

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 21 November 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.

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

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE ALBERT HO CHUN-YAN

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

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

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

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

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

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

THE HONOURABLE NG LEUNG-SING, J.P.

THE HONOURABLE MARGARET NG

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

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING, J.P.

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN, J.P.

THE HONOURABLE BERNARD CHAN

THE HONOURABLE CHAN KAM-LAM

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

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI

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

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE WONG YUNG-KAN

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

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

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

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH

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

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

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

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

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

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

THE HONOURABLE LAW CHI-KWONG, J.P.

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

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

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

THE HONOURABLE LI FUNG-YING, J.P.

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

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

THE HONOURABLE MICHAEL MAK KWOK-FUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

DR THE HONOURABLE LO WING-LOK

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

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

THE HONOURABLE MA FUNG-KWOK

MEMBERS ABSENT:

THE HONOURABLE LEE CHEUK-YAN

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

PUBLIC OFFICERS ATTENDING:

MR MICHAEL SUEN MING-YEUNG, G.B.S., 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 CHAU TAK-HAY, J.P.
SECRETARY FOR COMMERCE AND INDUSTRY

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

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

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

MR CLEMENT MAK CHING-HUNG, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

CLERKS IN ATTENDANCE:

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

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

MS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Census and Statistics (Survey of External Claims, Liabilities and Income) (Amendment) Order 2001	240/2001
Chief Executive Election (Election Petition) Rules	241/2001

Other Papers

- No. 26 — Hong Kong Productivity Council
Annual Report 2000/2001
- No. 27 — Pneumoconiosis Compensation Fund Board
2000 Annual Report
- No. 28 — Report of the Director of Audit on the Accounts of the
Government of the Hong Kong Special Administrative
Region for the year ended 31 March 2001
- No. 29 — Report No. 37 of the Director of Audit on the results of
value for money audits — October 2001
- No. 30 — Accounts of the Government for the year ended 31 March
2001

Report of the Bills Committee on Inland Revenue (Amendment) Bill 2001

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. Question time normally does not exceed one and a half hours, with each question being allocated about 12 to 15 minutes. The Member who asks a question has priority to ask the first

supplementary. Supplementaries should be as concise as possible and Members should not make statements when asking supplementaries.

First question.

Manufacturing Defects of HKSAR Passports

1. **MR HOWARD YOUNG** (in Cantonese): *Madam President, it has been reported that manufacturing defects have been found in some of the Hong Kong Special Administrative Region (SAR) passports issued by the Administration, resulting in opposite pages sticking together. In this connection, will the Administration inform this Council of:*

- (a) *the total number of complaints received so far concerning the quality of SAR passports, and the contents of such complaints;*
- (b) *the cause of the problems which caused the complaints; and*
- (c) *the remedial actions it has taken to address the problems?*

SECRETARY FOR SECURITY (in Cantonese): Madam President:

- (a) The Immigration Department (ImmD) has received 126 requests for passport replacement owing to the falling out of toner particles from the 2-dimensional block code on Page 3 of the SAR passport. Out of these cases, 21 passports are also found to have Pages 2 and 3 sticking together, probably because of the transfer of toner particles. The passports in question amount to about 0.007% of the 1.7 million passports issued.
- (b) According to the assessment of the supplier of the printing equipment concerned, transfer of toner particles may be caused by prolonged pressure on the passport during storage.
- (c) Upon learning the problem, the ImmD has taken remedial measures quickly. Having consulted the Government Chemist and as an interim measure, the ImmD will insert a piece of glossy paper

between Pages 2 and 3 in each and every newly issued passport with effect from 13 November 2001. Passport holders will also be given an advisory notice which suggests, among other things, that the piece of glossy paper should be kept between Pages 2 and 3 during storage so as to better protect the data on Page 3.

The ImmD plans to issue SAR passports with enhanced security features in mid-2002. The Department will take the opportunity to consider laminating the 2-dimensional block code on Page 3 of the passport so as to eliminate the problem.

MR HOWARD YOUNG (in Cantonese): *Madam President, I think prolonged pressure on passports is both normal and inevitable, because most people would place their passports at the bottom of a drawer unless they have to travel every day or frequently. May I ask the Secretary why only the insertion of a piece of glossy paper between the pages of newly issued passports is adopted as a solution to the problem? Has the Government considered the prompt adoption of the solution mentioned by the Secretary in the last paragraph of part (c) of the main reply, that is, laminating the 2-dimensional block code on Page 3 of the passport, so that even holders of passports already issued can have the block code laminated when they depart from Hong Kong at the airport? This may be more effective. Why does the Government not consider it?*

SECRETARY FOR SECURITY (in Cantonese): *Madam President, the ImmD also believes that laminating the block code as referred to by the Honourable Howard YOUNG is feasible, which is why it is conducting some relevant studies. The ImmD must first purchase an appropriate lamination material and refer it to the Government Chemist for testing. The Department is prepared to implement this measure once it is proved feasible.*

MR LAU KONG-WAH (in Cantonese): *Madam President, is lamination already adopted for the passports of other countries? Why do we have to take this as a remedial measure now only after the emergence of the problem? Besides, about the enhanced security features mentioned by the Secretary, may I ask what these features are?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, the SAR passport is not the only kind of travel document with a 2-dimensional block code; several other kinds of travel documents issued by the ImmD also carry a 2-dimensional block code, some examples being entry permits, Taiwan visit permits and travel passes. But the ImmD has not received any similar complaints about the transfer of toner particles and opposite pages sticking together in respect of travel documents other than the SAR passport. Following the receipt of the complaints, we immediately conducted some studies and came to the conclusion that the insertion of a piece of glossy paper can solve the problem.

We are now conducting studies on enhanced security features, but such studies would require resources. The ImmD expects to implement the relevant measure in mid-2002. But because the studies have not been completed, I cannot disclose anything in the meantime.

DR LUI MING-WAH (in Cantonese): *Madam President, passports are the most important documents issued by the government of a place or country. May I ask the Government whether there are any quality assurance tests in respect of temperature, humidity and pressure during the design and production processes. If yes, can we be provided with the relevant papers. If not, why not?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, we do conduct quality assurance tests. The passports themselves are of course provided by the printing contractor, and for the 2-dimensional block code, the technology required is provided by a specialist supplier — a French supplier if I remember it correctly. On the part of the ImmD, its staff will input the relevant digitized personal particulars onto Page 3 and the last page, that is, the information page, of the passport. Once the two sets of digitized data are read together, the relevant personal particulars can be obtained. The ImmD will continue to keep a close watch on the problem raised. But we must at the same time note that although there have been 126 complaints, this number actually represents just 0.007% of all the passports issued. Besides, the way in which a passport is stored is also very important. If a passport is subjected to prolonged pressure, or if it is put inside a plastic holder or wallet as what some people like to do, in which case the Notes page may sometimes be stuck into the plastic holder, then the transfer of toner particles may result.

MR MICHAEL MAK (in Cantonese): *Madam President, did the Government conduct any stringent vetting and sample testing in the course of identifying a supplier at the very beginning? What were the findings of the quality assurance tests?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, the selection of suppliers for all the travel documents issued by us is subject to a procedure of open tender, and suppliers from all over the world (including the best of local suppliers) are on our selection list. Besides, we also require all bidders to provide quality assurance in their proposals. However, since problems have still emerged, apart from reminding members of the public to store their passports properly, we will consider taking further measures like laminating the block codes in passports to reduce the incidence of the transfer of toner particles, as suggested by Mr Howard YOUNG.

MR IP KWOK-HIM (in Cantonese): *Madam President, passports are very important documents to us. Although the Secretary replied that there had been various kinds of tests, including pressure tests, problems have still emerged. This will injure the reputation of Hong Kong. May I therefore ask the Government whether the supplier concerned is to be held responsible in any way? Because our reputation has been tarnished, will the SAR Government claim compensation from the supplier? What demands will the Government make on the supplier?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, we have already raised this point with the supplier, but it replied that the importance of storing a passport properly should not be overlooked. When new passports are issued in the future, we will distribute notices to the holders, reminding them that they should not place their passports near the moth-tablets in their wardrobes, and that they should prevent the Notes page of their passports from coming into contact with any sticky surfaces like plastic passport holders. We have received some 120 complaints, but no foreign government has ever complained to us about the quality of our passports. Should members of the public detect any problems with the toner particles of their passports, and if the ImmD can ascertain that such problems are not the result of wilful damage and improper storage, it will be prepared to issue replacements.

MR HOWARD YOUNG (in Cantonese): *Madam President, glossy paper and lamination are just remedial measures meant for newly issued passports. As for passports already issued, the longer they are subjected to pressure, the more likely that they will develop problems. May I ask the Secretary whether the Government has ever considered the possibility of inserting a piece of glossy paper into passports already issued, even if it cannot laminate the block codes on these passports? Can the Government think of some simple ways to distribute glossy paper to people at suitable places and times for protecting their passports from damage, such as at the airport, when people depart from Hong Kong?*

SECRETARY FOR SECURITY (in Cantonese): *Madam President, we will take further actions to remind people of how they should store their passports properly, and the ImmD will introduce remedial measures as soon as possible. But I wish to explain that in case we need to make any alteration to a passport, such as altering one particular page or adding a piece of glossy paper, or making any alteration to a page with security features that can be read only under ultraviolet rays, we must notify nearly all immigration authorities in the world. We will have to issue notices to the foreign ministries and immigration authorities of different countries, so as to familiarize their relevant personnel with the alteration. Sometimes, new instructions may have to be installed before some international computer systems can cope with the alterations we have made. But we will still proceed with the remedial measures as soon as possible.*

MR LAU KONG-WAH (in Cantonese): *Madam President, having gone over the main reply carefully again, I still have some queries. Can the insertion of a piece of glossy paper between Pages 2 and 3 of the SAR passport really prevent the recurrence of the problem? Madam President, the transfer of toner particles and prolonged pressure are the causes of people's complaints. Even after the insertion of a piece of glossy paper, a passport may still be subjected to prolonged pressure, and there may still be transfer of toner particles. In that case, how can the insertion of a piece of glossy paper be expected to prevent the recurrence of the problem? How can the Government ensure that the 1 million or so passports already issued will not be affected by this problem?*

SECRETARY FOR SECURITY (in Cantonese): *Madam President, the best way is of course to protect the passport from prolonged pressure. I have looked*

at the passports of many government colleagues and my family members, and noted that most of them do not have any problems. If people just put their passports in their drawers and do not put heavy articles on them, or if they do not put their passports in their wallets, where they are pressed hard, there should not be any problem at all. Therefore, we would like to remind members of the public that they should not subject their passports to prolonged pressure as far as possible, and that they should not allow the 2-dimensional block codes of their passports to come into contact with any plastic surfaces. Following studies and tests conducted in conjunction with the supplier and the Government Chemist, the ImmD is of the view that the insertion of a piece of glossy paper between the 2-dimensional block code and the Notes page will be useful in tackling the problem.

MR HOWARD YOUNG (in Cantonese): *Madam President, I notice from part (a) of the Secretary's main reply that only 21 out of all the 126 complaints were about the sticking together of Pages 2 and 3 due to the transfer of toner particles. May I know the subjects of the other complaints? Do they include the fading of golden paint on the passport cover, a problem already raised before?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, that should also be one of the subjects, and we have already raised the problem with the supplier.

DR RAYMOND HO (in Cantonese): *Madam President, when she replied to Members' supplementary questions just now, the Secretary said that in case there were any alterations or improvements to the SAR passport, "nearly all" countries would have to be notified. Does this mean that some countries will not be notified?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I think we will notify all countries. We will inform all countries with records and correspondence addresses in the ImmD. As for countries with which we have no contacts, though we cannot notify them immediately, we will still do so through other channels.

PRESIDENT (in Cantonese): Council will now proceed to the second question.

Impact of China and Taiwan's Accession to WTO on Hong Kong

2. **MISS LI FUNG-YING** (in Cantonese): *Madam President, China and Taiwan have successively joined the World Trade Organization (WTO). In this connection, will the Government inform this Council:*

- (a) *whether it has re-assessed the impact of China's accession to the WTO on Hong Kong, including the benefits and disadvantages;*
- (b) *of the new initiatives to assist Hong Kong businessmen in exploring the mainland market and Hong Kong people getting employment there; and*
- (c) *whether it has assessed the changes in the trade relations between Hong Kong and Taiwan following China and Taiwan's successive accession to the WTO; if it has, of the details?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): *Madam President, because my reply is going to be rather long, I will read it out quickly to allow more time for Members to ask supplementary questions:*

- (a) *Impact of China's accession to the WTO on Hong Kong*

The assessment by the Government Economist of the Hong Kong Special Administrative Region (SAR) has been reflected in the pamphlet entitled: "Opportunities and Challenges — China's Accession to the World Trade Organization" recently issued by the Government. In short, China's accession to the WTO is estimated to raise our mainland-related export volume by an additional 15% (an average of 1.3% per annum) by 2010. During the same period, our Gross Domestic Product is expected to grow by an additional 5.5% (an average of 0.5% per annum).

As regards the business opportunities arising from China's WTO membership, we believe Hong Kong will definitely benefit from the further opening up of the mainland market as her third largest trading partner and the financial and services hub in the Asia-Pacific Region. Where the overall trading environment is concerned,

China will enjoy the "most-favoured-nation" status granted between WTO members upon accession. Its external trading environment will be governed by the framework of WTO rules, thus significantly reducing the risk of unilateral trade sanctions imposed upon it by other countries. This will in turn create a more stable trading environment for Hong Kong. In addition, the WTO membership will also bring about a more transparent, predictable as well as rules-based market in the Mainland. This too will enable Hong Kong businesses to operate under more stable conditions.

Moreover, the Mainland will gradually relax its restrictions over entry to its services sector and domestic distribution market after its accession to the WTO. This will create huge room for development for Hong Kong's enterprises. With our many unique advantages, such as the rule of law, a low tax rate, a clean government, a solid financial system, the free flow of capital and information, and a wealth of knowledge about the mainland and international markets, Hong Kong will be able to contribute to the further development of the Mainland and, in the process, find new impetus of growth for our own economy.

The Mainland's WTO membership also poses certain challenges to Hong Kong. The opening up of her markets will mean greater competition from both mainland as well as overseas companies. And as the Mainland establishes more direct links with other economic entities in the rest of the world, Hong Kong firms will need to provide services and products of a higher quality to maintain our gateway position. A further challenge facing most small and medium enterprises (SMEs) in Hong Kong is the relatively high market entry thresholds for some of the services sectors.

- (b) *Government efforts in assisting Hong Kong businessmen to explore the mainland markets and helping individuals to find jobs in the Mainland*

In collaboration with the Hong Kong Trade Development Council (TDC), the Government has devoted substantial efforts to facilitating and supporting local enterprises in exploring the mainland markets while adhering to our market-led economic

principles. We have focused on three main areas: information dissemination, strengthening official exchange on policies, and promoting the products of Hong Kong.

The SAR Government has been maintaining close contacts with the mainland authorities on commerce and trade. The Mainland/SAR Joint Commission on Commerce and Trade established by the Commerce and Industry Bureau of the SAR Government and the Ministry of Foreign Trade and Economic Co-operation in 1999 is a case in point. Apart from the Joint Commission, the Office of the SAR Government in Beijing (OSGB) and the TDC also play a key role in the collection of information on the latest development and policies in the Mainland through their respective contacts. Information collected is then disseminated to the business sector through various channels, including the Internet and publications such as the Commercial Information Circular issued by the Trade and Industry Department (TID). The aim is to help Hong Kong businessmen make informed market decisions. The contacts with the Mainland are also useful channels to reflect the views of the Hong Kong businessmen on mainland policies and measures related to commerce and trade.

With China's WTO accession, the Government will further strengthen its supporting role. The TID and the TDC have already had in the pipeline a series of activities to publicize the implications of the Mainland's WTO membership for Hong Kong's businesses. The Government also plans to establish an Economic and Trade Office in Guangzhou (ETOG) next year with an aim to strengthening support for Hong Kong businessmen investing in Guangdong Province. At the same time, we will continue our efforts in raising the competitiveness of our SMEs, which account for the majority of our firms. Recently, the Legislative Council has approved the granting of \$1.9 billion to the four SME Funds. This will also be useful in helping SMEs capitalize on the market opportunities both in the Mainland and elsewhere.

The Mainland's further economic development is expected to generate greater manpower demand. But the decision on seeking employment in the Mainland is entirely up to individual citizens.

This is no different from the case of Hong Kong residents choosing to work overseas. It is the Government's objective to ensure that Hong Kong people remain competitive wherever they are by equipping them with knowledge and skills. This is why we have been putting so much emphasis on enhancing our students' creativity, their power of independent and analytical thinking, as well as their proficiency in English, Putonghua and Cantonese. With more business opportunities arising in the Mainland, we note that a number of tertiary institutions and training bodies have introduced special courses on the Mainland's social, commercial and economic developments for those interested in working or doing business there. These courses should be useful to those wishing to work in the Mainland.

(c) *Impact of the Mainland's and Taiwan's accessions on Hong Kong's trade with Chinese Taipei*

Hong Kong and Chinese Taipei will have a new trading relationship under the framework of the WTO with the latter's accession under the name of the "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu" (Chinese Taipei). As a WTO member, Hong Kong will benefit from the market access commitments made by Chinese Taipei, including those on tariff cuts and the opening of numerous services sectors (such as telecommunications, banking, insurance, distribution, as well as commercial and professional services, and so on) to foreign participation. At the same time, Chinese Taipei will also adhere to the WTO rules on the publication of laws and regulations as well as the administrative rules in application, and the international agreements related to goods and services trade. This will result in a more stable and transparent environment for Hong Kong businessmen trading with Chinese Taipei.

MISS LI FUNG-YING (in Cantonese): *Madam President, in part (b) of his main reply, the Secretary mentioned that the Government provides all sorts of services to assist the business sector making investments in the Mainland. These services include setting up offices and providing market information, and so on, which I endorse. However, may I ask why the Government has been partial? I understand that some skilled workers would like to work in the*

Mainland as well. Will the Government inform this Council what it will do to help these people? I have contacted some cooks and electrical technicians who indicated intention to work in the Mainland, but according to the mainland requirement, they need work permits to do so. Thus, will the Government inform this Council whether it will provide some services to these people in respect of obtaining work permits or access to market information regarding demands of the labour market, wage levels, and so on in the Mainland?

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, the Government has not been partial at all indeed. The Government has been providing numerous support services to assist businessmen doing business in the Mainland because the economic reform and open-door policy adopted by the Mainland in the past 20 years or so have resulted in a growing number of Hong Kong businessmen and entrepreneurs gradually entering the mainland market so that there are very close economic ties between Hong Kong and the Mainland, especially the Pearl River Delta Region. So, it is just natural that the Government should provide such services. As regards the job-search activities by Hong Kong people in the Mainland, it is a phenomenon that has persisted in the last 10 to 20 years. Usually, Hong Kong companies sent their staff to the Mainland and the relevant problems were solved rather automatically. Since the Honourable LI Fung-ying has made this suggestion, I will refer it to the relevant government departments such as the Labour Department and the Education and Manpower Bureau to see if the Government could provide the services. As regards the collection and dissemination of information, I will also refer the suggestion to the OSGB which will examine if more can be done in this respect.

PRESIDENT (in Cantonese): Honourable Members, 10 Members are waiting to ask supplementary questions. So will Members please be as concise as possible in asking your supplementary questions. I am grateful to the Secretary for Commerce and Industry for his offer to read out his reply as quickly as he could at the outset, knowing that quite a number of Members would be asking questions.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, at the moment, Hong Kong people need mainland residents to make applications for them in opening retail businesses and setting up retail shops in the Mainland. Will the*

Government inform this Council whether it has thought about working for a relaxation of this requirement at an early date?

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, upon its accession to the WTO, China will be obliged, under the terms undertaken in the negotiation process, to grant "most-favoured-nation" treatment to all members of the WTO, including Hong Kong. Hong Kong is a separate customs territory and a separate member of the WTO under the name "Hong Kong, China". Thus, other than the undertakings made by China in entering the WTO, Hong Kong cannot demand more favours. The opening up of the retail market has to proceed step by step in accordance with the timetable set in China's negotiations for its accession to the WTO. We cannot ask China to grant Hong Kong particular favours like advancing the date of opening up of its retail market.

MR HUI CHEUNG-CHING (in Cantonese): *Madam President, from part (b) of the main reply given by the Secretary, I understand the Government has done a lot jointly with the TDC, but such work was undertaken before China's accession to the WTO. Will the Government inform this Council whether it has any new thinking to accommodate the change in the status of Hong Kong following the accession of China and Taiwan to the WTO?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, in the main reply, I actually mentioned that after China's accession to the WTO, we would work harder and step up our services in that regard. One example is the pamphlet issued by the TID mentioned by me. Moreover, at the beginning of this month, the TID and the TDC jointly issued a Special Supplement on China's accession to the WTO to introduce to the business sector and professionals entry commitments made by China in entering the WTO. On the 11th of next month, the TID and the TDC will jointly host a seminar entitled "China's WTO Accession: Challenges and Opportunities for SMEs". Experts will be invited to talk about the significance of China's accession to the WTO and share their business experience with participants. The TID will continue to help the business sector, through various channels, to capitalize on the business opportunities arising from China's accession to the WTO. The SME Information Centre under the TID will continue to hold forums and activities for

SMEs of various trades on China's accession and will disseminate information through the Internet and publications to help them gauge the impact of China's accession on the business environment in the Mainland. The TDC will also work harder to boost Hong Kong trade in the Mainland by doing its utmost to promote Hong Kong brand names and products. In this connection, the TDC has been strengthening its work upon China's accession. In the year 2001-02, the TDC will be holding 100 exhibitions, forums, and study groups related to China's accession to help Hong Kong businesses to understand the actual market operation and develop the mainland market. The TDC has drawn up a three-year strategy starting from the year 2002-03 to promote trade with the Mainland, including an expo for Hong Kong products in Beijing and a forum and exhibition on logistics development in Shanghai. It will also step up its existing consultation services on China trade for Hong Kong business starters in the Mainland so that more targeted services are provided. I would like to point out here that there has been a division of labour as well as co-operation between the Government and the TDC in promoting trade since the inception of the TDC. Thus, the work of the TDC is part of government policy. Moreover, we are progressing well in our preparation for the ETOG, which seeks to provide enhanced support services to Hong Kong businesses operating in the Mainland.

