2003 the collection of the salaries tax payable in 2002" after "That this Council thanks the Chief Executive for his address"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr James TIEN to Mrs Selina CHOW's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

Mr James TIEN rose to claim a division.

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

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

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

Functional Constituencies:

Mr Kenneth TING, Mr James TIEN, Dr Raymond HO, Mr Eric LI, Dr LUI Ming-wah, Miss Margaret NG, Mrs Selina CHOW, Mr CHEUNG Man-kwong, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mrs Sophie LEUNG, Mr SIN Chung-kai, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Timothy FOK, Mr LAW Chi-kwong, Miss LI Fung-ying, Mr Henry WU, Mr Tommy CHEUNG, Mr Michael MAK, Mr IP Kwok-him and Mr LAU Ping-cheung voted for the amendment.

Mr LEUNG Fu-wah abstained.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Andrew WONG, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Chin-shek, Mr LAU Kong-wah, Miss Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr SZETO Wah, Mr TAM Yiu-chung, Dr TANG Siu-tong, Mr Albert CHAN, Mr WONG Sing-chi, Mr Frederick FUNG, Ms Audrey EU, Dr David CHU, Mr NG Leung-sing, Mr YEUNG Yiu-chung, Mr Ambrose LAU and Mr MA Fung-kwok voted for the amendment.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, 26 were in favour of the amendment and one

abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 29 were present and 28 were in favour of the amendment. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was carried.

PRESIDENT (in Cantonese): Mrs Selina CHOW, you may now reply and you still have five minutes 54 seconds.

MRS SELINA CHOW (in Cantonese): Madam President, I am very glad that we can be a little bit different from what we did last year. At least, we do not end up agreeing nothing. I am also very pleased that we could reach a consensus and pass the motion, albeit amended. There is no denying that the debate on the policy address has been conducted in a completely new format. Despite the fact that the consultation period is very short, we can still have sufficient opportunities to propose some amendments which are also accepted by Members. This is indeed very good. Overall speaking, as I observe it, the four-day debate has gone quite smoothly insofar as the procedures and arrangements are concerned. Debates were conducted with regard to specific policy areas, which were more focused. Members or government officials could put forward their arguments on specified areas in their speeches. We have shown great respect to the time limits and the President has strictly enforced them. I believe Members will consider this a terrific arrangement because we can have better planning in preparing our speeches.

In addition, I believe Members will also agree that it is a good thing to have more chances to speak. Besides, it is different from our past practice in which Members were allowed to speak only once. The progress of each session was very satisfactory. The length of each session was specified so that we could exercise better time control. However, I heard that some colleagues might have some comments on allocating the same amount of time to each session. It was because Members might prefer to speak more especially in certain sessions whereas they might not have many views to express on some areas in certain sessions. We may have to make some adjustments in future when this arrangement is reviewed. In the course of the review, we have to decide how we can utilize the whole period of time because that is all the time available. We may do better by improving its allocation, so as to avoid

circumstances under which Members' wishes to speak in a particular session were not met despite the fact that they had some very strong views. I think this was not satisfactory. The Committee on Rules of Procedure will definitely review this issue as soon as possible so that we can do better in our debates in the future.

I would like to respond briefly to the point just mentioned by the Chief Secretary for Administration in respect of briefings by the Chief Executive, the Chief Secretary for Administration and the Financial Secretary before the House Committee. Earlier, the Chief Secretary for Administration delivered his speech in English, pointing out that government officials did not wish to "institutionalize" this. I think it can be translated into "do not wish to make it an institution or overly formalized". In fact, I think Members' demands are all very reasonable. We neither demand it be made an institution nor a certain format be adopted for this. Most important of all, if Members find that the public considers it necessary to invite one of these government officials to attend the relevant meeting in respect of certain matter during the discussions held by the House Committee or the Council, we just hope that they can come and respond directly. Members sometimes hope very much to invite these officials to brief this Council or talk to us about their official visits overseas. However, it is very likely that they may "shake their heads" when we invite them, perhaps they do not find it necessary. If they refuse our invitations, Members will feel that the Government is not willing to respond directly to views given by the public or Members. Moreover, whether these officials will attend this Council's meetings depends on who makes the final decision. We also understand that panels have provided us with some channels to invite Bureau Secretaries or officials to attend the meetings, or even the Financial Secretary and the Chief Secretary for Administration may also have to attend these panel meetings. However, Members will actually examine the scope of the matter concerned and which level it is involved before they make the request in the light of the circumstances. It is hoped that the Government, especially those three officials, will actively consider our request in this respect. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mrs Selina CHOW, as amended by Mr James TIEN, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 31 October 2001.

Adjourned accordingly at eleven minutes past Eight o'clock.