MR LAU PING-CHEUNG (in Cantonese): *Madam President, we professionals are the beneficiaries of the work of the Government and the TDC, for which I must thank them here. However, will the Government inform this Council whether there will be fundamental changes in the basic policy of the Government in striving for business opportunities in the Mainland or in so doing for the business sector in Hong Kong after China's accession to the WTO? Before the reunification, the Government adopted a policy of positive non-intervention, a positive non-supporting policy. Now that the reunification has taken place, is there a need for a change?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, in the past year or two, we have done a lot in this regard. I believe the Honourable LAU Ping-cheung is very clear about this. In the past year or two, the Works Bureau has done a lot in areas of interest to Mr LAU. Mr LEE Shing-see, Secretary for Works, invited engineering professionals to visit the Mainland on a number of occasions to help them gain a better understanding of the mainland market, the rules and regulations there, and to let the relevant

mainland authorities know more about our professionals. The setting up of the ETOG is part of our new thinking. We will be actively looking at how to step up activities conducted by the Hong Kong Government, including those conducted by the TDC, in the Mainland so that no overlapping occurs and resources can be most effectively utilized. This is what we are proactively doing now.

DR PHILIP WONG (in Cantonese): *Madam President, the supplementary question I intended to ask has been asked by the Honourable TAM Yiu-chung. Thank you.*

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, in the fourth paragraph of part (b) in the main reply, the Secretary mentioned that wage earners seeking employment in the Mainland have to be proficient in English, Putonghua and Cantonese and must have independent thinking, and so on. But I think such qualities are required of any prospective employees. Will the Government inform this Council whether the Government could find ways to help these job seekers when they encounter problems after landing jobs in the Mainland? We have received cases in the past in which Hong Kong people employed in the Mainland failed to obtain help from any organizations or persons when they had encountered problems. Will the Government inform this Council whether there are special divisions in the ETOG or OSGB assigned to deal with the problems of these people?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): *Madam President, should anything untoward happen to Hong Kong residents while they are in the Mainland, including loss of property, detention or arrest for criminal reasons, the SAR Government and the Central Government have in place a mechanism to deal with such cases. At present, the Immigration Department (ImmD) and the OSGB have a mechanism to provide assistance to needy Hong Kong residents involved in cases as mentioned. They may seek help from a group that provides assistance to Hong Kong residents in the Mainland under the ImmD or from the OSGB. In future, if Hong Kong residents approach the ETOG for help regarding matters mentioned, the ETOG will refer their cases to the ImmD which will provide all feasible assistance through prescribed procedures. I understand Miss CHAN may not just mean cases involving loss*

of property or criminal cases. The Government has to have a new thinking because the Hong Kong Government used not to provide such services to Hong Kong residents working overseas in the past. If we must provide the services in the Mainland, we need to tackle the issue with new thinking and examine how we can deal with it and what possibilities exist under various circumstances. I will refer the Honourable Member's idea to the Education and Manpower Bureau for consideration.

PRESIDENT (in Cantonese): We have spent more than 19 minutes on this question. I will allow one last supplementary.

MR JAMES TIEN (in Cantonese): *Madam President, after China's accession to the WTO, China, Hong Kong and Taiwan will all become members of the WTO. We have a special case here because China and Hong Kong are under "one country, two systems". However, the 10-odd countries in the European Union (EU), for example, are members of the WTO, but they have their respective special arrangements. For instance, their lawyers, accountants and their businesses all operate freely and enjoy some favours. Similarly, in the Northern American Trade Organization (NATO), the United States, Canada and Mexico are all members of the WTO, but they have their own arrangements. Will the Secretary inform this Council what Hong Kong and China can do under "one country, two systems" now that China has finally entered the WTO, without violating any WTO rules for any favours we may obtain on the models of the EU or NATO?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): The Honourable James TIEN is right. There are 15 members in the EU and three in the North American Free Trade Zone of the United States. Member states of both organizations may grant mutual favours and this is possible because the community on tariffs in the EU and the two agreements of the North American Free Trade Agreement for the United States, Canada and Mexico are legitimate systems recognized by the WTO. However, in the WTO, the part for "one country" for China and Hong Kong does not apply but the part on "two systems" does because Hong Kong joined the WTO as a separate customs territory. Indeed, Hong Kong has been a member since the inception of the WTO and China entered the WTO under the name mainland China as a separate customs

territory. Under the regulations of the WTO, "Hong Kong, China" must have autonomy in trade policy, and so must China, of course. Thus, China and Hong Kong are two separate autonomous members of the WTO. Under normal circumstances, China and Hong Kong cannot grant favours to each other unless these favours are also enjoyed by other WTO members at the same time. In fact, during the final rounds of the negotiations regarding China's accession to the WTO, the United States Government — there were others but it was mainly the United States — was very much concerned about this issue and had requested that China state clearly in the legal documents concerning China's accession to the WTO that China shall undertake not to grant special favours to Hong Kong. Later, after negotiations by both parties, the wording was changed and only in the report submitted by the working group on China's accession, which had legal status, did China's representative make the undertaking that China would grant non-discriminatory treatment to all WTO members, including separate customs territory members. The undertaking was recorded by the working group and has legal effect. This is the present position.

PRESIDENT (in Cantonese): Third question.

Setting up Chinese Medicine Out-patient Clinics in Public Hospitals

3. **MR CHAN KWOK-KEUNG** (in Cantonese): *Madam President, it has been reported that the Hospital Authority (HA) has selected seven public hospitals for setting up pilot Chinese medicine out-patient clinics. In this connection, will the Government inform this Council:*

- (a) *whether it knows the criteria adopted by the HA for determining the public hospitals at which Chinese medicine out-patient clinics are to be set up; and whether the HA has invited its public hospitals to submit applications in this regard;*
- (b) *given that the University of Hong Kong and The Chinese University of Hong Kong have respectively set up research and teaching departments for Chinese medicine, whether it knows the reasons for the teaching hospitals under the two universities, namely the Queen Mary Hospital and the Prince of Wales Hospital, not having been selected; and*

- (c) *whether the Health and Welfare Bureau has monitored the HA to see if it was adhering to the principle of putting resources to optimal uses in selecting the relevant hospitals; if it has, of the details; if not, the reasons for that?*

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

- (a) In the 2001 Policy Objective Booklet for Health Services released last month, we announced the plan to introduce Chinese medicine into the public health care system, initially in the form of out-patient services. Our target is to provide Chinese medicine out-patient services in 18 clinics before the end of 2005.

The Health and Welfare Bureau and the HA are now devising plans and detailed arrangements with a view to commencing the services in 2002-03. In selecting sites for accommodating the Chinese medicine clinics, we will take into account various factors. We will aim at a geographical distribution of clinics to serve the population in different districts. We will also assess the readiness and capabilities of the hospital concerned and the appropriateness of the site for delivering Chinese medicine services. It is our objective to facilitate the development of standards of practice of Chinese medicine and models of interface between Western and Chinese medicines. For this, good clinical research will be needed to provide the evidence for future practice. The HA is discussing with relevant non-governmental organizations and tertiary institutions offering programmes in Chinese medicine with a view to working out the most appropriate partnership arrangement for the provision of Chinese medicine services.

- (b) As I have mentioned in part (a) above, we are still working out the implementation details of our initiative. So far no decision regarding the choice of clinic sites has been made.
- (c) The optimal use of resources is always our prime concern. The HA has a responsibility to ensure appropriate and efficient use of funds. We will monitor the use of resources by the HA and ensure

that plans and arrangement for the provision of Chinese medicine services meet our objectives.

MR CHAN KWOK-KEUNG (in Cantonese): *Madam President, the Secretary said in the main reply that 18 clinics would be provided to serve the public before the end of 2005. I have these questions. From where will the Chinese medicine practitioners be recruited? Will the Government import this type of talents or will it undertake to accord priority to recruiting local registered Chinese medicine practitioners?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese) : *Madam President, I said earlier in my main reply that Chinese medicine out-patient services would commence in 2002-03, but it did not mean that Chinese medicine out-patient services could be provided in 18 districts. We can only set up Chinese medicine out-patient services in the 18 districts not until 2005. However, since we will commence the services in 2003, we must make the preparations now. Certainly, in considering the recruitment of qualified Chinese medicine practitioners in future, the HA will also consider whether local registered Chinese medicine practitioners are suitably qualified for appointment by hospitals.*

DR LO WING-LOK (in Cantonese): *Madam President, the Secretary said in part (a) of the main reply that one of the objectives of setting up these Chinese medicine clinics was to facilitate the development of standards of practice of Chinese medicine practitioners and models of interface between Chinese and Western medicines. May I ask the Secretary the initial thinking of the Government in respect of the parallel application of Chinese and Western medicines, and how the Government can resolve problems concerning the interface between Chinese and Western medicines?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): *Madam President, as I said in my main reply, we have to conduct various researches because no model is available internationally so far. Therefore, the HA is now discussing with some experienced non-governmental organizations and relevant tertiary institutions to set down models for the development of public health care*

services and parallel application of Chinese and Western medicines. In addition, we wish to make some agreements concerning the co-ordination and referral services of Chinese and Western medicines in future with a view to issuing some guidelines. Therefore, our job in future is to study the mode of service delivery for the parallel application of Chinese and Western medicines.

MS AUDREY EU (in Cantonese): *Madam President, the Secretary mentioned in part (a) of the main reply that in selecting sites for accommodating the Chinese medicine clinics, appropriate sites would be considered. However, it was also mentioned in the same paragraph that "good clinical research will be needed to provide the evidence for future practice". May I ask what sites are unsuitable for setting up Chinese medicine clinics? Are the main reasons not connected with the difficulty of site selection, but with problems concerning "clinical research" and "evidence"?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): *Madam President, in deciding whether or not a certain site is suitable for setting up Chinese medicine clinics, we will first consider the question of locale. We hope that Chinese medicine clinics can be set up in various districts in Kowloon and Hong Kong; this is the first factor. Secondly, Chinese medicine service still requires the support in various policy areas. For example, we must have some pharmaceutical services. If pharmaceutical services cannot possibly be set up in certain sites, then we will consider those sites unsuitable. For example, not all clinics existing in Hong Kong have suitable space for us to provide Chinese medicine service for Chinese medicine service also requires other auxiliary facilities. So these are the factors we have to consider when selecting hospitals or requiring clinics to spare suitable space for us to develop Chinese medicine service. Insofar as the relevant researches are concerned, any attempt to give impetus to the future development of Chinese medicine will depend on the standards established for the Chinese medicine profession. The standards have to be established by conducting more clinical researches. The application of Chinese medicine would make significant contribution internationally in future. So we must conduct more research and examine whether the background of staff in respective hospitals and clinics are suitable for carrying out the work.*

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, has the HA considered the provision of in-patient Chinese medicine services? If yes, when; and if not, of the reasons for that?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, our first step in this specific development is to provide out-patient services, and we have established that the major function of Chinese medicine practitioners is to provide primary out-patient services. Certainly, Chinese medicine will also be helpful to hospitalized patients. Therefore, when we study the development of Chinese medicine in future, we will gradually adjust the proportion of in-patient and out-patient services. For the time being, we will mainly provide out-patient services at the initial stage. If a patient is considered necessary to be hospitalized, we can also make such arrangements. I once said in the past that we would not classify the hospitals into Chinese medicine or Western medicine hospitals because the services provided are wholesome. When we study the direction of developing the parallel application of Chinese and Western medicines in future, we will also follow the existing research objective.

MISS CYD HO (in Cantonese): *Madam President, in respect of the models of interface between Chinese and Western medicines, Members fully support it. However, the Government seldom elaborates on it in "black and white", so Members are very interested in raising supplementary questions. If we introduce the models of interface between Chinese and Western medicines for out-patient or in-patient services, are there sufficient talents conversant with both Chinese and Western medicine services, and do they have the ability to provide and manage the services of the parallel application of Chinese and Western medicines? If not, how will the tentative objective be implemented, and what is the direction of study on ways to work in partnership with tertiary institutions to offer certain programmes with a view to achieving this objective? When will the objective be realized given that the courses have just been implemented? Or will the situation be just as said by the Secretary earlier, that the initial stage would be confined to referrals only? Would the Secretary clarify this?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I believe that since this is a new idea, we lack the experience now, as Miss HO has said. We will conduct researches on the direction of future development, and recruit talents to devise plans for us in the meantime. However, we are now discussing with various universities and non-governmental organizations experienced in the provision of Chinese medicine services. We

will also go to the Mainland and discuss with experts there on the design of the model of future development.

MISS CYD HO (in Cantonese): *Madam President, when will this objective be realized? If we recruit experts or talents from overseas and also conduct training locally, when can we implement the parallel application of Chinese and Western medicines?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, the provision of Chinese medicine out-patient services will commence in 2002-03. Whilst designing the relevant services, we will also design the models of interface between Chinese and Western medicines at the same time. In future, we will develop various research methods in an orderly manner. As to when we can develop treatments that embrace the parallel application of Chinese and Western medicines, I think I am not able to answer this question now since it depends on the progress of the research developments. However, I believe that some research guidelines can be issued in the near future after the provision of Chinese medicine services has commenced, and pending the conclusions of researches, we may develop a trend of the parallel application of Chinese and Western medicines.

DR TANG SIU-TONG (in Cantonese): *Madam President, the Secretary said in the main reply that 18 Chinese medicine out-patient clinics would be set up before the end of 2005. Are these 18 Chinese medicine out-patient clinics distributed according to respective demarcation of the 18 District Councils with one clinic in each district? In addition, will Chinese medicine out-patient clinics definitely be set up in hospitals or in other clinics?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, we intend to set up Chinese medicine out-patient clinics according to the distribution of out-patient clinics in the 18 districts. However, Chinese medicine out-patient clinics not necessarily have to be set up in out-patient clinics. Dr TANG may know that some out-patient clinics and hospitals are set up at the same place. For example, the Tuen Mun Specialist Clinic is also situated next to Tuen Mun Hospital. However, some places that are most suitable for setting

up clinics are not inside hospitals. For the public's convenience, we will choose the best sites to provide Chinese medicine services. Therefore, in my answer to the question on site selection earlier, I also said that this factor would be considered.

MR JAMES TO (in Cantonese): *Madam President, I wish to follow up the Honourable CHAN Kwok-keung's supplementary question. His supplementary was very simple. He asked whether the Government would consider according priority to local registered Chinese medicine practitioners in appointment. However, the Government replied that it would choose the most suitable candidates, and said that it would consider hiring these people after they had registered as Chinese medicine practitioners by then. I think the relevant question was asking if the Government would accord priority to them in appointment. Given that the Government has answered in this way, it means the Government actually also has no confidence in local registered Chinese medicine practitioners, nor can it ensure that they can meet the required standards, which might cause them to take precedence behind Chinese medicine practitioners from overseas. The Government has even refrained from telling us the policy in this respect, is it because so doing will violate the World Trade Organization Agreement or due to other reasons?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I already said in my earlier reply that our principal objective was to incorporate Chinese medicine into Hong Kong's health care system. Apart from the provision of Chinese medicine services, we also wish to provide standards of practice of Chinese medicine out-patient services. At the same time, we will also study models of interface between Chinese and Western medicines. The above are our main objectives in the provision of such services. To do this, as I said in my main reply, we need to have good clinical research before we can make it a success. If there are Chinese medicine practitioners with research experience in Hong Kong, we certainly will accord priority to them. However, the registration system of Chinese medicine practitioners existing in Hong Kong has just come into operation. We hope that the list of Chinese medicine practitioners can be released at the end of this year, so that the registration system of Chinese medicine practitioners can be implemented early next year. But these registered Chinese medicine practitioners may not have research experience, and we have to consider the mode of service delivery. Besides, the relevant discussions are still ongoing. Therefore, I cannot

undertake to hire local registered Chinese medicine practitioners for all Chinese medicine out-patient services despite the fact that we are certain to recruit local registered Chinese medicine practitioners. Since we permit Chinese medicine practitioners to register, there is no reason for us not to recruit them.

MR JAMES TO (in Cantonese): *Madam President, my supplementary question is related to Chinese medicine out-patient services. Can the Government answer clearly whether it will accord priority to local registered Chinese medicine practitioners in appointment?*

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

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, my earlier reply was entirely related to Chinese medicine out-patient services.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, part (a) of the Secretary's main reply to Mr CHAN Kwok-keung's supplementary question was very ambiguous. He said he looked forward to commencing the Chinese medicine out-patient services in 2002-03, and would devise a pilot scheme in this respect. We learnt that seven public hospitals were prepared to participate in this pilot scheme whereas in fact four of them are currently providing Chinese medicine services. For example, Kwong Wah Hospital has already set up a Chinese medical service now. Therefore, I have some doubts. Is it because those hospitals are not conducting relevant clinical researches now or there is insufficient staff, or owing to other factors that makes it necessary to launch the pilot scheme in 2002-03 as mentioned by the Secretary? His answer was very vague. He seemed to suggest that Chinese medicine out-patient services are currently not available in Hong Kong, but these services are actually available and much experience has already been accumulated. Why did the Secretary describe the situation as if it were building a new house in a desert? Madam President, I really found the Secretary's remarks very ambiguous. Therefore, I wish him to state clearly that Chinese medicine out-patient services are now available in Hong Kong. I really fail to grasp the contents in part (a) of the Secretary's main reply.*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I am very thankful to Miss CHAN for giving me a chance to make a further elucidation. Why did I say that we had to incorporate Chinese medicine into Hong Kong's health care structure if we wished to develop it in Hong Kong? Most important of all, we wish to establish the standards of practice of Chinese medicine practitioners because these standards are currently not available worldwide, and the international community intends to use the model of development in Hong Kong as reference. Hong Kong has the capability and conditions to become a Chinese medicine centre because we have the relevant research background, and foreign countries will trust the results of our researches. Therefore, to incorporate Chinese medicine out-patient services into the existing health care structure is a new idea, new thinking, just as I said in my reply to Miss HO's supplementary question.

If we wish to implement the model of parallel application of Chinese and Western medicines in future, a lot of research work have to be done in order to assure the standards of practice. Hence, our first step is to implement the registration system. However, even if this first step, the registration system, works out fine, it does not mean we have met the required standards. To Western medicine practitioners, apart from developing the registration system, they have to conduct many researches such as studying the standards of practice. Chinese medicine practitioners have not yet established their standards of practice so far. Despite the fact that the Chinese Medicine Council of Hong Kong is now doing some work in this regard, but many people of diverse background are practising in the Chinese medicine sector. Some of them have scientific research experience, while some are trained by Chinese medicine practitioners on apprenticeship. As a result, their standards vary. Therefore, if we wish the Chinese medicine services in Hong Kong to be recognized internationally, we must make some efforts. We must select hospitals experienced in Chinese medicine. In recruiting resident out-patient Chinese medicine practitioners in future, we should also choose practitioners with research background. We hope that apart from providing Chinese medical services to the public, they can make some contribution to the establishment of the standards of practice. It is because standards can be established only through research. Thus research is evidently a prime task of our service too.

Currently, the hospitals under the HA are not providing Chinese medicine out-patient services. There are only four non-governmental organizations which provide these services, and they have nothing to do with the HA at all.

Some of them including Tung Wah Hospital and Kwong Wah Hospital have adopted the mode of working in partnership with universities, whereas universities are still very green in the application of Chinese medicine because their Chinese medicine programmes were offered just in the last couple of years. Moreover, they had to hire several famous professors from the Mainland to teach in the territory because Hong Kong has relatively little experience in this respect. If we really wish to develop Chinese medicine services in Hong Kong, we definitely have to make these efforts.

PRESIDENT (in Cantonese): We have spent 19 minutes on this question. Council will now proceed to the fourth question.

Mainland Vessels Entering Hong Kong Waters

4. **MR WONG YUNG-KAN** (in Cantonese): *Madam President, at the end of last month, a mainland cargo ship entered Hong Kong waters without tendering Pre-Arrival Notifications (PANs) to the relevant authorities in advance and accidentally damaged some rafts in the fish culture zone at Ma Wan. Regarding mainland vessels entering Hong Kong waters and marine accidents involving them, will the Government inform this Council:*

- (a) *of the circumstances under which mainland vessels may enter Hong Kong waters without tendering PANs in advance; the number of entries of mainland vessels into Hong Kong waters in each of the past three years, together with a breakdown by the type of vessels;*
- (b) *of the number of marine accidents within Hong Kong waters involving mainland vessels in the past three years, and a breakdown by the type of vessels, as well as the number of such accidents involving mainland vessels which were not required to tender PANs; and*
- (c) *whether it will consider introducing legislative amendments to require all mainland vessels to tender PANs before entering Hong Kong waters; if it will, of the legislative timetable; if not, the reasons for that?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President,

- (a) Mainland vessels entering Hong Kong waters can be categorized into two main groups. They are ocean-going vessels and river trade vessels. Ocean-going vessels refer to vessels exceeding 300 tons gross which comply with the relevant international maritime requirements and are mainly engaged in international voyages. River trade vessels refer to vessels plying within the river trade limits. River trade limits refer to the waters in the vicinity of Hong Kong, and all inland waterways in the provinces of Guangdong and Guangxi which can be accessed also by water from the waters in the vicinity of Hong Kong. River trade vessels constitute about 90% of all mainland vessels entering Hong Kong waters.

The existing Regulation 4 of the Shipping and Port Control Regulations (under Cap. 313) requires only ocean-going vessels exceeding 300 tons gross to tender PAN to the Marine Department (MD) before entering Hong Kong waters. Vessels of 300 tons gross or less and river trade vessels are not required under the above Regulation 4 to comply with the PAN requirement.

Since April 2000, the MD has through administrative measures, requested mainland vessels of 300 tons gross or less and river trade vessels to tender a PAN to the Department before entering Hong Kong waters. In other words, all mainland vessels should tender a PAN before they enter Hong Kong waters, in accordance with either the Shipping and Port Control Regulations or the administrative measures of the MD.

Over the past three years (that is, 1998, 1999 and 2000), the respective number of mainland ocean-going vessels entering into Hong Kong waters was 18 540, 15 460 and 13 260. The respective number of river trade vessels entering into Hong Kong waters was 149 900, 141 230 and 145 270 respectively.

- (b) In 1998, 1999 and from January to March 2000 (that is, before the implementation of the administrative measures by the MD), the number of marine accidents within Hong Kong waters involving

mainland ocean-going vessels was 79, 78 and 27 respectively. The number of marine accidents involving river trade vessels was 126, 138 and four respectively.

From April to December 2000 (that is, after the MD has implemented the administrative measures), the number of marine accidents within Hong Kong waters involving mainland ocean-going and river trade vessels was 28 and 136 respectively. Among them, the ocean-going vessels had tendered a PAN in accordance with the Shipping and Port Control Regulations. As regards the 136 accidents involving river trade vessels, our rough data indicates that 45 of these vessels had not tendered a PAN.

- (c) To enhance the MD's control over the activities of the vessels entering Hong Kong waters, we will propose to amend the Shipping and Port Control Regulations to incorporate the administrative measures being implemented by the MD into the Regulations. That is to say, it will be specified in the regulation that vessels of 300 tons gross or less and river trade vessels will also be required to tender a PAN before their arrival at Hong Kong waters. We plan to introduce the legislative amendments into this Council next year. When the amendment proposals are passed by this Council, the MD may consider prosecuting any vessels not tendering a PAN.

Thank you, Madam President.

MR WONG YUNG-KAN (in Cantonese): *Madam President, the Government told us that the Regulations would be amended next year, though I understand that the issue has been under discussion for quite a long time. Now that the number of accidents is growing continuously while crashes are becoming increasingly serious, why must the Government wait until next year to amend the Regulations?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, actually, that does not have any direct relationship with the number of accidents. We have all along been working hard to make amendments to the relevant subsidiary legislation of the principal ordinance on shipping control

since its enactment. This year, we have introduced two pieces of subsidiary legislation to this Council for approval. In fact, there are a total of 10 pieces of subsidiary legislation in need of amendment, which means that we still have eight more to go. With regard to these subsidiary legislation, we hope that the legislative amendments introduced to each of them can cater to not only the existing needs but also the international requirements and the continuously changing needs of the times. So, the Government is in fact handling the matter in an orderly manner without any interruptions, rather than expediting or slowing down the relevant work in the light of the rising or falling number of accidents.

Madam President, I should also like to take this opportunity to explain to Honourable Members that the accident rate of mainland vessels entering Hong Kong waters, regardless of whether they are ocean-going vessels or river trade vessels, stood at 0.12% in 2000. This figure is calculated on the basis of both in-coming and out-going vessels. As regards the two years immediately before 2000, the accident rate stood at 0.12% and 0.14% respectively. Hence, even though the number of vessels entering Hong Kong waters has increased, the accident rate has not risen correspondingly.

MR CHAN KAM-LAM (in Cantonese): *Madam President, the Secretary pointed out in the main reply that since April 2000, the MD has through administrative measures, requested members of the trade to co-operate by tendering a PAN to the Department before entering Hong Kong waters. However, as we can see, 45 of the vessels involved in the 136 accidents that took place between April and December 2000 had not tendered a PAN. Obviously, these administrative measures are just paper tigers. Since the Government plans to introduce the legislative amendments into this Council next year, may I ask the Secretary how the Government can ensure that the administrative measures will not be reduced to paper tigers?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I thank the Honourable CHAN Kam-lam for his supplementary question. Actually, we have been exchanging information closely with the relevant provincial maritime authorities in Guangdong before employing the administrative measures. We have also requested them to extensively inform the mainland river trade vessel owners and operators of the administrative

measures. According to rough estimation, at present, about 90% of the mainland river trade vessels will tender PANs to the MD before entering Hong Kong waters. If the amendment proposals to the Regulations we are going to introduce early next year should be passed by the Council, we could of course take actions in accordance with the Regulations and more stringently require vessels to tender PANs before entering Hong Kong waters.

MR HOWARD YOUNG (in Cantonese): *Madam President, the main question and its reply are focused on PANs and the number of marine accidents. However, after reading the relevant figures provided in the main reply, I just cannot relate the tendering or otherwise of PANs to the number of marine accidents. In particular, it is pointed out in the second paragraph of part (b) of the main reply that 45 of the vessels involved in the said 136 accidents had not tendered any PANs. In other words, two third of the vessels have tendered PANs while the remaining one third have not. May I ask the Secretary whether it is because the Government has found the result of the administrative measures not satisfactory that it wishes to resolve the problem by introducing legislative amendments, even though the unsatisfactory result may perhaps be attributable to the idea rather than the measures? Would it be possible that the causes of those accidents lie not in the tendering or otherwise of PANs but in the fact that the river trade vessels concerned are not familiar with the fairways in Hong Kong waters, or that their mode of operation is different from that of Hong Kong vessels? Could the Secretary also inform this Council whether the only way to resolve this marine accident problem would be for the relevant government departments to step up publicity and educational efforts for the vessel helmsmen concerned?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I thank Mr YOUNG for pointing out that the two matters are actually not related. The main reply given by me was targeted at the question raised by the Honourable WONG Yung-kan. I fully agree with Mr YOUNG that the two matters cannot be linked directly.

In view of the great concern expressed by Mr YOUNG over maritime safety, I am glad to inform Honourable Members that we actually hope to make proposals to the Legislative Council to amend yet other regulations. Those

regulations are related to control of fairways. We are currently studying whether only one-way traffic would be permitted for certain narrow fairways in Hong Kong waters, and we are also considering ways to improve the buoy and anchorage area in our waters. We are now working actively in these directions. We are happy to introduce the appropriate amendment proposals to this Council after discussions with members of the trade. I wish to stress again that the tendering or otherwise of PANs and the number of accidents should be two separate issues.

MR HENRY WU (in Cantonese): *Madam President, according to part (c) of the main reply, the Government will introduce legislative amendments to this Council later on to stipulate that the MD may consider prosecuting any vessels not tendering a PAN against the provisions of the relevant regulation. In this connection, may I ask the Secretary whether it is in view of the fact that many of the accidents are caused by vessels not having tendered any PANs that the Government wish to amend the relevant regulation?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, as I have mentioned in answering the supplementaries raised by other Members, the tendering or otherwise of PANs and the number of accidents should not be linked directly. However, if vessels do tender PANs before entering Hong Kong waters, we can then impose requirements to enable us to have the detailed information of the vessels entering Hong Kong waters and the crew on board. Besides, we can also take more comprehensive actions to follow up or impose control measures on those vessels when such a need arises. Moreover, if all vessels should tender PANs when entering Hong Kong waters, we could enhance our efficiency in such aspects as fees charging, berth arrangement, harbour control, shipping management, and so on. The major purpose of our legislative amendments is to enhance efficiency and improve the management of Hong Kong waters.

MR LAU KONG-WAH (in Cantonese): *Madam President, the Government has only furnished us with figures over the past three years. May I ask the Secretary to furnish this Council with figures over the past 10 months, together with the causes for the accidents and a breakdown of the type of accidents?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, the number of marine accidents involving river trade vessels in the first 10 months of the year was 177, of which 119 have been reported. As regards the causes for these accidents, I am afraid I do not have the detailed information on hand.

DR RAYMOND HO (in Cantonese): *Madam President, there are many types of accidents, such as crashing into piers, collision with other vessels or abutments, and so on. Could the Secretary inform this Council whether the Government would consider including in the amendment regulations to be introduced next year provisions for handling accidents of different types and degrees of severity?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, the major purpose of the legislative amendments we are proposing to the Regulations is to control the vessels concerned and to protect the safety of both the vessels and the people on board. As regards the issue of how individual accidents are to be handled, I do not believe there is any need to stipulate everything in the Regulations. Nevertheless, we will lay down clearly the safety standards and management objectives concerned.

PRESIDENT (in Cantonese): Last supplementary question.

MR WONG YUNG-KAN (in Cantonese): *Madam President, in answering the supplementary raised by the Honourable LAU Kong-wah earlier on, the Secretary mentioned that the number of marine accidents over the first 10 months of the year was 170-odd. On the other hand, according to my calculation, the number of 195 marine accidents involving ocean-going vessels and river trade vessels during the period between April and December 2000 was 195. Despite these huge figures, the Government has still taken such a long time to conduct the study and delayed the amendment of the relevant regulation to next year. I just feel that the Government will only handle the matter after accidents have taken place. In this connection, could the Secretary inform this Council whether the legislative amendments to be proposed to the relevant Regulations next year would cover all mainland vessels, including the smallest fishing boats? If not, I am afraid the number of accidents will bound to rise.*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I wish to point out that in 1998 and 1999, the number of accidents involving mainland vessels entering Hong Kong waters, including both ocean-going vessels and river trade vessels, was 205 and 216 respectively. The number of accidents in 2000, as mentioned by Mr WONG Yung-kan just now, was 195. In my view, irrespective of the number of accidents, no one will wish to see any accidents happening. Let me stress again that what we are doing is to make improvement to the increasingly busy fairways in Hong Kong waters and to enhance efficiency. Hence, the Government's amendment proposals to the Regulations are not targeted at any particular type of vessels. Under the existing Regulations, river trade vessels are not required to tender any PANs before entering Hong Kong waters. As regards the definition of river trade vessels, according to section 25 of Cap. 313, river trade vessels include vessels employed in sea fishing or used for pleasure purposes (that is, the so-called pleasure craft). Our legislative proposal hopes to require all those river trade vessels defined in the existing legislation to tender PANs before entering Hong Kong waters.

PRESIDENT (in Cantonese): Fifth question.

Pessimistic Mood of Foreign Investors Regarding Prospects of Local Economy

5. **MR BERNARD CHAN** (in Cantonese): *Madam President, it has been reported that according to a survey published by a consultancy company, among the foreign investors living in 13 Asian territories, only those in Hong Kong are pessimistic about the local economy five years from now and are disappointed with the leadership of the Hong Kong Government and the assistance it provides to the business sector. In this connection, will the Government inform this Council:*

- (a) *of the measures in place to change the pessimistic mood of foreign investors regarding the prospects of the local economy;*
- (b) *whether it has compared the economic prospects of Hong Kong with those in other Asian territories; and*
- (c) *whether it will consider providing more assistance to the business sector?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, with careful reading of the report referred to by the Honourable Bernard CHAN, one will discover that contrary to the general impression, the report is in fact optimistic and affirmative about the economic prospects of Hong Kong.

The company releasing the report has surveyed foreign businessmen residing in 13 Asian economies, requesting them to give their perception marking to the suitability of the economies where they reside as a business hub of the region in the next five years.

The result of the survey shows that among the 13 economies, Hong Kong is the only place where foreign businessmen grade its prospects as a regional hub five years from now worse than today. Notwithstanding that the mood of foreign businessmen in other economies are more optimistic, the report clearly points out that those places, including a country in Southeast Asia, are almost certainly not going to take over the leading position of Hong Kong as a hub in the region in five years. According to the report, Hong Kong will maintain its distinct advantages in the next five years despite the effects of various external factors. Its good legal, exchange rate, taxation and regulatory environments, coupled with its excellent professional services, have made it especially well suited for regional headquarters and regional offices. In addition, Hong Kong will remain firm in its position as a financial centre.

In fact, the findings of the survey have not mentioned that foreign businessmen in Hong Kong are disappointed with the leadership of the Hong Kong Government or the assistance it provides to the business sector. What the report does is when commenting on that Southeast Asian country that I have just mentioned, the report compares the leadership style of the governments of Hong Kong and that country. The report states that the Hong Kong Government will not direct enterprises in commercial activities; enterprises will have to make commercial decisions themselves. But the report considers that this actually serves as a catalyst for the business sector to act proactively. On the contrary, the report points out that businessmen of that country overly rely on the government and hence may lack a sense of urgency to take action to cope with changes.

Let me now reply to the specific questions raised by Mr Bernard CHAN.

- (a) Based on the content of the report outlined just now, we could derive a clear message, that is, foreign businessmen in Hong Kong are relatively realistic and crisis-sensitive. In fact, other surveys reveal that foreign businessmen in Hong Kong are not pessimistic at all. According to an announcement recently made by the Census and Statistics Department, the number of regional headquarters or offices established by foreign companies in Hong Kong hits a record high of 3 237 in 2001. This figure is the highest in Asia. 510 new headquarters and offices were established here in 2000 and more than 230 in 2001, making an accumulative growth of close to 30% over two years.

Surveys were also conducted by the American Chamber of Commerce and the British Chamber of Commerce in Hong Kong in 2000 and 2001 respectively to assess their members' confidence in the economic prospects of Hong Kong. These surveys show similar results. The survey conducted by the British Chamber of Commerce shows that, consistent with the results of the last two years, over 90% of the respondents held positive views of the business environment in Hong Kong. Over 50% were optimistic about the prospects of profitability in 2002, with the figure in 2003 rising to over 80%. The survey conducted by the American Chamber of Commerce shows that over 90% of the respondents were confident and optimistic about the economic prospects of Hong Kong, and expected this positive outlook to sustain through 2005. Over 60% of the respondents planned to expand their operations while over 50% would hire additional staff.

Of course, we will not ignore the pessimistic mood that some foreign businessmen may have. We have spared no effort in improving our business environment and in promoting the advantages of Hong Kong through our Economic and Trade Offices overseas. Last year, we set up Invest Hong Kong to implement a proactive investment promotion programme which concentrates on attracting inward investment in sectors where Hong Kong has a competitive edge.

- (b) The Government is concerned about the economic prospects of other Asian economies as much as it does about Hong Kong. We have also made relevant comparisons.

In 2001, the whole world is undergoing a cyclical economic slowdown. Economic data of major economies including the United States, the European Union and Japan have indicated a sharp economic slowdown or a recession. The situation has been further aggravated by the "September 11 incident". The downward adjustments in the economic growth forecasts for 2001 of South Korea, Taiwan, Singapore, Malaysia, Thailand and Hong Kong reflect the adverse effects of the global economic downturn.

Hong Kong, like other East Asian economies, has unavoidably been adversely affected by the global economic downturn and the drastic slump in the United States. The slack in external trade has seriously depressed internal consumption and investment sentiment, resulting in a drop of aggregate production, a decreased growth rate and increased unemployment. Nevertheless, when compared with some other economies in the region, our economic structure is relatively stable. Our export trade and inward investment have been developed in a relatively balanced and diversified manner. On top of these, the Mainland is the only economy in the region that can sustain a rapid economic growth. Its accession to the World Trade Organization will create abundant business opportunities for Hong Kong. Our economic prospects are therefore optimistic in the long term.

- (c) It is a well established principle of the Government to strive to maintain a business-friendly environment, including a robust legal system, a clean government, a simple taxation system with low tax rates, a level playing field and free trade. It is meant to enable the business sector to give full play to its dynamism and advantages, and as a result drive the robust development of the Hong Kong economy. In his previous policy addresses, the Chief Executive announced a series of initiatives to assist the business sector. These include measures to expand substantively our investment in infrastructure, to strengthen our manpower training and retraining, to relax the entry requirement for talents and professionals from outside Hong Kong, to enhance the quality of our living environment, to promote environmental protection and education, to streamline government licensing and reporting procedures, and so on. As for promotion of innovation and technology, the Government has set up an

Innovation and Technology Fund amounting to \$5 billion. On providing support to small and medium enterprises (SMEs), the Government has set up four funding schemes, totalling \$1.9 billion, to assist SMEs to enhance competitiveness, strengthen training, develop businesses and purchase equipment and machinery. The Government will keep up its efforts in improving the existing framework and systems as well as the software and hardware infrastructures, in order to maintain Hong Kong's position as an international metropolitan city in Asia.

MR BERNARD CHAN (in Cantonese): *Madam President, just now the Secretary spoke of the reports of surveys conducted by the American Chamber of Commerce and the British Chamber of Commerce. I had actually been surveyed by the American Chamber of Commerce in this connection. Yet, I think the views in these reports may not be entirely reliable, for I also tended to give more optimistic views. So, I think the data in these reports may not be accurate. However, Madam President, there is one certainty and that is while the Secretary has said in his reply that the tax rates and costs are low in Hong Kong, many foreign businessmen have told me that the operating costs in Hong Kong are definitely not on the low side. This is set to greatly affect us in the competition with other territories in the region. Although the Secretary has mentioned in the main reply that many new companies have been set up in Hong Kong, the report has made no mention of the number of people employed by these companies. As far as I know, these companies may just take on several people. But for companies employing a greater number of staff, they will choose to go to Shanghai or other territories for development instead. I would like to ask the Secretary this: Will the Government explore ways to reduce the costs of business in Hong Kong as far as possible by, for instance, providing tax concessions?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, in fact, I do not entirely disagree with what the Honourable Member has said, and I share his view that these reports may not be reliable. By the same token, the report of the consultancy company mentioned by the Member just now may not be totally credible either. As I have said in my main reply, we will not ignore the pessimistic mood among some foreign businessmen just because the findings of these reports show that foreign businessmen are seemingly optimistic about the prospects of Hong Kong. In this connection, we

will continue to work hard and do more in the hope that foreign businessmen in Hong Kong can be more optimistic about the prospects of Hong Kong.

Besides, while I did say that we have a simple taxation system with low tax rates in Hong Kong, I did not say that costs here are low, and I must clarify this point. The costs in Hong Kong are certainly higher than those in the Mainland and other Southeast Asian territories. This is understandable because firstly, there is a scarcity of land in Hong Kong; and earlier on, many people were engaged in property speculation, resulting in rocketing property prices. While property prices have come down substantially, they are still not considered low. Moreover, staff wages in Hong Kong are also on the high side. As to whether the Government will provide tax concessions to attract foreign businessmen, this will involve the fundamental economic policy. It has been our position not to provide tax concessions, for the tax rates in Hong Kong are already very low. For example, the profits tax here is 16% only, which is very low indeed. Having said that, it does not mean that we will not endeavour to attract foreign capital.

MR ERIC LI (in Cantonese): *Madam President, just now the Secretary said that the findings of those surveys may not be totally credible. But in his main reply the Secretary has apparently cited the findings of the surveys conducted by the British Chamber of Commerce and the American Chamber of Commerce in Hong Kong as well as those of the relevant consultancy company. Indeed, our overseas offices should liaise with foreign businessmen in order to obtain a better understanding of their work. Has the Government conducted surveys that are more objective or credible among foreign businessmen in Hong Kong, so as to get a better understanding of their work, gauge their views on the style of leadership of the Government, and see whether the facilities provided by us can truly meet their needs? In part (c) of the main reply, the Secretary mentioned that the Government has done a lot to assist the business sector. Have these initiatives enhanced the competitive edge of Hong Kong?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, since the establishment of Invest Hong Kong last year, we have in place a dedicated department responsible for attracting foreign capital and enhancing contact with foreign businessmen in Hong Kong. We have not conducted scientific surveys, but from the contacts made by Invest Hong Kong

with foreign businessmen based in Hong Kong, and from the drastic increase in the number of regional headquarters or offices set up by foreign businessmen in the territory, we believe foreign businessmen are basically optimistic about the future of Hong Kong, or else they would not have come to invest in Hong Kong in the first place. A key factor, which is also our greatest advantage and which can, to some extent, offset our disadvantage of expensive costs, is that we have the Mainland as our hinterland. Our geographical location makes it impossible for us to be replaced by any city or country in the region other than cities in China. This is a great edge indeed. The Government certainly believes the efforts we have made over the years and our recent initiatives can improve the business environment of Hong Kong.

MR ABRAHAM SHEK: *Madam President, the survey conducted by the Hong Kong-based Political and Economic Risk Consultancy Limited must be a masterpiece, as it is open to different interpretations. May I ask the Secretary to comment on this. The report said that the Singaporean Government is good at expecting and preparing for changes, whereas the Government of the Hong Kong Special Administrative Region copes with changes only when they arise. Firstly, I would like to ask what interpretation the Government gives to this statement; and secondly, if it is in the affirmative, how they are going to react, and if it is in the negative, what their interpretation is ?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, since Mr SHEK has revealed that the Southeast Asian country mentioned by me earlier on is Singapore, I will respond to this supplementary question with emphasis on the differences between Singapore and Hong Kong.

I share the view of the report that government officials of Singapore do have a strong sense of crisis or urgency, which is attributed to its experiences in the past three decades or so. It is because Singapore joined Malaysia in 1963 and seceded from Malaysia in 1965. The then Prime Minister, LEE Kuan-yew, bravely led Singapore to fight its way out. Over the past three decades or so, Singapore has consistently made great achievements, and what they have relied on is precisely a sense of crisis, for they were surrounded by an unfriendly environment at the very beginning. In the 1960s, Indonesia was hostile to Malaysia and Singapore in its policies; and recently, the Singaporean

Government has become highly alert to crisis, for its major economic hinterland is Indonesia and we all know how the Indonesian economy goes now. So, there is indeed a need for Singapore to go beyond the Southeast Asian region. This is the reason why the Singaporean Government has, in the past two years, started negotiations on Free Trade Agreements with many non-Southeast Asian countries such as Australia, New Zealand, Japan, the United States, Chile and Mexico. All these are spurred by their sense of crisis.

The situation of Hong Kong is very different from that of Singapore, for our economic hinterland is the Mainland, our Motherland. The Mainland has sustained rapid economic growth since the implementation of economic reforms and the open door policy over the past decade or two. This is an economic miracle. Hong Kong people are indeed very lucky to have such an economic hinterland. The economic development of Hong Kong over the past two decades is totally inseparable from the economic development in the Mainland. Without the economic reforms and opening up of the Mainland, Hong Kong would not have possibly become a financial centre, business hub and shipping centre in Asia and even in the world. Yet, it does not mean that we are not sensitive to crisis. We certainly have a sense of crisis. Since his first policy address, the Chief Executive has highlighted the many areas that warrant improvements in Hong Kong. The approach adopted by Hong Kong is different from that of the Singaporean Government in that we firmly believe business decisions should best rest with businessmen and entrepreneurs, and we do not think that government officials like me should be teaching businessmen how to do business. That is a very ridiculous idea indeed, because if I know how to do business and if I am able to teach businessmen to do business very successfully, Madam President, I would not have been standing here answering questions. I might be another LI Ka-shing (*laughter*), but regrettably, I am not.

PRESIDENT (in Cantonese): Mr SHEK, has your supplementary question not been answered?

MR ABRAHAM SHEK (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. I was not asking the Secretary whether he would become LI Ka-shing. There are lots of people like LI Ka-shing in Hong Kong.....*

PRESIDENT (in Cantonese): Mr SHEK, please ask your follow-up.

MR ABRAHAM SHEK (in Cantonese): *Madam President, I just want to ask how Hong Kong handles the sense of crisis, or is there any handling approach?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, earlier on I already said that the Hong Kong Government, from the Chief Executive to Bureau Secretaries and my colleagues, does have a sense of crisis, particularly as Hong Kong was hit by the financial turmoil after the reunification. This has further ravaged our economy in which the economic bubbles were already going to burst. Later, despite signs of slight recovery, we unfortunately faced the cyclical economic slowdown in the United States, and worse still, there was the "September 11 incident". So, the Government is indeed highly sensitive to crisis. Moreover, the world economy is in the process of transformation into a knowledge-based economy. In view of this, the Chief Executive has in recent years put forth a host of proposals to reform the education system. Mrs Fanny LAW, the Secretary for Education and Manpower, has also been making the utmost effort to implement these proposals. All this precisely shows that we have a sense of crisis, and that is why we have adopted a new thinking, hoping to come up with more alternatives or measures to enable Hong Kong people to upgrade their knowledge and competitiveness, with a view to enabling the Hong Kong economy to restructure more smoothly.

PRESIDENT (in Cantonese): We have spent 19 minutes on this question. From the way Members asked their questions and the Secretary answered them, I think 30 minutes will not even be enough for this question. But as many Members are still waiting in line, I will allow two more Members to ask questions.

MISS EMILY LAU (in Cantonese): *Madam President, I wish to follow up the Honourable Abraham Shek's supplementary question. In his reply, the Secretary said that this consultancy report did not mention that foreign businessmen are disappointed with the leadership of the Hong Kong Government, and that it only drew a comparison with the style of Singapore. Does it mean*

that foreign businessmen are disappointed with the leadership of the Hong Kong Government in comparison with Singapore?

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, I think I cannot say so, and it is incorrect for Miss LAU to make those remarks. I would invite her to read this report carefully before coming to me to discuss this question.

MR HUI CHEUNG-CHING (in Cantonese): *Madam President, in the third paragraph of the background information given in the main reply, the Secretary said that the result of the survey shows that among the 13 economies, Hong Kong is the only place where foreign businessmen grade its prospects as a regional hub five years from now worse than today. Will the Secretary tell us whether the authorities have conducted surveys to find out how many companies financed by foreign capital intend to leave Hong Kong within the next five years?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, we have not conducted any such survey. But as I have said earlier, since the establishment of Invest Hong Kong last year, colleagues of the department have fostered contact with foreign businessmen doing business in Hong Kong, and found that basically, or generally, they are optimistic about the prospects of Hong Kong. Meanwhile, we have also provided them with lots of assistance.

PRESIDENT (in Cantonese): Last oral question.

Transport Services and Subsidies for Disabled Persons

6. **MR LEUNG YIU-CHUNG** (in Cantonese): *Madam President, regarding the existing transport services and subsidies provided for disabled persons, will the Government inform this Council:*

- (a) *whether it has reviewed the public-funded Rehabus service provided by the Hong Kong Society for Rehabilitation (HKSR), including the*

demand and supply of the service; if it has, of the results of its review; if it has not, whether such a review will be conducted;

- (b) given that the existing Rehabus service mainly operates on scheduled routes, whether it will consider providing the relevant organizations with fundings for the purchase of vehicles to facilitate the enhancement of the dial-a-ride Rehabus service as well as the provision of rehabilitation taxi service; and*
- (c) as the current charges for dial-a-ride Rehabus service are much higher than ordinary bus fares, and only recipients of the Comprehensive Social Security Assistance are eligible for half-fare refund after having first paid the full charge, whether it will provide higher levels of transport subsidy to relevant organizations or the disabled persons in need?*

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

- (a) The objective of our transport policy for people with disabilities is to enhance their mobility, thereby facilitating their participation and integration in the community. The Rehabus service has been run by the HKSAR using government subvention, since 1980. The principles adopted to fulfil this policy are:
 - (i) people with disabilities who can make use of public transport should be encouraged and assisted to do so;
 - (ii) public transport operators should be encouraged to provide transport services accessible to people with disabilities where necessary and possible;
 - (iii) the Rehabus service should continue to be provided for people with disabilities who cannot utilize public transport services and have no alternative means of transport; and
 - (iv) the average cost incurred by people with disabilities on transport should generally be comparable to that of able-bodied person.

We closely monitor the demand and supply of the Rehabus service and make service adjustments and improvements, including route rationalization, the purchase of additional vehicles, the introduction of the feeder services, and so on, whenever necessary to cater for recognized needs.

In this context, we work closely with other public transport operators to ensure that their services are accessible to people with disabilities. Currently, out of 6 260 buses in the franchised bus fleet, over 25% are already wheel-chair accessible. All bus companies have agreed to buy replacement and new buses which are wheel-chair accessible. This, together with the accessibility policies increasingly adopted by the MTR Corporation Limited (MTRCL) and Kowloon-Canton Railway Corporation (KCRC), will help relieve the demand of Rehabus service.

- (b) The HKSR maintains a fleet of 85 rehabuses. In addition to operation of scheduled and feeder routes, there are 73 buses available for dial-a-ride services. Some buses are used for both scheduled route and dial-a-ride services.

Additional support services are already provided in the form of centre-based and commercially hired transport. Funding for vehicles and drivers are provided to special child care centres, day activity centres, sheltered workshops and certain residential facilities. At present, 136 such vehicles are provided. In addition, commercially-hired transport supplements these arrangements.

In the light of the unsuccessful rehabilitation taxi trial scheme launched in 1987, the Government has no plan to re-introduce such services. Since then, we have expanded the dial-a-ride Rehabus service to cater for the needs.

- (c) Users of the scheduled route service are charged \$184 per month for non-cross harbour services and \$264 for cross harbour services. On average, passengers pay \$3.8 per non-cross harbour trip and \$5.5 per cross harbour trip.

As regards the dial-a-ride service, this provides a point-to-point service similar to a taxi. It is charged on the basis of the distance

travelled, the number of hours the rebus is used and the number of users. Because of the differences in their mode of operation, it is not relevant to compare fares with those of franchised buses.

In the current financial year, the Government will provide subvention of \$26 million to the operator of the Rebus service. As such, we believe that the existing arrangements work well and that the objectives of the Rebus service are being met.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, the number of wheel-chair accessible buses operated by the bus companies at present is really very small. People with disabilities often need to wait a long time before they can catch a bus accessible to them. As a result, they have to rely on the Rebus service. At present, only 55 rebus operate on scheduled route service and 18 provide dial-a-ride service. The Secretary may correct me if the figures quoted by me are incorrect. As the Rebus service is also available for group booking, individuals in need of the service may have to wait several months. Given that the existing bus services are not adequate, the MTR service is not accessible to many places, and it takes such a long time to book the dial-a-ride Rebus service, will the Secretary elaborate on what the Government will do to improve the situation in order to help people with disabilities to integrate into society and participate in more social activities? The Secretary pointed out earlier that the rehabilitation taxi trial scheme was not successful. In this connection, has the Government reviewed the causes of failure? This may be due to the inconvenient arrangement of requiring taxi drivers to visit the Transport Department to exchange the vouchers received for money. Will the Secretary consider other alternatives to help people with disabilities to integrate into society and take part in more social activities?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): *Madam President, 57 rebus operate scheduled routes and 17 provide dial-a-ride service currently. However, 73 rebus can also provide dial-a-ride service in addition to scheduled route service for they are required to operate on scheduled routes only on 9 am and 5 pm to carry passengers to and from their workplaces. These buses may provide dial-a-ride service in the interim. Therefore, a total of 73 rebus are actually available to provide dial-a-ride services as well. We have seen improvements in the services in recent years, so*

the number of people with disabilities who have failed to secure the dial-a-ride service has actually dropped. It is therefore not timely to re-introduce the rehabilitation taxi scheme at this stage. In addition to the need for taxi drivers to exchange vouchers for money at the Transport Department, high maintenance costs is also one of the reasons for the scheme to run into trouble.

MR LAW CHI-KWONG (in Cantonese): *Madam President, the issue pertaining to the allocation of fund to help people with disabilities to seek employment was discussed by this Council at a Finance Committee meeting held earlier. A similar question was raised by me during the meeting and I hope the Secretary can respond to it. Will the Government set down a basic policy objective to cater for the need of those travelling on scheduled routes to go to work or to school where possible to avoid compelling people with disabilities to give up their jobs because of a lack of Rehabus service? Will the Government apply this principle as a matter of priority in implementing its policy?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): *Madam President, we are now reviewing what services should be provided as a priority for help-seekers. Of course, it will depend on whether the means of transport suits their needs. For instance, people using wheelchairs may be given priority if ordinary buses cannot provide them with the services they need. Of course, other modes of transport are also available in addition to buses. They will be allowed to utilize the Rehabus service if vacancies are available. We will continue to monitor the situation to see when priority treatment is warranted in future. It will also depend on our service targets and the ability of the people with disabilities to travel on ordinary means of public transport.*

MR LAW CHI-KWONG (in Cantonese): *Madam President, my question was based on the assumption that the Rehabus is the most suitable and irreplaceable means of transport. The crux of the problem lies in the fact that some people with disabilities are required to wait for the Rehabus service even after they have secured a job. However, their employers will not wait for them for several months because of this reason. Will the Secretary formulate a clear policy in the light of the situation? The Secretary mentioned in part (a) of the main reply that the demand and supply of the Rehabus service would be monitored. In this connection, can the Government formulate a policy to help provide the Rehabus*

service to people with disabilities where possible? My question is actually related to government policy.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I concur with the conditions mentioned by Mr LAW earlier. It is necessary to review the matter since the Government has not specified under what circumstances priority Rehabus service will be accorded. In addition to people who need to go to work or to attend training courses, those seeking medical consultation should be accorded priority too.

MR ANDREW CHENG (in Cantonese): *Madam President, the reply given by the Secretary to the supplementary question raised by the Honourable LEUNG Yiu-chung and the reply given to us today have impressed us that the information provided to us is not entirely consistent with that provided to the Secretary. A number of people with disabilities have indeed complained to us that they have to wait several months before they can be provided with the Rehabus service. The main reply provided by the Secretary and all the replies given to us so far have only mentioned the part concerning supply. Yet the main question is about supply and demand. The Secretary has failed to give a detailed reply to the part concerning actual demand in the main reply as well as in all the answers given by him today. Given that supply is limited (for instance, only one fourth of the buses are wheel-chair accessible), the actual number of rehabuses is small and yet the demand is large (for instance, some people with disabilities are not provided with the Rehabus service even though they have waited for several months), will the Secretary explain why it is still considered unnecessary to expeditiously review the relevant policies and allocate more resources?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, there are no problems with the policy *per se*. A regular meeting is held between the Government and the Rehabus provider every month to review the supply and demand situation of the Rehabus service. Sometimes, it is necessary to determine whom should be given priority. During a review conducted with the Rehabus provider with respect to a supplementary question raised by Mr LAW earlier, we found that we were actually expected to provide service for all people with disabilities, not just to decide whom should be accorded priority. As a result, some of those who are in genuine need are

required to wait. I also agree that certain principles and criteria governing the accord of priority to certain people must be laid down. For instance, those disabled persons using wheelchairs must be given priority. Given the limited capacity of the rehabuses, however, we can only do so if the rehabuses are able to deliver such service. Therefore, another determining factor is whether other buses also run on the same route operated by the Rehabus service. It is necessary for us to hold meetings with the Rehabus provider regularly to review whether the Rehabus routes are appropriate and whether the existing measure of giving priority to people with disabilities is appropriate. Additional buses are purchased every year in the light of the demand and supply situation of the Rehabus service. The number of additional rehabuses purchased over the past four years accounts for 13% of the total number of rehabuses. We have also planned to purchase two additional rehabuses next year. Depending on the demand and supply of the service, we will provide suitable services to people with disabilities. According to our policy, services will be provided if no alternative means of transport is accessible to people with disabilities.

MR ANDREW CHENG (in Cantonese): *Madam President, the Secretary has not answered my question concerning the data on the actual demand. This is very important indeed. It is evident from the data provided by many people with disabilities complaining to the Complaints Division of this Council or individual Members that the service is inadequate. Can the Secretary provide us with a written reply to let us know, for instance, how long it will take before the non-scheduled route dial-a-ride service can be secured, if the relevant data is not available today? Is it possible for the Secretary to provide us with categorized data?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, certainly. (Annex)

I have some data concerning the number of people waiting for the scheduled route service at hand. Between January and September this year, there were 88 persons on the waiting list. As for the number of applicants who have not been provided with the dial-a-ride service, it stands at 4 380 this year, 6 492 in 2000, and 8 129 in 1999. We can thus see that there is a tendency for the dial-a-ride service to improve. However, there is also a rise in the number of people waiting for the non-dial-a-ride service.

DR LO WING-LOK (in Cantonese): *Madam President, it is evident from the various phenomena and the data provided by the Secretary earlier showing more than 4 000 persons are not provided with the dial-a-ride service that the supply of transport service for people with disabilities indeed falls short of demand. Giving priority to some people is tantamount to depriving others of the chances of utilizing the service. Will the Secretary inform this Council whether, in addition to providing these channels, the Government has considered encouraging private transport operators to provide transport service to people with disabilities by, for instance, offering them licence fee concessions? The Secretary mentioned in the main reply that the taxi trial scheme was launched 14 years ago in 1987. The Government's thinking at that time should be somewhat different from what it has in mind now.*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): *Madam President, I have stated in the main reply that public transport operators should be encouraged to provide transport services accessible to people with disabilities where possible. We hope people with disabilities, like able-bodied persons, can utilize public transport services. This objective has not been met because it is still necessary for bus companies to purchase additional wheel-chair accessible buses. At the same time, the MTRCL and the KCRC have to take a number of measures to enable people with disabilities to travel on MTR and KCR trains. We hope to see people with disabilities to use the same means of transport as able-bodied persons. Of course, some places must be served by the Rehabus service. In the long run, rehabuses will only run on routes where the provision of public transport services is not possible.*

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

MR HENRY WU (in Cantonese): *Madam President, it is true that more than 4 000 people were not provided with the dial-a-ride Rehabus service. As far as I understand it, there are many such cases in reality. Is the Secretary aware that charges are levied on the dial-a-ride Rehabus service and an additional penalty is also imposed? Is the Secretary aware that groups or individuals are seriously affected since they have to make the payment? I will cite an example to illustrate my point in case the Secretary does not understand it. According to*

my understanding, a penalty will be levied on the group which has booked the dial-a-ride Rehabus service to pick up passengers at several spots if, when the rehabus arrived at a certain spot, someone has failed to utilize the service for certain reasons such as physical discomfort. Is the Secretary aware of this? In addition, will the Secretary clarify with the service provider to see if the charges or penalties are reasonable and will a review be carried out?

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, as pointed out by me earlier, under our principle, the average cost incurred by people with disabilities on transport should generally be comparable to that of able-bodied persons. The dial-a-ride Rehabus service is charged on the basis of the distance travelled, the number of hours the rehabus is used and the number of users. The average charge will therefore be lower than taxi fare. As for the payment of penalties imposed as a result of failure to utilize the service for various reasons, I will review the matter with the service provider.

PRESIDENT (in Cantonese): Question time ends here.

WRITTEN ANSWERS TO QUESTIONS

Support Services to Young Hong Kong People Allegedly in Breach of Mainland Laws

7. **MR WONG SING-CHI** (in Chinese) *Madam President, regarding the provision of support services to young Hong Kong people who have allegedly breached the laws and regulations in the Mainland, will the Government inform this Council:*

- (a) *whether it knows the total number of young Hong Kong people aged between 12 and 21 who were detained or arrested by mainland law enforcement agencies for having allegedly breached the laws and regulations in Guangdong Province in the past six months, together with a breakdown of such cases by the duration and grounds of detention; and of the respective numbers of young people prosecuted and convicted subsequently;*

- (b) *whether it knows the general procedures adopted by law enforcement agencies in the Mainland for detaining these young people, and the channels available to the detainees for seeking legal and counselling services;*
- (c) *whether it will consider enhancing the dissemination of information to young people on the consequences of participating in illicit activities in the Mainland, and on the kind of punishments they may get; and*
- (d) *whether the Administration provides services to young Hong Kong people who have been sentenced in the Mainland and to their families in Hong Kong; if so, of the resources used for such purpose each year; if not, whether it will consider providing such services, including cross-border outreaching services for the youth?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) According to information received by the Hong Kong police, two Hong Kong youngsters aged between 12 and 21 have been detained by mainland law enforcement agencies over the past six months for having allegedly breached the laws in Guangdong Province. They were detained between June and July 2001 for alleged drug trafficking and alleged kidnapping and murder respectively. We understand that they are still kept under criminal detention and will face criminal prosecution.
- (b) Under the Criminal Procedure Law of the People's Republic of China, public security authorities may detain any person, including a Hong Kong resident, who is suspected to have committed a criminal offence. The law enforcement agencies are required to inform the family of the detained of the reason for and the place of custody within 24 hours after the person has been detained unless it is not feasible to do so or unless such notification will affect investigation. The law enforcement agencies should carry out inquiries into the detainee's case within 24 hours after the detention. If it is considered necessary to arrest the detainee, the law enforcement agencies will normally submit an application for

approval to make an arrest to the People's Procuratorate within three days after the detention. The People's Procuratorate will make a decision within seven days from the receipt of such an application.

If their investigation finds that the detainee's case is a minor one with no serious detrimental effects and his act does not constitute a criminal offence, the public security authorities may impose an administrative penalty on the detainee under the Regulations of the People's Republic of China on Administrative Penalties for Public Security. The public security authorities have the power to impose a maximum administrative penalty of 15 days' detention.

Hong Kong residents (including young people) detained or arrested by mainland law enforcement agencies for having allegedly breached the mainland laws may appoint legal practitioners in the Mainland to provide legal advice and to defend their cases. If a detainee is faced with criminal prosecution but cannot afford to appoint a legal representative due to financial difficulty, he may apply to the mainland judicial authorities or the Court concerned for legal assistance.

The reciprocal notification mechanism between the Hong Kong police and the Mainland Public Security Authorities became operative on 1 January 2001. Under the arrangement, the mainland authorities will, as far as practicable, notify the Hong Kong police of the case of Hong Kong residents (including young people) under criminal detention by public security or customs authorities in the Mainland for suspected breach of mainland laws. The Hong Kong police will notify the families of the detainees immediately after receipt of the notifications. If the families of the detainees require assistance from the SAR Government, they may approach the Assistance to Hong Kong Residents Unit of the Immigration Department. The SAR Government will give practical assistance to them in accordance with established practice.

- (c) With the support of the Committee on the Promotion of Civic Education and the Commission on Youth, the Administration has been actively promoting civic awareness, social responsibility and

positive values among the public, particularly young people, through various publicity channels, educational programmes and funding schemes. The objective is to help nurture good citizenship and reduce the possibility of young people engaging in illicit activities. In the delivery of youth services, the Administration adopts an approach of early identification of service needs and timely intervention. In view of the growing trend for young people to go to and engage in leisure activities in the Mainland, non-governmental organizations operating youth services will, having regard to the profile of the youth population in the district, provide counselling or organize programmes for young people and their families through the services of integrated teams, children and youth centres, outreach social workers and school social workers. The aim is to alert young people to matters of which they should be aware, including the consequences of committing an illegal act, while they are staying and engaging in leisure activities in the Mainland.

- (d) As mentioned in part (b) above, the families of detained young people may approach the Assistance to Hong Kong Residents Unit of the Immigration Department if necessary. Through the current established mechanism, the Immigration Department will convey their requests or appeals to the mainland authorities concerned for consideration.

Although the Administration does not provide cross-boundary services to local young people and their families at the moment, active efforts have been made by the local authorities concerned to maintain contact and exchange views with their mainland counterparts on issues of common concern. For example, the Guangdong, Hong Kong and Macau Conference on Policy to Tackle Psychotropic Substance Abuse and Trafficking was held in November 2001 to enhance exchange and co-operation in drug prevention policy among the three places. Substance abuse among young people was one of the main issues discussed at the conference.

Supervision of Schools by Education Department

8. **DR DAVID CHU** (in Chinese): *Madam President, the Canadian Overseas International College closed down on 28th last month due to financial problems.*

It was reported that about 380 students were affected, involving prepaid tuition fees totalling \$10 million. With regard to the Education Department's (ED) supervision of schools, will the Government inform this Council:

- (a) whether, before the closure of the College, the ED was aware that the College was facing financial or operational difficulties; if so, of the follow-up measures taken by the ED; if not, whether it has assessed if the sudden closure of the College is a reflection of inadequate supervision by the ED, or the existence of loopholes in the supervisory mechanism; and*
- (b) of the ED's criteria for granting permission for the College and other schools to collect tuition fees on a prepaid basis, rather than on a monthly basis as prescribed by the legislation, and the current number of schools permitted to collect tuition fee on a prepaid basis, together with a breakdown by the type of such schools?*

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

- (a) The ED was not aware that the Canadian Overseas International College had any financial or operational difficulties before its closure. The supervisor of the College informed the ED verbally on 26 October 2001 afternoon his intention to close down the College due to financial difficulties. On 28 October afternoon, the ED received a written notice from the supervisor that the school would cease operation starting from 29 October 2001.

The Canadian Overseas International College was a private school. As far as regulatory control of private schools is concerned, the ED recognizes that these schools should be allowed flexibility to operate in the free market. However, to protect students and parents, the ED would ensure that private schools comply with the Education Ordinance (Cap. 279), including compliance in the following areas:

- (1) safety, for example, building and fire safety requirements;

- (2) teachers' qualifications, for example, teachers have to meet prescribed qualifications and register with the ED; and
- (3) charging of fees, for example, school fees have to be approved by the ED.

To provide more information for parents to select private schools, the ED has already uploaded information on approved school fees (including fees of private schools) on its homepage. The Department will also work with the Consumer Council to make public the names of schools which contravene the Education Ordinance.

- (b) Under the Education Regulations, unless otherwise permitted in writing by the Director by Education, the inclusive fees for an educational course shall be calculated on an equal monthly basis and collected on or after the first school day of each month of the period during which the educational course is conducted. In considering applications from schools to be exempted from the requirement of collecting school fees in equal monthly instalments, the ED mainly takes into account the following:
 - (1) the organization running the course (to qualify for exemption, the school must be operated by a non-profit-making body);
 - (2) the special characteristics of the course; and
 - (3) the wish and needs of students/parents.

At present, there are a total of 56 schools which have been exempted from the requirement of collecting school fees in equal monthly instalments. Of these 56 schools, 19 are international schools and the remaining are adult education institutions.

The ED exempted the 19 international schools mentioned above from the requirement of collecting school fees in equal monthly instalments under the Education Regulations mainly to address parents' needs (for example, it might cause inconvenience to expatriate parents who had to travel abroad frequently if school fees

were collected monthly). The ED has reviewed the arrangements. Starting from the 2002-03 school year, unless the schools could provide sound justifications and demonstrate that there is a genuine need, all the 19 international schools mentioned above have to collect school fees in equal monthly instalments.

Provision of Psychiatric Services and Counselling Services on Emotional Problems to the Unemployed

9. **MISS CHAN YUEN-HAN** (in Chinese): *Madam President, regarding the provision of psychiatric services and counselling services on emotional problems to the unemployed and those on the verge of unemployment, will the Government inform this Council:*

- (a) *of the number of first attendance in the Hospital Authority's (HA) psychiatric out-patient clinics in each of the past three years and, among them, the number of those who were unemployed;*
- (b) *of the HA's expenditure on providing various psychiatric services and the HA's establishment of medical and nursing staff providing such services, in the past three years;*
- (c) *of the resources allocated to the relevant government departments and non-government organizations (NGOs) in the past three years for providing counselling services on emotional problems to the unemployed and those on the verge of unemployment; and*
- (d) *whether it has predicted the number of people who will suffer from mental health problems arising from unemployment and will need psychiatric treatment in the next three years, and whether it has assessed if the resources of the HA can cope with the new cases?*

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

- (a) An individual's vulnerability to the development of emotional problems is affected by a variety of biological, psychological and

socioeconomic factors, such as coexisting physical illness, a negative way of thinking in face of adversities or lack of social support. When faced with stressful life events such as unemployment, most people will experience transient and self-limiting emotional distress without the need for professional assistance. Some may however develop a certain degree of emotional problems that require professional intervention. The HA and the Social Welfare Department (SWD) provide appropriate psychiatric and counselling services to such individuals depending on the severity of their emotional problems.

The number of new psychiatric out-patients attending the HA out-patient clinics in the past three years and the number of patients reporting unemployment at the time of their first attendance are shown below:

	<i>1998-99</i>	<i>1999-2000</i>	<i>2000-01</i>
Number of new psychiatric out-patients	14 875	16 361	17 256
Number of patients reporting unemployment at the time of first attendance	2 652	2 652	2 494

- (b) The HA's expenditure on the provision of psychiatric services, and the number of doctors and qualified nurses providing such services in the past three years are as follows:

Expenditure

	<i>1998-99</i>	<i>1999-2000</i>	<i>2000-01</i>
	<i>(\$M)</i>	<i>(\$M)</i>	<i>(\$M)</i>
Expenditure	1,949	1,998	2,258

Staff

	<i>1998-99</i>	<i>1999-2000</i>	<i>2000-01</i>
Doctors	194	208	217
Qualified Nurses	1 815	1 892	1 967

- (c) The 104 Medical Social Services Units run by the SWD, and 65 Family Services Centres run by the SWD and NGOs provide counselling services to individuals and families to enhance their skills in coping with stress and resolving emotional problems, including those precipitated or accompanied by unemployment. In addition, the SWD has implemented a number of new initiatives in recent years for special target groups. These initiatives include Family Helpline, Single Parent Centres for single-parent families, Post Migration Centres for new arrivals from the Mainland, and Family Education Pilot Projects for dysfunctioning or at-risk families. The Employment Services for the Socially Handicapped run by the Hong Kong Council of Social Services also provides counselling service to the socially deprived and handicapped persons. The services provided by the aforesaid programmes include, counselling services to those suffering from emotional problems associated with unemployment and work stress. The resources allocated to the SWD and NGOs for these programmes in the past three years are as follows:

<i>Service Provider</i>	<i>1998-99</i>	<i>1999-2000</i>	<i>2000-01</i>
	<i>(\$M)</i>	<i>(\$M)</i>	<i>(\$M)</i>
SWD	499	527	508
NGOs	116	119	131

Breakdown on the resources allocated specifically for counselling services for the unemployed is not available.

The HA and the Department of Health (DH) provide counselling services to patients with emotional problems, including those related to unemployment, in the course of treatment of patients. As the provision of counselling service is incidental to the delivery of medical service, the HA and the DH do not keep a separate count on the resources taken up by such service.

- (d) The prevalence, onset and course of mental and behavioural disorders are affected by a variety of factors as mentioned in part (a). Loss of job may only be one of the many interacting factors that may precipitate a person to develop mental health problems. As such, it is not feasible to make projections on the number of people who will suffer from mental health problems arising from unemployment.

In planning for the provision of psychiatric services, the HA will take into account factors such as population growth, ageing population, utilization of psychiatric facilities and international trends in the treatment of mentally ill patients. The HA will constantly review its psychiatric services to ensure that adequate services are available to meet the needs of the community.

Reported Cracks on a Flyover under Construction

10. **MS MIRIAM LAU** (in Chinese): *Madam President, it was reported that cracks were found on a flyover under construction in Sai Kung District, resulting in a delay in its completion date. In this connection, will the Government inform this Council of:*

- (a) *the causes of the cracks found on the flyover;*
- (b) *the remedial measures it has taken; and*
- (c) *the revised completion date of the flyover?*

SECRETARY FOR WORKS (in Chinese): Madam President,

- (a) The flyover under construction is part of Hiram's Highway Improvement Phase Three project. It is a 20 m long bridge. Some hairline cracks of 0.2 mm wide are observed on the bridge deck and abutments. These cracks are normal shrinkage and thermal cracks. The bearings also show signs of minor bulging. The consultant has critically examined the defects and confirmed that the bridge is structurally safe. The bulging of the bearings may be partly due to deflections of the bridge larger than the Consultant's designed value or partly due to improper installation works. The Highways Department (HyD) will investigate whether the defects were caused by the Consultant's design fault or whether there were any other contributory causes on the Contractor's workmanship and materials. Appropriate actions will be taken against the parties responsible.

- (b) As for remedial measures, the HyD will ensure that the deflection of the bridge is rectified by installing 20 numbers of prestressing tendons at the bridge soffit. Cracks will be properly sealed and the bearings replaced with new ones before the bridge is opened to the public.
- (c) The remedial works are expected to commence in December 2001 and completed in April 2002. The new Hiram's Highways is scheduled to be opened to the public by mid-2002, about four months behind the anticipated completion date.

Problem of Stench Emitting from a Nullah in Tin Shui Wai

11. **MR ALBERT CHAN** (in Chinese): *Madam President, in response to my question on 1 November last year, the Government advised that the stench from a nullah in Tin Shui Wai originated from pig farms in the district, and that it would continue with its enforcement actions against illegal discharges of pig excretion. It is learnt that the problem of stench from the nullah has deteriorated rather than improved. In this connection, will the Government inform this Council of:*

- (a) *the measures that have been implemented since November last year for solving the above problem;*
- (b) *the number of prosecutions instituted against farmers who illegally discharged pig excretion in the district within the same period, and the prosecution results; and*
- (c) *the specific plans and measures to address the problem and the time by which it can be thoroughly solved?*

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

- (a) Since last November, the Environmental Protection Department (EPD) and the Agriculture, Fisheries and Conservation Department (AFCD) have stepped up their surveillance on pig farms in Tin Shui Wai. This included 443 regular visits to these farms to inspect

whether pig farmers had properly treated the wastewater in accordance with statutory requirements before discharge. The EPD also conducted 127 night-time ambushes against farmers who were suspected to have discharged wastewater illegally.

During their regular visits, the EPD and the AFCD have also advised farmers on the proper methods in treating pig wastes and good housekeeping measures in raising pigs.

- (b) Since November 2000, the EPD has instituted seven prosecutions against farmers who were suspected to have discharged pig excretion illegally in the said area. In one case, the convicted farmer was fined \$15,000. Arrangements have been made for the hearings of the other six cases.
- (c) The EPD and the AFCD will continue to conduct visits to pig farms in Tin Shui Wai and perform their regular surveillance operations. The EPD will pay special attention to farms with poor compliance records and conduct night-time ambushes.

In addition, the EPD and the AFCD will co-organize a refreshing seminar for farmers early next year to educate them on skills in handling pig wastes so as to raise their awareness in environmental protection.

Provision of Library Services to the Public

12. **MR TAM YIU-CHUNG** (in Chinese): *Madam President, as libraries perform many functions, such as facilitating members of the public in pursuing continuing education, participating in cultural activities and having access to information, will the Government inform this Council:*

- (a) *of the planning standards for the establishment of small libraries; and*
- (b) *whether it plans to extend the opening hours of public libraries and establish additional small libraries or reading rooms within public housing estates and Home Ownership Scheme estates; if so, of the details; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): Madam President, my reply is provided below:

- (a) The Leisure and Cultural Services Department (LCSD) will draw reference to the following broad criteria when planning for the provision of new libraries:
- (i) the speed of population in-take, particularly in new towns such as Tin Shui Wai, Tseung Kwan O, Tung Chung and Ma On Shan;
 - (ii) the extent of local demand for the library facilities, including usage rates at other libraries in the districts concerned;
 - (iii) the general provision and distribution of library facilities in individual districts;
 - (iv) readiness of individual projects in terms of site availability and accessibility; and
 - (v) the recommended provision set out in the Hong Kong Planning Standards and Guidelines (HKPSG). It should be noted that the HKPSG is a document published by the Planning Department for reference only. Such standards and guidelines are by no means mandatory and should be applied with flexibility.

To meet the residents' needs for library services, if suitable locations are identified, the LCSD will consider the provision of small libraries (of area about 500 sq m) in densely populated areas which are not in the vicinity of existing libraries and not included in an immediate plan for the provision of libraries in the near future.

- (b) The Hong Kong Central Library (HKCL) has been well received by the public since its opening on 17 May 2001. As it is expected that the opening of the HKCL would affect the usage of other public

libraries, the LCSD plans to conduct a comprehensive review of the opening hours of all public libraries by the end of this year. If resources permit, the LCSD will extend the opening hours of the HKCL early next year and draw up different opening hours for different types of libraries in order to meet community needs and facilitate effective use of library facilities by the general public. Moreover, starting from 1 May this year, all public libraries have been opened for public use on public holidays with the exception of the New Year's Day, the first three days of the Lunar New Year, Good Friday, Christmas Day and the following day.

Since its establishment in January 2000, the LCSD has opened five new libraries, that is, the HKCL, three district libraries at Tsing Yi, Tseung Kwan O and Tin Shui Wai as well as one small library at Sam Ka Tsuen. The LCSD continues to plan for the provision of new libraries in order to meet community needs for information, informal education and the profitable use of leisure. It is anticipated that construction work for 14 new libraries including two major libraries, eight district libraries and four small libraries in various districts as summarized at Annex, will commence or be completed in the next five years. For all major and district libraries, study rooms will be provided. In general, when planning for new libraries, the LCSD will take into consideration the distribution of population in the vicinity as well as the community needs.

To further enhance the service quality of public libraries, the LCSD is now conducting a consultancy study to comprehensively review the existing public library services. The standard of provision and the mode of governance of public libraries are covered in the study with a view to formulating a strategic plan for the long-term development of public library services in the next 10 years. In the course of the study, a questionnaire survey and public forums will be conducted by the consultant to seek extensively the views of members of the public and concerned organizations on the future development of public library services.

Annex

Summary of New Libraries Under Planning

*New library projects with work scheduled
to commence in the next five years**District*

- | | |
|---------------|---|
| Eastern | - New Chai Wan Public Library (PL) (district library to replace the existing Chai Wan PL) |
| | - Shau Kei Wan PL (district library) |
| | - Siu Sai Wan PL (small library) |
| Southern | - Stanley PL (small library) |
| Yau Tsim Mong | - New Tai Kok Tsui PL (small library to replace the existing Tai Kok Tsui PL) |
| Sham Shui Po | - Tung Chau Street PL (district library) |
| Wong Tai Sin | - Fu Shan PL (small library) |
| Yuen Long | - New Tin Shui Wai PL (major library to replace the existing Tin Shui Wai PL) |
| | - New Yuen Long PL (major library to replace the existing Yuen Long PL) |
| North | - New Fanling PL (district library to replace the existing Fanling PL) |
| Tai Po | - New Tai Po PL (district library to replace the existing Tai Po PL) |
| Sha Tin | - Ma On Shan PL (district library) |
| | - Yuen Chau Kok PL (district library) |
| Islands | - Tung Chung PL (district library) |

Vetting of Applications for Providing Trading Services for New Investment Products by SFC

13. **MISS EMILY LAU** (in Chinese): *Madam President, the Hong Kong Exchanges and Clearing Limited (HKEx) plans to launch trading services for Equity Linked Notes (ELNs) in its exchange. It has been discussing this issue with the Securities and Futures Commission (SFC) for a long time but the outcome is still awaited. However, the SFC has recently issued a securities dealer licence to iMarkets Limited (iMarkets), a subsidiary of the Cheung Kong (Holdings) Limited, allowing it to set up a trading platform for ELNs. In this connection, will the executive authorities inform this Council:*

- (a) whether they have investigated if the SFC's decision to issue a securities dealer licence to iMarkets was fair; if they have, of the results;*
- (b) whether they know the reasons for the SFC not yet reaching an agreement with the HKEx on the trading of ELNs in its exchange; and*
- (c) how they ensure that the SFC will not adopt double standards in vetting and approving applications for the provision of trading services for new investment products?*

SECRETARY FOR FINANCIAL SERVICES (in Chinese): Madam President,

- (a) The granting of approval for securities dealer licence applications is a matter for the SFC subject to the relevant securities legislation. The SFC treats all applications on their merits based on documented criteria, and applies the principle of maintaining a fair and level playing field for all market participants.

As to the application made by iMarkets in March 2001, the SFC granted a licence to the company as a Securities Dealer under the Securities Ordinance on 24 July 2001. iMarkets has not received any preferential treatment in the licensing process. The licence for iMarkets is granted on the condition that it can only provide electronic trade messaging and transaction execution services to

professional investors with settlement done by third parties. The SFC has made clear to the company that if its participants issue products to the public, they will be subject to the rules on prospectuses and other requirements concerning offers of investment to the public. The SFC has licensed similar trading platforms as Securities Dealers in the past and has used the same licensing criteria for iMarkets as it has for the other trading platforms.

The SFC has stressed that it regulates Hong Kong's securities and futures market without fear or favour with a completely even-handed application of laws and regulations. Specifically, it will regulate iMarkets as a registered intermediary taking into account the additional conditions imposed on its licence. It will be subject to the same reporting and inspection requirements as all other registered intermediaries in addition to the requirements contained in the conditions to its licence.

- (b) As confirmed by both the SFC and HKEx, the HKEx has not previously applied to the SFC to provide services similar to those that are proposed to be offered by iMarkets.

The SFC has clarified that earlier this year, the HKEx approached the Commission informally concerning a public market for Equity Linked Notes (ELNs). Its intention was to list, trade, clear and settle ELNs on the public markets and offer them for trading to retail investors. This would necessitate the issuance of a prospectus as required under section 41 of the Companies Ordinance, and the drawing up of appropriate trading and listing rules for new products offered to and traded by the public on the HKEx.

In this connection, the SFC and HKEx have been working closely in drawing up rules governing this kind of investment products, as part of their joint efforts to revive the derivative warrants market. These rules which will be applicable to all eligible issuers will be announced soon.

The HKEx lodged an application with the SFC on 16 November 2001 to establish a platform for the trading of ELNs on HKEx for professional investors. In considering the application,

the SFC will apply the same regulatory process as it has for other regulatees offering similar services to the market.

- (c) In relation to the vetting of applications for trading services for new products, the SFC has documented procedures and a review process to ensure that applicants are treated fairly and the application process is fair and transparent. All these procedures are made available on the SFC's website for public inspection. The SFC is subject to the following checks and balances in relation to the way it discharges its statutory duties:
- (i) Intermediaries who are disciplined or refused a licence may have the right of appeal to an independent Securities and Futures Appeals Panel, established under the Securities and Futures Commission Ordinance for a full merits review. Those dissatisfied with the way the SFC has handled any particular matter can complain to The Ombudsman.
 - (ii) The SFC is subject to the scrutiny of the Independent Commission Against Corruption. The Director of Audit is also empowered to examine records of the SFC.
 - (iii) The Process Review Panel reviews the processes of the SFC to determine whether in handling cases, taking actions or making decisions, the Commission has observed due process for ensuring consistency and fairness.
 - (iv) Relevant SFC decisions are also subject to judicial review by the Court of First Instance.

Budget Deficits in Public Hospitals

14. **MR LAW CHI-KWONG** (in Chinese): *Madam President, it has been reported that Tuen Mun Hospital is anticipated to have a budget deficit of \$100 million in this fiscal year. In this connection, will the Government inform this Council whether it knows:*

- (a) *the respective amounts of approved fundings for various public hospitals and their estimated total expenditure in the current fiscal year;*

- (b) *the main causes of budget deficits in public hospitals, and whether the downward casting of estimates in order to implement the Enhanced Productivity Programme (EPP) is among them; and*
- (c) *how the Hospital Authority (HA) and its public hospitals deal with their deficits?*

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

- (a) The approved budget of various public hospitals in the HA in 2001-02 is at Annex. Individual hospitals have to plan their activities within the approved budget allocation. The HA has in place a monitoring system whereby individual hospitals are required to submit monthly financial reports to the HA Head Office highlighting any expenditure items which have major deviations from the approved budget allocation. According to the latest assessment, the indications are that the expenditure of five public hospitals in 2001-02 may exceed the approved budget by more than 2%, namely, Prince of Wales Hospital by 7%, Tuen Mun Hospital by 5%, Pamela Youde Nethersole Eastern Hospital by 4%, Grantham Hospital by 2% and Alice Ho Miu Ling Nethersole Hospital by 2%. The estimated 2001-02 expenditure of another four hospitals may exceed the approved budget by 1% to 2%. The HA Head Office will work closely with these hospitals to devise plans, such as rationalization of hospital services, staff redeployment within the hospital and resource redeployment among hospitals within a cluster, to cope with the financial problems encountered.
- (b) Although the HA has, under the EPP, embarked on initiatives such as centralizing and networking hospital services among hospitals or clusters, integrating management, administrative and finance functions, streamlining work processes, implementing various invest-to-save initiatives like cook-chill food projects and energy

conservation projects to achieve savings in manpower and resource utilization, there is a limit in the amount of savings that can be generated. Guided by the principle that the EPP savings in manpower should not result in redundancy, any savings from the EPP initiatives could only be realized through natural staff wastage or internal staff redeployment. Invest-to-save initiatives, in particular, require investments in the first few years in order to generate long-term savings. The current low staff turnover rate in public hospitals also limits the HA's ability to realize the manpower savings under the EPP. The higher than expected increase in the demand for public hospital services has also contributed to the budget deficits in the HA hospitals and is illustrated by the following:

<i>Hospital Service Activities</i>	<i>Original Estimated Activities in 2001-02</i>	<i>Current Estimated Activities in 2001-02</i>	<i>Increase (%)</i>
Number of General In-patients Discharged	887 500	895 630	0.9%
Number of General Day Patients Discharged	288 900	303 310	5.0%
Attendance at Accident and Emergency Department	2 434 000	2 594 700	6.6%
Attendance at Specialist Out-patient Clinics	8 140 200	8 332 800	2.4%

- (c) The HA will utilize its reserve to absorb any budget deficits in public hospitals in 2001-02 and will ensure the quality of public hospital services will not be compromised. The HA will continue to enhance productivity by administrative downsizing and implementing other efficiency enhancement initiatives. The HA will also be able to achieve system-wide efficiency gain under the enhanced cluster management initiative which provides further opportunities for streamlining and rationalizing the provision of public hospital services.

Annex

Approved Budget Allocation of Public Hospitals in 2001-02

<i>Hospital</i>	<i>Approved Budget Allocation for 2001-02@ \$M</i>
Cheshire Home - Chung Hom Kok	63.0
Pamela Youde Nethersole Eastern Hospital	1,794.2
Ruttonjee Hospital and Tang Shiu Kin Hospital*	665.4
St. John Hospital	57.7
Tung Wah Eastern Hospital	277.0
Wong Chuk Hang Hospital	77.8
Duchess of Kent Children's Hospital at Sandy Bay	126.5
Tung Wah Group of Hospitals Fung Yiu King Hospital	112.8
Grantham Hospital	418.8
MacLehose Medical Rehabilitation Centre	77.9
Nam Long Hospital	96.4
Queen Mary Hospital	2,223.0
Tsan Yuk Hospital	152.9
Tung Wah Hospital	382.1
Hong Kong Buddhist Hospital	182.2
Hong Kong Eye Hospital	153.8
Kowloon Hospital	643.6
Queen Elizabeth Hospital	2,631.0
Haven of Hope Hospital	259.0
Tseung Kwan O Hospital	489.4
United Christian Hospital	1,733.1
Kwong Wah Hospital	1,464.6
Our Lady of Maryknoll Hospital	263.9
Tung Wah Group of Hospitals Wong Tai Sin Hospital	280.1
Alice Ho Miu Ling Nethersole Hospital	763.0
Bradbury Hospice	37.2
Cheshire Home - Shatin	83.3
North District Hospital and Fanling Hospital*	769.0
Prince of Wales Hospital	2,071.7
Shatin Hospital	350.2
Tai Po Hospital	350.0

<i>Hospital</i>	<i>Approved Budget Allocation for 2001-02@ \$M</i>
Castle Peak Hospital	573.9
Pok Oi Hospital	190.3
Siu Lam Hospital	104.9
Tuen Mun Hospital	1,921.6
Caritas Medical Centre	1,000.7
Kwai Chung Hospital	684.1
Princess Margaret Hospital	1,813.5
Yan Chai Hospital	839.1

Notes: @ Figures represent position before 2001-02 Annual Pay Adjustment.

* Hospitals under joint management.

Provision of Sub-degree and High Diploma IT-related Programmes

15. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, regarding the full-time sub-degree and high diploma information technology-related programmes conducted by various tertiary institutions on a public-funded or self-financing basis, will the Government inform this Council of:*

- (a) *the student intake of these programmes in the last academic year; and*
- (b) *the course title, enrolment and tuition fee of each of such programmes in the current academic year?*

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

- (a) Information on full-time sub-degree (including Associate Degree and Higher Diploma) information technology-related programmes offered on a publicly-funded or self-financing basis for the 2000-01 academic year is set out at Annex A.

- (b) Information on full-time sub-degree (including Associate Degree and Higher Diploma) information technology-related programmes offered on a publicly-funded or self-financing basis for the 2001-02 academic year is set out at Annex B.

Annex A

Full-time Sub-Degree Information Technology-related programmes in 2000-01

A: Publicly-funded Programmes

<i>Institution</i>	<i>Name of Programme</i>	<i>Student Intake</i>
City University of Hong Kong	Associate of Arts in Media Technology	37
	Associate of Science in Computer Studies (Software System Development/Network and System Support/Internet Computing)	213
The Hong Kong Polytechnic University	Higher Diploma in Electronic and Information Engineering	99
	Higher Diploma in Information Systems	52
	Higher Diploma in Multimedia Design and Technology	101
Hong Kong Institute of Vocational Education (IVE)	Higher Diploma in Business Information Systems	98
	Higher Diploma in Computer Systems Administration	81
	Higher Diploma in Information Systems Development	87
	Higher Diploma in Network Applications	85
	Higher Diploma in Software Engineering	77
	Higher Diploma in Web-based Technology for Business	194
	Higher Diploma in Applied Statistics and Computing	62
	Higher Diploma in Digital Media	41
	Higher Diploma in Computer and Information Engineering	82
Higher Diploma in Telecommunications Engineering	83	
Total:		1 392

B: Self-financing Programmes

<i>Institution</i>	<i>Name of Programme</i>	<i>Student Intake</i>
School of Continuing Education (SCE), Hong Kong Baptist University	Associate of Science in Computer Science	45
Total:		45

Full-time Sub-Degree Information Technology-related programmes in 2001-02

A: Publicly-funded Programmes

<i>Institution</i>	<i>Name of Programme</i>	<i>Tuition fee per annum (HK\$)</i>	<i>No. of Year 1 places</i>
City University of Hong Kong	Associate of Arts in Media Technology	\$31,575	40
	Associate of Business Administration in Electronic Commerce and Web Technology	\$31,575	120
	Associate of Science in Computer Studies (Software System Development/Network and System Support/Internet Computing)	\$31,575	233
The Hong Kong Polytechnic University	Higher Diploma in Computer-Aided Engineering Design	\$31,575	54
	Higher Diploma in Electronic and Information Engineering	\$31,575	94
	Higher Diploma in Information Systems	\$31,575	56
	Higher Diploma in Internet Technology and E-commerce	\$31,575	45
	Higher Diploma in Multimedia and Multilingual Computing	\$31,575	45
	Higher Diploma in Multimedia Design and Technology	\$31,575	131
	Higher Diploma in Mathematics, Statistics and Computing	\$31,575	50
Hong Kong Institute of Vocational Education (IVE)	Higher Diploma in Business Information Systems (year 1)	\$13,700	80
	Higher Diploma in Computer Systems Administrative (year 2)	\$21,950	80
	Higher Diploma in Information Systems Development (year 3)	\$21,950	80
	Higher Diploma in Network Applications		40
	Higher Diploma in Software Engineering		80
	Higher Diploma in Telecommunications and Networking		80
	Higher Diploma in Web-based Technology for Business		200

<i>Institution</i>	<i>Name of Programme</i>	<i>Tuition fee per annum (HK\$)</i>	<i>No. of Year 1 places</i>
	Higher Diploma in Internet Computing and Applications		40
	Higher Diploma in Applied Statistics and Computing		60
	Higher Diploma in Digital Media		40
	Higher Diploma in Computer and Information Engineering		60
	Higher Diploma in Internet and Multimedia Engineering		40
		Total:	1 748

B:Self-financing Programmes

<i>Institution</i>	<i>Name of Programme</i>	<i>Tuition fee per annum (HK\$)</i>	<i>No. of Year 1 places</i>
Cartias Francis Hsu College	Higher Diploma in Computing Studies	\$31,300 (year 1) \$35,120 (years 2 - 4)	160
Hong Kong College of Technology	Higher Diploma in Computer Studies	\$38,000	35
School of Continuing Education (SCE), Hong Kong Baptist University	Associate of Science in Computer Science	\$48,800	150
School of Professional and Continuing Education (SPACE), the University of Hong Kong	Higher Diploma in Information Technology	\$35,000 (year 1) \$36,000 (year 2) \$38,000 (year 3)	160
	Associate Degree in Applied Science (Information Technology)	\$35,000 (year 1) \$39,000 (year 2) \$43,000 (year 3)	20
Lingnan University	Associate of Business Studies (Information Systems)	\$50,000	35
		Total:	560

Police Strength in Sai Kung and Tseung Kwan O

16. **MR LAU KONG-WAH** (in Chinese): *Madam President, regarding police strength in Sai Kung and Tseung Kwan O, will the Government inform this Council:*

- (a) *of the respective numbers of reported crimes in Sai Kung and Tseung Kwan O in the past three years, together with a breakdown by the type of crimes and the types of crimes that have an upward trend;*
- (b) *of the current respective ratios of police officers stationed at the divisional police stations to the populations in Sai Kung and Tseung Kwan O;*
- (c) *whether it has assessed the adequacy of police strength in these two areas;*
- (d) *whether police officers are still being deployed on bicycle beat duties in Tseung Kwan O; if so, whether it has assessed if the number of police officers deployed is adequate; if police officers are no longer deployed for such duties, of the reasons for that; and*
- (e) *of the respective projected population growths in Sai Kung and Tseung Kwan O in the next three years; whether, in the light of the projected population growths, it will consider setting up a new police district to command these two divisional police stations, which are currently under the command of Wong Tai Sin District and Kwun Tong District respectively; if not, of the reasons for that?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) Crime figures (categorized by key crimes with trends) of Sai Kung and Tseung Kwan O Divisions over the past three years are attached at Annexes A and B.
- (b) As at 1 October 2001, the ratios of divisional police strengths to the populations in Sai Kung and Tseung Kwan O are:

Sai Kung Division	1: 324
Tseung Kwan O Division	1: 1 286

- (c) A Police Division's establishment and strength are decided on the basis of its workload. Population growth, infrastructure development and the overall crime situation in a Division are closely monitored whilst its manpower situation is being constantly evaluated. Should the situation require, application for additional resources will be made in good time to enable the Division to provide and maintain an effective and efficient police service to the public.

Consequent to the growing population in Tseung Kwan O, there has been a corresponding increase in the number of incident reports received and crimes reported. To cope with this, a total of 72 additional police officers, the majority of whom are police constables (PC), were added to the establishment of the Division in October 2000. (The 72 additional police officers have been reflected in the above mentioned ratio of divisional police strength to population.) An application for the creation of another 12 PC posts has also been submitted earlier this year to cater for an anticipated increase in incidents and reported crimes as a result of the increasing population in the immediate future.

- (d) A Bicycle Patrol was introduced in Tseung Kwan O Division in November 2000 on a trial basis. It aims to provide a highly visible police presence along the cycling tracks which link many of the housing estates and to act as a deterrent to crimes likely to occur along the tracks.

Officers deployed on Bicycle Patrol are drawn from the Patrol Sub-unit of Tseung Kwan O Division. Two uniform officers are deployed to patrol on bicycles along the cycling tracks for two hours during "A" and "B" shifts each day, subject to the availability of manpower and the weather conditions. According to records, there have been few incidents or crimes occurring along the cycling tracks. The present level of deployment is therefore considered appropriate.

However, the situation is subject to constant review and, should it be necessary, the resources deployed for Bicycle Patrol will be adjusted accordingly, commensurate with other prevalent police problems.

- (e) A three-year population forecast for Sai Kung and Tseung Kwan O Divisions is as follows:

<i>Year</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>
<i>Division</i>				
Sai Kung	42 728	41 442	41 341	40 982
Tseung Kwan O	285 580	302 573	315 387	333 842

A review of the future policing needs of the entire Kowloon East Region, including Sai Kung and Tseung Kwan O Divisions, has been carried out. A proposal to amalgamate the two Divisions into a single District structure, whilst retaining both divisional police stations to serve their respective areas, has been made. The proposal is being examined at the moment.

Annex A

Crime Figures of Sai Kung Division
(1999 to 2001)

<i>Crimes</i>	<i>Year</i>		
	<i>2001</i> <i>(January - October)</i>	<i>2000</i> <i>(whole year)</i>	<i>1999</i> <i>(whole year)</i>
Key Crimes			
Robbery	10	23	7
Burglary	144	190	87
Wounding/Serious Assaults	39	41	37
Taking Conveyance without Authority	27	61	90
Theft from Vehicle	55	57	46
Criminal Damage	61	67	46
Indecent Assault	6	1	7
Blackmail	1	3	5
Criminal Intimidation	5	9	3
Serious Narcotic Offences	3	2	13
Violent Crimes	69	87	66
Other Crimes	406	539	399
Overall Crimes	475	626	465

Projected position at the end of 2001:

Wounding / Serious Assaults, Indecent Assault, Theft from Vehicle, Criminal Damage and Serious Narcotic Offences would show a slight increase in 2001 over 2000.

Crime Figures of Tseung Kwan O Division
(1999 to 2001)

<i>Crimes</i>	<i>Year</i>		
	<i>2001</i> <i>(January - October)</i>	<i>2000</i> <i>(whole year)</i>	<i>1999</i> <i>(whole year)</i>
Key Crimes			
Robbery	65	48	34
Burglary	215	204	182
Wounding/Serious Assaults	103	164	152
Taking Conveyance without Authority	71	92	69
Theft from Vehicle	148	134	70
Criminal Damage	165	284	203
Indecent Assault	20	17	29
Blackmail	5	15	13
Criminal Intimidation	22	26	22
Serious Narcotic Offences	4	11	6
Violent Crimes	240	303	275
Other Crimes	1 186	1 405	1 040
Overall Crimes	1 426	1 708	1 315

Projected position at the end of 2001:

Robbery, Burglary, Indecent Assault and Theft from Vehicle would show an increase in 2001 over 2000. Criminal Intimidation and Taking Conveyance without Authority would also show a slight increase.

Providing Tax Allowance for Maintenance Payments

17. **MR ALBERT HO** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *whether it will consider introducing a tax allowance for maintenance payments, so as to alleviate the burden of divorcees and encourage them to make maintenance payments to their ex-spouses; if not, of the reasons for that; and*

- (b) *of the amount of tax forgone per year if maintenance payments are fully tax exempted?*

SECRETARY FOR THE TREASURY (in Chinese): Madam President,

- (a) Under the Inland Revenue Ordinance (IRO), salaries taxpayers may claim various tax allowances for dependent family members, including the married person's allowance, child allowance, dependent parent allowance, dependent grandparent allowance, dependent brother allowance and dependent sister allowance, to alleviate the burden of supporting their dependent family members. A taxpayer may claim the married person's allowance for his/her separated spouse provided that the marriage relationship has not been dissolved. A taxpayer may also claim the child allowance for his/her children after a divorce provided that the taxpayer contributes to the maintenance of his/her children. We consider that introducing a tax allowance specifically for maintenance payments on top of the various existing tax allowances will amount to double benefit for a concerned taxpayer. We do not support such a proposal.

Moreover, it is doubtful whether the introduction of a maintenance allowance would be effective in encouraging the making of maintenance payments. People fail to make maintenance payments for various reasons, such as out of employment or bitter relationship with ex-spouse, and so on, which would affect the ability or willingness of divorcees to make maintenance payments. A tax allowance is unlikely to serve a useful purpose.

Separately, we note that the Home Affairs Bureau are making efforts to improve the legislative and administrative arrangements in order to address the difficulties encountered by maintenance payees in collecting maintenance payments.

- (b) We do not have any estimate on the amount of tax forgone if maintenance payments were to be tax-exempted.

Review on Vehicle Licence Fee for Vans

18. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, in 1991, the Administration increased the vehicle licence fee for vans of a permitted gross vehicle weight exceeding 1.9 tonnes in order to reduce the gap between the licence fees of vans and private cars, thereby discouraging people from buying vans for use as private cars. As many new models of private cars with more spacious compartments and a larger passenger capacity are available in the market in recent years, less people now buy vans for use as private cars than before. In this connection, will the Government inform this Council whether it plans to reduce the licence fee for vans; if so, when this will be implemented; if not, of the justifications for that?*

SECRETARY FOR TRANSPORT (in Chinese): *Madam President, in 1991, the first registration tax and licence fee for van-type light goods vehicles were increased to reduce the differential between such vehicles and private cars. Before the increases, car owners took advantage of the low tax rate and licence fee for goods vehicles and used the van-type light goods vehicles as private cars. This had undermined the effectiveness of measures aimed at discouraging private car ownership and resulted in the proliferation of van-type light goods vehicles on the road aggravating traffic congestion.*

The reduced tax and licence fee differential between van-type light goods vehicles and private cars has been effective in containing the growth of van-type light goods vehicles and their use as private cars. The van-type light goods vehicle fleet dropped from 66 200 in end 1991 to 46 240 in September 2001. There is no plan to reduce the licence fee for van-type light goods vehicles.

Self-employment Business Startup Assistance Scheme

19. **DR DAVID CHU** (in Chinese): *Madam President, regarding the Self-employment Business Startup Assistance Scheme launched in August this year, will the Government inform this Council:*

- (a) *of the total number of loan applications received so far by the lending institutions participating in the Scheme, and the number of such applications which have been approved, together with a breakdown by the rate of interest charged on the loans; and*

- (b) *whether the authorities concerned will study together with the lending institutions participating in the Scheme the possibility of exempting applicants from paying the handling fees?*

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

- (a) As at 13 November 2001, there have been five applications since the launch of the Business Startup Assistance Scheme this September. Of these five applications, three have been approved, one has been rejected while another one is being considered by the lending institution. In the three approved cases, the loan amounts are all \$100,000 and the respective loan terms, including the interest rates and repayment periods, are all within the limits of the Scheme, that is, a maximum interest rate of prime rate plus 3% and a minimum repayment period of 24 months. Subject to meeting the conditions set out under the Scheme, the actual loan terms are business agreements negotiable between loan applicants and the lending institutions. The actual loan terms offered vary from one application to another.
- (b) The Employees Retraining Board has written to 31 participating institutions to urge them to consider offering more attractive loan terms to applicants, including the offer of a reduced administration fee. Some participating lending institutions are consequently now willing to lower or even waive the administration fee taking into account the viability of individual business proposals. A considerable number of lending institutions have also indicated that they will be ready to lower the interest rates to below prime rate plus 3% or even as low as prime rate plus 1%. With respect to the repayment period, most lending institutions are willing to offer a period of up to 36 months. Some lending institutions are willing to offer a six-month free repayment period or principal free repayment period. Relevant information is now available at the website of the Employees Retraining Board.

Trial Placement Scheme for People with a Disability

20. **MISS CHAN YUEN-HAN** (in Chinese): *Madam President, under the Trial Placement Scheme for People with a Disability launched on 1 September last year, the Labour Department will make arrangements for disabled persons to work for employers participating in this Scheme for a trial period of one month and the employers are granted subsidies amounting to half of the wages they pay to each employee during the trial period, subject to a ceiling of \$3,000. In this connection, will the Government inform this Council:*

- (a) *of the number of disabled persons placed under the Scheme so far, together with a breakdown by the type of jobs in which they are engaged and their monthly salaries; and among these employees, of the number of people who are still being employed two months after the trial period has lapsed, together with a breakdown by the type of jobs in which they are engaged and their monthly salaries;*
- (b) *of the reasons for some disabled persons not being offered continued employment after the trial period; and*
- (c) *as disabled persons may not be able to secure long-term employment under the Scheme, whether it will consider formulating other measures to help disabled persons secure employment, such as making it a statutory requirement that public and private organizations must employ disabled persons up to a certain percentage in the overall number of employees, or offering tax concessions to private organizations employing disabled persons?*

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

- (a) Up till 31 October this year, the Selective Placement Division of the Labour Department has placed 273 persons with a disability in trial placement. The trial placement jobs were mostly from the clerical, manufacturing and service sectors, details are as follows:

<i>Job Title</i>	<i>No. of Cases</i>
Clerk/Account Clerk/ Data Entry Clerk/ Office Assistant/ Courier	90 (33.0%)
General Worker/ Production Worker/ Packer/ Store Worker/ Driver	84 (30.8%)
Cleaner/ Dishwasher/ Kitchen Helper/ Car Park Assistant/ Security Guard	78 (28.6%)
Purchasing Merchandiser/ Assistant Accountant/ Draftsman/ Designer/ Technician/ Administrative Assistant	11 (4.0%)
Promoter/ Shop Assistant/ Telesales	10 (3.6%)
Total:	273 (100%)

The wages of the trial placement workers varied with the work nature, hours of work, academic and experience requirements. The average wage was \$5,200 per month. The breakdown is as follows:

<i>Monthly Wages</i>	<i>No. of Cases</i>
Below \$3,000*	28 (10.2%)
\$3,000 - \$4,999	86 (31.5%)
\$5,000 - \$6,999	129 (47.2%)
\$7,000 - \$8,999	25 (9.2%)
\$9,000 - \$10,999	4 (1.5%)
\$11,000 - \$12,999	1 (0.4%)
Total:	273 (100%)

* Note: mainly part-time jobs

Excluding 22 persons still on trial placement, 193 (76.9%) of the 251 persons with a disability who completed the trial placement were offered employment by employers. The jobs in which they were employed are as follows:

<i>Job Title</i>	<i>No. of Cases</i>
Clerk/Account Clerk/ Data Entry Clerk/ Office Assistant/ Courier	65 (33.7%)
General Worker/ Production Worker/ Packer/ Store Worker/ Driver	61 (31.6%)

<i>Job Title</i>	<i>No. of Cases</i>
Cleaner/ Dishwasher/ Kitchen Helper/ Car Park Assistant/ Security Guard	54 (28.0%)
Purchasing Merchandiser/Assistant Accountant/ Draftsman/ Designer/ Technician/ Administrative Assistant	8 (4.1%)
Promoter/ Shop Assistant/ Telesales	5 (2.6%)
Total:	193 (100%)

Breakdown of their wages is as follows:

<i>Monthly Wages</i>	<i>No. of Cases</i>
Below \$3,000*	24 (12.5%)
\$3,000 - \$4,999	61 (31.6%)
\$5,000 - \$6,999	84 (43.5%)
\$7,000 - \$8,999	22 (11.4%)
\$9,000 - \$10,999	2 (1.0%)
Total:	193 (100%)

* Note: all part-time jobs

Excluding the 23 persons who have not yet completed the three-month service, 128 of the 170 persons with a disability who were offered employment under the scheme, were still in employment two months after the expiry of the trial placement period, resulting in a job retention rate of 75.3%. The jobs in which they were employed are as follows:

<i>Job Title</i>	<i>No. of Cases</i>
Clerk/Account Clerk/ Data Entry Clerk/ Office Assistant/ Courier	40 (31.3%)
General Worker/ Production Worker/ Packer/ Store Worker/ Driver	39 (30.5%)
Cleaner/ Dishwasher/ Kitchen Helper/ Car Park Assistant/ Security Guard	40 (31.3%)
Purchasing Merchandiser/ Assistant Accountant/ Draftsman /Designer/ Technician/ Administrative Assistant	8 (6.2%)
Telesales	1 (0.7%)
Total:	128 (100%)

Breakdown of their wages is as follows:

<i>Monthly Wages</i>	<i>No. of Cases</i>
Below \$3,000*	16 (12.5%)
\$3,000 - \$4,999	39 (30.5%)
\$5,000 - \$6,999	57 (44.5%)
\$7,000 - \$8,999	14 (10.9%)
\$9,000 - \$10,999	2 (1.6%)
Total:	128 (100%)

* Note: all part-time jobs

(b) The reasons why trial workers were not employed after trial placement can be summarized as follows:

- (i) the trial workers' working abilities were not up to the requirement of the employers, or that they had poor interpersonal relationship with other workers, resulting in employers' discontinuation of their employment;
- (ii) the trial workers were not satisfied with the work nature, work environment, pay and interpersonal relationship at work, and quit their jobs.

To help improve the interpersonal relationship of disabled employees, the Selective Placement Division will launch a new "Trial Placement cum Mentor Scheme for People with a Disability" shortly. Under the new scheme, the Division will request employers to appoint an experienced co-worker to be the "mentor" of the disabled employees, so that immediate assistance and peer support can be rendered to the disabled employees to facilitate their early integration and retention in the job. If the disabled employees can successfully complete the one-month trial placement and secure the offer of long-term employment, their respective mentors will be awarded a gift coupon of \$500 and a certificate of appreciation as an encouragement.

(c) In drafting the 1995 White Paper on Rehabilitation Policies and Services, the Working Party on Rehabilitation Policies and Services carried out detailed discussions on the proposals such as introducing

a quota system for the disabled and offering tax concessions. It was concluded that, under a quota system, some employers would be forced to employ disabled persons, who might then be seen as a liability of the company. Disabled persons so employed would be unlikely to be accepted and might not be willing to continue working in an unfriendly environment.

At present, under the profits tax regime, all expenses, including salary payment, incurred by the taxpayer in deriving the assessable profits can already be deducted in full from such profits. Therefore, the Government does not support the proposal to increase the existing tax concession to allow an employer of a disabled person to be given a deduction exceeding the actual amount of salary payable.

In view of the above, we have strong reservations about measures such as offering tax concessions and making it a statutory requirement that employers must employ disabled persons up to a certain percentage. We believe that it is more effective and appropriate to find jobs actively for the disabled and make employers aware of the capability of the disabled by means of promotion and education.

To promote public acceptance of people with disabilities, and to enhance their opportunities of open employment, the Selective Placement Division of the Labour Department regularly organizes various public education and promotional activities, including talks, exhibitions, seminars held jointly with employers' associations, presentation of awards to enlightened employers and outstanding disabled employees, and production of radio programmes.

In recent years, the Division has greatly enhanced the efficiency of securing jobs for the disabled and increased the placement rate through various measures, including promotional activities, employment counselling, job matching, job referral and post-employment follow-up services, and so on. The employment rate of the disabled rose significantly from 40% in 1998 to 58% for the first 10 months of this year. The number of people assisted also increased to 3 600 (for the first 10 months of this year), with over 2 000 having successfully secured employment.

BILLS**First Reading of Bill**

PRESIDENT (in Cantonese): Bill: First Reading.

INLAND REVENUE (AMENDMENT) (NO. 2) BILL 2001

CLERK (in Cantonese): Inland Revenue (Amendment) (No. 2) Bill 2001

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

Second Reading of Bill

PRESIDENT (in Cantonese): Bill: Second Reading.

INLAND REVENUE (AMENDMENT) (NO. 2) BILL 2001

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, I move that the Inland Revenue (Amendment) (No. 2) Bill 2001 be read the Second time.

The object of the Bill seeks to provide a legal basis to allow taxpayers to file tax returns by using the passwords issued by the Commissioner of Inland Revenue (the Commissioner) and to allow taxpayers to telefile tax returns.

Since this year, the declaration of various major types of tax items including Individual Tax Return and Property Tax Return can be submitted through the Internet via the Government's Electronic Service Delivery (ESD) system. When a taxpayer files his tax return through the Internet, he must apply for a digital certificate from a recognized certification authority for the purposes of authenticating identity and affixing digital signature.

To encourage more taxpayers to furnish tax returns through the Internet by using the service under the ESD system, we propose that passwords be issued to

taxpayers by the Commissioner for authentication in lieu of the digital certificates issued by a recognized certification authority. This proposal can enable taxpayers to file tax returns through the Internet more conveniently, and it is believed that this will be welcomed by taxpayers.

Currently, no provision in the relevant ordinance states that the use of a password can be deemed as affixing a signature on the tax return. Therefore, it is necessary to amend the Inland Revenue Ordinance to provide a legal basis for the use of a password, specifying that the use of a password is deemed as signing the tax return.

Another proposal of the Bill is to provide a legal basis for telefiling in the Inland Revenue Ordinance. It provides taxpayers with another simple and fast channel to file their tax returns.

The existing Inland Revenue Ordinance makes no provision for the telefiling of tax returns. We propose that additional provisions be made to extend the meaning of "return" to cover particulars furnished by telefiling; and to empower the Commissioner to prescribe the types of return allowed for taxpayers to furnish returns by telefiling and the relevant requirements. Detailed requirements concerning telefiling will be published by notice in the Gazette.

The introduction of passwords and telefiling will give the public more choices of channel to file tax returns, and it is conducive to further improving the efficiency of service delivery to the public by the Inland Revenue Department (IRD). At the same time, the IRD can also save the time required for collating and inputting the information on a printed tax return to the Department's computer databases, thereby improving the operational efficiency of the IRD. It is really reaping benefits on both fronts.

With these remarks, Madam President, I hope Members will support the Bill.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Inland Revenue (Amendment) (No. 2) Bill 2001 be read the Second time.

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

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on the Inland Revenue (Amendment) Bill 2001.

INLAND REVENUE (AMENDMENT) BILL 2001**Resumption of debate on Second Reading which was moved on 31 October 2001**

PRESIDENT (in Cantonese): Mr James TIEN, Chairman of the Bills Committee on the above Bill, will now address the Council on the Committee's report.

MR JAMES TIEN (in Cantonese): Madam President, as Chairman of the Bills Committee on the Inland Revenue (Amendment) Bill 2001, I wish to briefly report on the deliberations of the Bills Committee.

The Bill amends the Inland Revenue Ordinance to raise the tax-reduction ceiling for home loan interest from \$100,000 to \$150,000 per year for the years of assessment 2001-02 and 2002-03. The objective of the proposal is to provide relief for homeowners during a period of economic difficulty.

The Bills Committee has discussed with the Administration pressing matters related to the Bill and the arrangements to be made by the Inland Revenue Department as well as the procedure and timeframe for application for holdover. The Honourable Albert HO has said at a meeting that he would propose a Committee stage amendment to increase the tax-reduction ceiling for home loan interest to \$180,000. The Honourable CHAN Yuen-han has asked the Administration to consider extending the proposed enhanced ceiling to beyond the years of assessment 2001-02 and 2002-03.

The response of the Administration to the proposals of Mr HO and Miss CHAN has been set out in detail in the report tabled by the Bills Committee. Putting it simply, the Government considers that a 50% increase in the maximum tax-deduction ceiling for a period of two years is appropriate. The Administration's proposal will, on the one hand, provide timely and the most

needed relief for homeowners during a period of economic difficulty, and on the other hand, not add undue pressure to the Government's already very tight budget position.

The Administration thinks that, the two proposals, if implemented, may lead to a reduction in government revenue from a lawful source, and may dispose of or charge any part of the revenue or other public moneys of Hong Kong as defined under Rule 57(6) of the Rules of Procedure.

Madam President, the Bills Committee supports the Bill.

MR HUI CHEUNG-CHING (in Cantonese): Madam President, on behalf of the Hong Kong Progressive Alliance (HKPA), I speak in support of the Inland Revenue (Amendment) Bill 2001 introduced by the Government, which raises the tax-reduction ceiling for home loan interest to \$150,000 per year for the years of assessment 2001-02 and 2002-03. The HKPA thinks that the Bill's proposal can be described as an herbal tonic that relieves the financial pressure of those making mortgage repayments (especially the middle-class homeowners in negative equity).

After repeated interest reductions over the past two years, though the mortgage interest has reduced from P plus 2% to P minus 3% today, our economy has not yet reached the bottom of the abyss, so employers may certainly face a more difficult business environment next year, and employers may have to face a more serious threat of wage reduction and layoff. As the interest reduction cycle of the United States is coming to an end, and the United States Government may issue a large number of bonds to meet the enormous military expenses on long-term battles against the terrorists, it is very likely that the interest rate in the United States may stop decreasing and may increase again. By then, I am afraid a large number of people and small and medium enterprises (SMEs) in negative equity may have to face the pressure of an increase in mortgage loan interest again. Therefore, the Government's proposal to raise the tax-reduction ceiling to give instant expenditure relief to more than 110 000 taxpayers who are or will be paying interests at a higher level than the existing tax-reduction ceiling. It can meet their pressing needs and help owners cope with the even heavier pressure of living that they may have to face next year.

The HKPA understands that while the Government has to put up with the pressure that the deficit may reach a new peak next year, it has to comply with the provision of the Basic Law that the Hong Kong Special Administrative Region shall strive to achieve a fiscal balance. Thus, it cannot further raise the tax-reduction ceiling or extend the concessionary period for such a reduction. However, our economy has not yet discarded its reliance on real estates, and given that the middle class and SMEs form the principal impetus to consumption and economic development and that the pressure of negative equity or heavy mortgage repayment may directly or indirectly cause more social problems, the Government must indeed continue to endeavour to stabilize the property market when its financial position permits doing so in compliance with the principles of the market, lest the number of homeowners in negative equity would further increase.

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

MR CHAN KAM-LAM (in Cantonese): Madam President, I remember that, on the eve of the presentation of the policy address by the Chief Executive last month, not a few members of the community expected the policy address to bring relief measures to homeowners in negative equity to relieve their burden. But the most positive measure is raising the tax-deduction ceiling for home loan interest from \$100,000 to \$150,000 per year.

In fact, back in 1998, the Democratic Alliance for Betterment of Hong Kong (DAB) already expressed certain views and requested the Government to maintain the ceiling at \$100,000. At that time, we asked the Government to extend the period of concession to 10 years rather than five years. As we all know, the economic environment has not turned any better these few years, therefore, while we welcome the amendment proposed by the Government, we also implore the Government to extend the period of concession to 10 years. I hope that the Financial Secretary or the Secretary for the Treasury would take this point into consideration in budgeting for next financial year so that those people making home mortgage repayments would benefit from this amendment.

Thank you, Madam President.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, we are in a dilemma after the Government has laid this amendment on the table of this

Council for scrutiny. On the one hand, we are very pleased that the Government has proposed this measure in the policy address in reply to some of the quests of the public. In particular, it has given homeowners in negative equity some help. Thus, I find it necessary to pass this amendment as soon as possible.

On the other hand, I think that the current amendment proposed by the Government does have deficiencies. We could do better if we were given more time. Concerning the period of concession, the Government has said that an extension of two years would be made. We have asked the Government whether it can further extend the period after two years. We have also asked if a two-year period is satisfactory? Besides, we have asked whether the economic situation would become better then. Having asked these questions, I had an impression that the Government was willing to consider these problems in different ways, including our question about whether an evaluation could be made half a year before the end of the period of concession. At that time, some officials remarked that an evaluation could be made.

Madam President, during our discussions on this Bill, a Member asked if I would propose an amendment. I said that if there was time, I would like to propose an amendment. Yet, we thought that time was a very important factor and we wished to pass this Bill as soon as possible so that this new measure could be implemented at once. For this reason, we did not propose any amendment. Yet, we hope the Government would bear in mind that, when we scrutinized this Bill, we had expressed the hope that the Government would make an evaluation half a year before the expiry of the concessionary period. If the economic situation has not yet improved by then, we hope that this measure would continue.

Thank you, Madam President.

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

MR ALBERT HO (in Cantonese): Madam President, at a meeting of the Bills Committee on the Taxation (Amendment) Bill 2001, the Democratic Party proposed an amendment to raise the tax-deduction ceiling for home loan interest from \$150,000 to \$180,000. But the President did not grant me permission to do so because she thought that the relevant proposal would have a charging effect.

Certainly, the Democratic Party respects the President's ruling but it is disappointed at the fact that the Government has failed to adopt the views of the public on raising the tax-deduction ceiling for home loan interest.

In the following, I am going to briefly explain the basic consideration of the Democratic Party in making the proposal.

Our objective of raising the tax-deduction ceiling for home loan interest is to relieve the burden of mortgage repayment on the middle class and homeowners in negative equity (negative equity owners), which is actually consistent with the objective of the Government.

According to the proposal of the Democratic Party, even if the Government adopts it, the additional financial burden on the Government would not be significant, for it would only incur an extra \$500 million on top of the total burden of \$1 billion within two financial years. It is negligible compared to the \$200 billion-odd tax revenue per annum and the \$400 billion-odd reserves of the Government.

On the contrary, the proposal of the Democratic Party can help more households with average income and negative equity.

First of all, households with annual income around \$400,000 to \$500,000 or more can enjoy an additional tax break. The household income of these people ranges between \$33,000 and \$42,000, and they can just be described as average income rather than high-income earners. Their salaries tax liability would be reduced by \$25,000 to \$30,000 per year.

Secondly, for the owners of flats of not too high a value (around \$2.6 million) who are still paying interest at higher rates (most of them being negative equity holders), the proposal would give them assistance.

Contrarily, the proposal of the Government can only assist homeowners in negative equity with flats valued at less than \$2.6 million since their expenses on mortgage repayment that are less than \$150,000 per year would be fully deducted. For homeowners in negative equity, assuming that the bought-in price of their flat was \$3 million, the interest rate of the mortgage loan still remains at prime. In other words, he spends as much as \$180,000 on mortgage repayment annually. The \$150,000 ceiling proposed by the Government is a

relatively low level that cannot give the people concerned reasonable benefit and care.

Although the Democratic Party fails to propose an amendment this time, we would continue to lobby the Government, or the Financial Secretary. We hope that he would understand and sympathize with the plight of many middle-class people and negative equity owners. We hope that he would change his mind and take on board our views when he compiles the budget for next year. We are looking forward to hearing some good news next year.

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

(No Member responded)

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, first of all, I would like to thank the Honourable James TIEN, Chairman, the Honourable HUI Cheung-ching, Deputy Chairman, and other members of the Bills Committee on the Inland Revenue (Amendment) Bill 2001 (the Bills Committee) for the speedy completion of the scrutiny of the Bill and for their support for the resumption of the Second Reading of the Bill today.

The Chief Executive proposed in the 2001 policy address to substantially raise the tax-deduction ceiling for home loan interest by 50% from \$ 100,000 to \$150,000, for the years of assessment 2001-02 and 2002-03. The Bill, if endorsed and passed by this Council today, will give taxpayers salaries tax concession as a result of the rise in tax-deduction ceiling starting early next year, thus immediately easing the financial burden of homeowners.

At a meeting of the Bills Committee, some members proposed to raise the deduction ceiling to \$180,000, and to extend the concessionary period indefinitely.

As pointed out by me in moving the Second Reading of the Bill, the Government has given serious consideration and balancing a number of factors before deciding to raise the tax-deduction ceiling for home loan interest from \$100,000 to \$150,000 for two years. This proposal will provide timely and

appropriate relief for homeowners during a period of economic difficulty on the one hand, and not add undue financial pressure to the Government on the other.

If the home loan tax-deduction ceiling is raised to \$180,000 as per the proposal raised by members of the Bills Committee, it will cost the Government an additional salaries tax revenue of more than \$400 million. Moreover, those who stand to benefit from the additional concession will be higher-income taxpayers in society, who may not be the taxpayers most in need. After carefully considering various factors, the Government believes that it is appropriate to cap the reduction ceiling at \$150,000.

At a meeting of the Bills Committee, some members proposed to consider extending the enhanced ceiling indefinitely. Raising the home loan tax-deduction ceiling is one of the relief measures taken by the Government of the Hong Kong Special Administrative Region in response to the economic depression experienced by Hong Kong in recent months. The Government considers two years are an appropriate period. Before this measure comes to an end, that is, in preparing for the 2003-04 Budget, a review will be carried out to examine whether it is necessary to extend the concessionary period.

Should the Bill be passed by this Council today, the Inland Revenue Department (IRD) will brief the public through the media of the procedures of applying for the enhanced home loan tax-deduction ceiling and the relevant timetable tomorrow to enable eligible taxpayers to submit their applications expeditiously. After receiving the taxpayers' applications, the IRD will complete the vetting procedure within the shortest time possible and recalculate the 2001-02 provisional salaries tax payable in the first and second quarters of 2002 to enable taxpayers to benefit from tax reduction immediately as a result of the enhancement.

With these remarks, Madam President, I urge Members to pass the Inland Revenue (Amendment) Bill 2001.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Inland Revenue (Amendment) Bill 2001 be read the Second time. 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 of the Members present. I declare the motion passed.

CLERK (in Cantonese): Inland Revenue (Amendment) Bill 2001.

Council went into Committee.

Committee Stage

CHAIRMAN (in Cantonese): Committee stage. Council is now in Committee.

INLAND REVENUE (AMENDMENT) BILL 2001

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Inland Revenue (Amendment) Bill 2001.

CLERK (in Cantonese): Clauses 1 to 4.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bill

PRESIDENT (in Cantonese): Bill: Third Reading.

INLAND REVENUE (AMENDMENT) BILL 2001

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, the

Inland Revenue (Amendment) Bill 2001

has passed through Committee without amendment. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Inland Revenue (Amendment) Bill 2001 be read the Third time and do pass.

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

CLERK (in Cantonese): Inland Revenue (Amendment) Bill 2001.

MOTIONS

PRESIDENT (in Cantonese): Motions. Two proposed resolutions under the Interpretation and General Clauses Ordinance in relation to amending subsidiary legislation.

First motion: Amending the Election Committee (Subscribers and Election Deposit for Nomination) Regulation.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, I move that the Election Committee (Subscribers and Election Deposit for Nomination) Regulation be amended as set out on the Agenda.

The Regulation was tabled at the Legislative Council on 17 October 2001. The relevant Subcommittee of the Legislative Council has completed scrutiny of the Regulation. The proposed amendments, which are technical in nature, aim at improving the conciseness of certain provisions and the consistency of the Chinese and English texts of the provisions.

Thank you, Madam President.

The Secretary for Constitutional Affairs moved the following motion:

"That the Election Committee (Subscribers and Election Deposit for Nomination) Regulation, published in the Gazette as Legal Notice No. 205 of 2001 and laid on the table of the Legislative Council on 17 October 2001, be amended -

- (a) in section 6(1), by repealing ", notwithstanding those sections,";
- (b) in section 8(3), by repealing "under subsection (2)" and substituting "by the voter under subsection (2) for the same election"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Constitutional Affairs be passed.

MR IP KWOK-HIM (in Cantonese): Madam President, in my capacity as Chairman of the Subcommittee, I would like to report on the deliberations of the Subcommittee on six subsidiary legislation laid on the table of the Legislative Council on 17 October 2001.

The Electoral Affairs Commission (Electoral Procedure) (Election Committee) Regulation specifies the procedures for the election of Election Committee members. Most of the provisions of the Regulation originate from the regulations on the election procedures of the Legislative Council. The Subcommittee has deliberated upon some major modifications and I would like to report on our deliberations briefly.

According to the new procedures of voting, after a voter has marked a ballot paper, he must fold the ballot paper so that the marked side is inside and put the ballot paper into the ballot box. This arrangement would replace the existing arrangement of using an envelope to cover the marked ballot paper. A member has pointed out that, under the new arrangement, the way in which a ballot paper is folded may indicate the identity of the voter. According to the Registration and Electoral Office, under the former arrangement, a voter must also fold the ballot paper before putting it into an envelope. Thus, the method mentioned by that member might also be adopted. Yet, the Registration and Electoral Office thinks that it is very difficult to identify a voter by means of the way in which a ballot paper is folded.

The Subcommittee has also discussed the new arrangement that allows the Presiding Officer to return the "originally issued" ballot paper to a voter. We have made reference to the experience of the Legislation Council Election 2000. A voter was given a ballot paper, but he did not cast his vote for certain reasons and left the polling station. But he returned to the polling station later and asked for another ballot paper. As a result, the voter and the staff at the polling station disputed the matter. Therefore, the Electoral Affairs Commission is of the view that the Presiding Officer may grant permission for the voter to be given the ballot paper that he has "originally been issued" in certain cases.

Firstly, a voter may cast the vote at the polling station before the close of the poll if before he leaves the polling station, the ballot paper has been given back to the Presiding Officer. However, if the Presiding Officer opines that such a request constitutes an abuse of assistance, he may exercise discretion and

decide not to grant the permission. Secondly, a voter may leave the polling station without casting a vote if he becomes incapacitated from voting by physical illness.

The Administration also proposes the deletion of the provision on mixing the ballot papers from not less than two polling stations before counting the votes. The Subcommittee has asked the Administration to clarify the purpose of this proposal. As explained, in the light of past elections, the provision is made to ensure the confidentiality of ballot papers, especially those from sectors having a smaller number of voters. Yet, if the votes cast are countered by computer, the ballot papers from the same ballot box for all subsectors are input into the computer without categorization. Thus, it is impossible to identify individual voters. As regards manual counting to be adopted in a by-election, a voter can cast his vote at any polling station connected to a computer network. In that case, it is also impossible to identify other voters on the basis of a particular ballot paper.

Madam President, in response to the views expressed by the Subcommittee, the Administration has agreed to propose amendments to two of the subsidiary legislation, to make the Chinese and English texts consistent. They are the Election Committee (Subscribers and Election Deposit for Nomination) Regulation and the Electoral Affairs Commission (Nominations Advisory Committees (Election Committee)) Regulation. The Subcommittee supports these amendments.

Madam President, I so submit.

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

(No Member responded)

PRESIDENT (in Cantonese): Secretary for Constitutional Affairs, do you wish to reply?

(The Secretary for Constitutional Affairs indicated that he did not wish to reply)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion, moved by the Secretary for Constitutional Affairs, 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 of the Members present. I declare the motion passed.

PRESIDENT (in Cantonese): Second motion: Amending the Electoral Affairs Commission (Nominations Advisory Committees (Election Committee)) Regulation.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, I move that the Electoral Affairs Commission (Nominations Advisory Committees (Election Committee)) Regulation be amended as set out on the Agenda.

The Regulation was tabled at this Council on 17 October 2001. The relevant Subcommittee of the Legislative Council has completed scrutiny of the Regulation. The proposed amendments, which are technical in nature, aim at improving the consistency of the Chinese and English texts for certain provisions.

Thank you, Madam President.

The Secretary for Constitutional Affairs moved the following motion:

"That the Electoral Affairs Commission (Nominations Advisory Committees (Election Committee)) Regulation, published in the Gazette as

Legal Notice No. 208 of 2001 and laid on the table of the Legislative Council on 17 October 2001, be amended -

- (a) in section 6 -
 - (i) in subsection (13) -
 - (A) by adding "by a Committee" before "may,";
 - (B) by repealing "the Committee concerned" and substituting "that Committee";
 - (ii) in subsection (16), by adding "by the Chief Electoral Officer" before "on";
- (b) in section 8(c), by repealing "any notification" and substituting "any written notification".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Constitutional Affairs be passed.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Constitutional Affairs 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 of the Members present. I declare the motion passed.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Fugitive Offenders Ordinance in relation to repealing the Fugitive Offenders (Sri Lanka) Order.

PROPOSED RESOLUTION UNDER THE FUGITIVE OFFENDERS ORDINANCE

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

The Fugitive Offenders (Sri Lanka) Order and the Fugitive Offenders (Portugal) Order are made by the Chief Executive in Council under section 3 of the Fugitive Offenders Ordinance. The Orders are made with the object of implementing the agreements in relation to the arrangements for the surrender of fugitive offenders signed by the Hong Kong Special Administrative Region (SAR) Government respectively with the Government of the Democratic Socialist Republic of Sri Lanka and the Government of the Portuguese Republic. Each Order sets out the relevant agreement and stipulates that the procedures in the Ordinance shall apply between the SAR and the country concerned. However, these procedures are subject to regulation by the provisions in the relevant agreements.

At the meeting of the House Committee on 26 October 2001, Members agreed that a Subcommittee be formed to study the two Orders. After examining the two Orders, members of the Subcommittee decided to support the Fugitive Offenders (Portugal) Order.

As to the Fugitive Offenders (Sri Lanka) Order, members of the Subcommittee expressed concern about the implications of Article 6(2) of the SAR/Sri Lanka Agreement. This provision will in effect allow requests for surrender of fugitive offenders be made in respect of offences of a political character if the offender is involved in murder or any offence against the laws relating to explosives or any offences within the scope of any convention which

is binding on both Parties and which obligates the Parties to prosecute or grant surrender for such offence, for example, hijacking.

Under the Fugitive Offenders Ordinance, a person shall not be surrendered if it appears to the appropriate authority that the offence in respect of which surrender is sought is an offence of a political character. Members are concerned that Article 6(2) of the Agreement may not be in conformity with the provision in the Fugitive Offenders Ordinance. The Ordinance also provides that a Fugitive Offender Order shall not be made unless the arrangements for the surrender of fugitive offenders are materially in conformity with the provisions in the Ordinance. This may give rise to the issue of whether or not the Fugitive Offenders (Sri Lanka) Order is materially in conformity with the provisions in the Ordinance.

The Administration has advised that Article 6(2) of the Agreement is made with regard to the problem of terrorism in Sri Lanka. In other international conventions on the suppression of terrorism, there are also provisions specifying that offences covered by those conventions shall not enjoy exemptions as per political offences.

As there are issues relating to the Sri Lanka Order that require further discussions with the Administration, such as how the provisions of the Fugitive Offenders Ordinance should operate in the light of new developments in international conventions concerning the suppression of terrorism, and where the line for material conformity should be drawn, members of the Subcommittee have agreed that the Order should be repealed.

Madam President, I would like to reiterate that the purpose of repealing this Order is to give Members more time to discuss these important issues in detail. I urge Members to support this motion.

Mr James TO moved the following motion:

"That the Fugitive Offenders (Sri Lanka) Order, published in the Gazette as Legal Notice No. 203 of 2001 and laid on the table of the Legislative Council on 17 October 2001, be repealed."

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

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr James TO 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 of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee as to the time limits on speeches for the motion debates. As Members are very much familiar with the relevant time limits, I would not repeat them here. I would only like to remind Members that I am obliged to direct any Member speaking in excess of the specified time to discontinue.

First motion: Conservation policy.

CONSERVATION POLICY

MISS CHOY SO-YUK (in Cantonese): Madam President, I move the motion as set out on the Agenda.

Madam President, the Long Valley incident, the controversies over the Lantau North-South Road Link and the litigation over Sha Lo Tung have aroused widespread concern in the community on conservation policy. With the commencement of numerous infrastructure projects and the development of the northern part of the New Territories and the outlying islands, it can be envisaged that the conflicts between conservation and development will intensify in the future. One of the reasons is that despite its very small size, Hong Kong possesses a great biodiversity which is rare in the world. In Sha Lo Tung, for example, there are 68 species of dragonflies, which account for 70% of the 102 species found in Hong Kong. It is amazing to find that Hong Kong has 80% of the total number of species of dragonflies in the world. These include the newly recorded *Macromida* dragonflies and six other rare species. The same goes for plants and vegetation. Hong Kong is one of the few places in the world where a great variety of plants are found in the urban area. As a matter of fact, Hong Kong is a place with great ecological value both in its flora and fauna. Before the reunification in 1997, due to reasons like the border and other considerations, the British Hong Kong Administration did not zone the New Territories as a key development area. At that time, reclamation was used as a principal means of maintaining a steady supply of land to meet the needs of economic growth, hence there were fewer conflicts between conservation and development. After the reunification, with the disappearance of the border factor, economic integration with the Mainland is a major trend that cannot be reversed and the number of sites suitable for reclamation has greatly reduced, so it is necessary to engage in more planning and construction in the New Territories. So the conflicts between conservation and development have intensified. As the Government does not have a comprehensive policy on the natural environment and conservation, coupled with the various inadequacies in the enforcement of legislation related to environmental protection, the green groups, related works departments, developers and residents are all at a loss as to what they should do. This has led to quite a number of misunderstandings and disputes. These problems have become so urgent that solutions cannot be delayed any more. In view of this, I am proposing this motion to urge the Government to address the issue of conservation immediately and stop making any more delays on the issue.

The conservation policy as adopted by the Government now is not effective. Conservation work is carried out through different pieces of legislation such as the Country Parks Ordinance, the Marine Parks Ordinance, the Town Planning Ordinance, and so on. These laws embrace land of

ecological value under an umbrella of protection and impose restrictions on development. The Wild Animals Protection Ordinance and the Forests and Countryside Ordinance aim at regulating the protection of rare and wild flora and fauna and the general protection of plants. The Environmental Impact Assessment Ordinance is an important piece of legislation it keeps the gate on the impact of large-scale infrastructure projects on the natural environment. These laws share a common point in that they are too passive, they are not active measures in the conservation of the ecology. It is only when development plans are proposed then these laws will effect a vetting of these plans and impose regulations. This is not at all a visionary way of dealing with the problem. As the existing legislation cannot effectively promote conservation work, the Government should make a review of the existing legislation and formulate some more comprehensive conservation policies.

Madam President, to launch a conservation policy, the pressing task for the Government is to devise some clear and specific conservation objectives, define areas of high ecological value, and at the same time, set up a practicable and reasonable mechanism of compensation. In order to achieve these objectives, the Government should set up a comprehensive database that can be used as an important basis to balance the claims of environmental protection and development. To this end, lands in Hong Kong should be classified according to their ecological value. Lands which have not been included in the conservation areas but do possess important ecological value should be incorporated into the conservation areas. Stringent restrictions on the development and management of these lands should be imposed. The Democratic Alliance for Betterment of Hong Kong (DAB) thinks that this would strike home an important message to the public, especially those organizations involved in urban development, so that at the early stages of project planning, they are aware of the location of sites where stringent restrictions on development are imposed. Then these organizations will have to make sound plans, thus avoiding similar incidents like the rejection of the environmental impact assessment (EIA) report in relation to the Lok Ma Chau Spur Line after the alignment is finalized. Recently, or rather, some time ago, the University of Hong Kong has completed a biodiversity survey on Hong Kong. If the Government can take on board the research findings and add to them the existing data collected by civilian groups, it is believed an ecological database can be set up very soon.

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

Madam Deputy, part (c) of my motion proposes to review and improve the existing legislation and mechanisms relating to conservation, so that the objective of conserving the ecological environment can be achieved. I would like to illustrate my point with reference to the Environmental Impact Assessment Ordinance (EIAO). The EIAO can be regarded as an important piece of legislation which strives to strike a balance between the natural environment and urban development. However, many people regard the EIAO as a stumbling block to development. Some of the more extremist views even call for its repeal. The DAB thinks that the EIAO must be preserved. The current criticisms mainly target some defects of the mechanism *per se*. The DAB thinks that when a feasibility study is undertaken for a large-scale infrastructure project, an EIA study should also be conducted. The results of the respective studies will then be used to determine the final details of the project. This will avoid delays to the projects when the EIA report is not approved.

On the other hand, under the existing practice, the EIA report is compiled by consultants hired by the initiator of the project concerned, hence there is a tendency for the report to meet the needs of the project initiator. There are even times when the quality and feasibility of the entire report are open to question. In many European countries, the EIA mechanism is composed of a committee formed by professionals in environmental protection, engineering, and so on. The project initiator will pay fees to the committee which will then commission consultants to undertake an EIA study and compile a report. This will prevent the consultancy firms from writing the report in tune with the wishes of project initiator. The DAB thinks that Hong Kong can adopt this European model in order to enhance the credibility of the EIA mechanism and increase public acceptability of it.

Madam Deputy, doubtless the Government should step up efforts to conserve country areas with ecological value. The Government should never ignore those residents whose interests have been affected. Therefore part (d) of the motion urges the Government to explore practicable and reasonable options to conserve the ecological environment on privately-owned land, and offer reasonable compensation to or make arrangements for the affected owners. Some time ago, I visited Shum Chung in Sai Kung. The place used to be a stretch of wetland which is the habitat of the Black Paradise Fish, a fish which is

not found elsewhere in the world, but only in the Hong Kong countryside. But at one time the owner of the land lent the land to a social welfare group to open a farm there, and so after some of this rare fish had been sent to a laboratory of the University of Hong Kong, the habitat of the fish was destroyed. Now the farmland is recovered and left unused. A place with such a high ecological value is thus destroyed due to a decision made by a private landowner.

Undoubtedly, owners of private land have the right to manage their land and they can make any decision in this respect provided that the decision does not contravene any land planning legislation. Such actions cannot be challenged as well. But incidents like those in Shum Chung, the Kam Tin wetlands and the Long Valley wetlands may happen again under the existing land policy. On the other hand, insofar as the landowners are concerned, it will be unfair to them if economic losses are incurred on their part as a result of restrictions imposed on development for purposes of conservation. The DAB thinks that since natural ecological resources are precious assets shared by all the people of Hong Kong, the Government may resume land with high ecological value through compensation arrangements or land exchanges. This will not only protect the interest of the owners of private land, but also ensure more effective conservation and management. Some people may think that if all privately-owned land with ecological value is to be resumed, the Government will have to pay an astronomical sum in compensation, and Hong Kong may not have enough land to be offered in exchange for land being resumed. But before we make any conclusions, we must get a clear picture how much privately-owned land in Hong Kong does have ecological value.

According to figures provided by the Agriculture, Fisheries and Conservation Department and the Planning Department, there are 562 hectares of privately-owned land, excluding sites with special scientific value, the development of which is subject to restrictions in the existing conservation legislation. Findings of the Hong Kong Biodiversity Survey completed by the University of Hong Kong point out that there are another 1 700 hectares of privately-owned land with ecological value. So there are altogether more than 2 000 hectares of privately-owned land in Hong Kong with ecological and conservation value. To offer compensation to the owners concerned, direct purchase is only one of the methods and there are other options that can be considered, such as land exchanges. There are about 3 400 hectares of land in

the Border Closed Areas which have not been put to any use owing to government policies. The DAB thinks that once the Government permits the development of land in the Border Closed Areas, and excluding the land and privately-owned land incorporated in the nature reserves there, the Government still has 1 500 hectares of land available for exchange purposes. Since the value of land that can be developed is much higher than the value of land zoned as nature reserves or farmland, these 1 500 hectares of land in the Border Closed Areas that can be developed should be sufficient for the purpose of exchanging all the privately-owned land with ecological value. Apart from land purchases or exchanges, the Government can offer subsidies to the owners, such as farmers, to encourage them to preserve the ecological environment of their land. The adoption of the last option would enable the Government and the owners to arrive at a win-win solution through negotiations and it will obviate the need to pay out huge amounts of compensation immediately.

Lastly, the effective implementation of conservation policies requires the co-operation of all the people of Hong Kong and various sectors in the community with mutual accommodation. In view of this, part (g) of my motion advocates encouraging discussion and exchange of views on conservation issues among government departments, green groups, private organizations, village representatives, universities and research institutions. In Britain, there is a conservation fund called the National Trust which was founded more than a century ago and is renowned in Europe. The DAB thinks that Hong Kong can learn from the management experience of this conservation fund in two respects. The first thing is that this fund can serve as an example to guide our efforts in promoting conservation work and developing green tours. The second thing is that the Hong Kong Government can learn from the example of the National Trust in uniting and harnessing the forces in our community to promote conservation work.

Madam Deputy, often times we can only see short-term interests and our own enjoyment. We do not care what we can pass on to our next generation. The natural environment is a precious asset. We should not cause any wanton destruction to our environment, nor can we do the same, for we do not want our next generation to watch the records of Hong Kong ecology only in documentary films.

With these remarks, Madam Deputy, I beg to move.

Miss CHOY So-yuk moved the following motion: (Translation)

"That this Council urges the Government to formulate a set of comprehensive policies on conservation of the natural environment and the ecology, including:

- (a) setting clear and specific conservation objectives;
- (b) based on the findings of the Hong Kong Biodiversity Survey recently completed by the University of Hong Kong, as well as the relevant data available from government departments, non-governmental organizations and other tertiary institutions, setting up an ecology database expeditiously and establishing a plan and the order of priority for conservation work;
- (c) reviewing and improving the existing legislation and mechanisms relating to conservation, so as to ensure that land of ecological value can be duly protected and managed;
- (d) in view of the public interest, exploring practicable and reasonable options to conserve the ecological environment on privately-owned land, and offering reasonable compensation to or making arrangements for the affected owners to ensure more effective conservation and management of the land concerned;
- (e) increasing the funding for education and research work on conservation in local tertiary institutions, and strengthening the co-operation with such institutions in this regard;
- (f) enhancing the training for personnel engaged in the management and keeping of nature reserves; and
- (g) encouraging discussion and the exchange of views on conservation issues among government departments, green groups, private organizations, village representatives, universities and research institutions and uniting the efforts of the various parties in actively promoting the protection of the ecological environment in Hong Kong, with a view to integrating environmental conservation with urban development and achieving a balance between the two."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Miss CHOY So-yuk be passed.

DEPUTY PRESIDENT (in Cantonese): Mrs Sophie LEUNG and Mr LAW Chi-kwong will move amendments to this motion. Their amendments have been printed on the Agenda. In accordance with the Rules of Procedure, the motion and the two amendments will now be debated together in a joint debate.

In accordance with the Rules of Procedure, I now call upon Mrs Sophie LEUNG to speak first, to be followed by Mr LAW Chi-kwong; but no amendments are to be moved at this stage.

MRS SOPHIE LEUNG (in Cantonese): Madam Deputy, the Liberal Party has always been very much concerned about the conservation of the environment. We proposed earlier on the "3E" policy. The so-called "3E" refers to economy, education and environment. It can therefore be seen that the Liberal Party has always advocated a balanced social development, that is, social development which places equal emphasis on economic development in society and conservation of the environment.

Therefore, with respect to the motion moved by the Honourable CHOY So-yuk today on enhancing conservation, the Liberal Party entirely supports it in principle. The amendment proposed by the Liberal Party seeks mainly to highlight once again the importance of giving due attention to the overall interest of the community.

Madam Deputy, although it is important to conserve environment of high ecological value, if the authorities concerned carry out conservation work regardless, that will certainly go against the concept of sustainable development strongly promoted by the Government currently. It is because this concept requires equal attention be paid to the three aspects of economy, society and environment and the needs of their long-term development in the course of carrying out development and planning and formulating policies.

Take the example of the Long Valley incident sparked off by the KCRC Lok Ma Chau Spur Line, controversies over environmental issues have caused

extended delays to the project for almost two years. Admittedly, the Long Valley wetlands have important conservation value, but the absence of a comprehensive plan to deal with the environmental issues has caused repeated delays and the community to pay a heavy price. This is an important lesson drawn when the various stakeholders made a review of the incident afterwards. It is a lesson we must not forget.

I would like to point out particularly that there is a price for either conservation or social development. But does it mean that we have to pay that price regardless? I think all Honourable colleagues in this Chamber would say "no". For this reason, I hope Members can support the conservation principle put forward by the Liberal Party, that is, the needs of social development should also be balanced against those of conservation efforts to ensure an effective use of social resources, and avoid hampering the business environment and exerting a heavy financial burden on the Government or society.

As regards the proposal espoused in the original motion to increase the funding for education and research work on conservations in local tertiary institutions, the Liberal Party has reservations about it. First, we all know that university funding is handled by the University Grants Committee (UGC) and universities can make bids for resource allocation to the UGC according to their respective development programmes. For example, the Government has been actively promoting information technology in recent years, the tertiary institutions can allocate more resources to their information technology department and other related departments to meet their own needs and community demands. And for that purpose, the UGC does not have any powers to intervene in the decisions made by the institutions to make changes in their deployment of resources. So the request to ask the Government to make more subsidies to university departments related to conservation would appear to be encroaching on the autonomy of the tertiary institutions.

In addition, shall we give more subsidies to the departments related to conservation in all of the eight tertiary institutions in an across-the-board manner? We do have reservations about it, for we believe that not every one of the tertiary institutions wish or find it necessary to develop conservation disciplines. Under the present circumstances where resources are limited, I am sure Members will wish to see resources put to the right use.

I would like to turn now to the Liberal Party's views of some other proposals made in the original motion and the amendment moved by the Honourable LAW Chi-kwong, in particular views on the protection of the right of private ownership. In the General Principles of the Basic Law, it is stated explicitly that the right of private ownership shall be protected. So even on the premise of conservation, we believe great care should be exercised in matters like land resumption, compensation and imposing penalties on the deliberate causing of damage to the environment in privately-owned land of conservation value.

Currently, if the Government has plans to zone a piece of privately-owned land for conservation purposes, all other uses on the land would be prohibited except for farming or livestock raising. Owners will not get any compensation and so they will suffer substantial economic losses. However, owners may reject the compensation offered by the Government. If both sides are unable to reach an agreement, incidents like the one caused by the resumption of the Wah Kai Industrial Centre in Tsuen Wan as a result of the West Rail project may occur. And so endless compensation disputes may happen. That will do no good to both sides.

The making out of reasonable compensation to owners is a very complicated issue. I have been given to understand that the Environment and Food Bureau is studying into this thorny issue of striking a balance between the conservation of the natural environment and the interests of owners. The options being studied include the use of public money to purchase land designated as of high ecological value and then put the land under long-term protection by the Government. However, we are worried that if the Government adopts this option, it would have to bear a heavy financial and management burden. At present, do we have any idea how much land will become such land which is to be purchased with public money?

In fact, to solve the problem between environment conservation and the interest of landowners, options other than money can be considered. These include, for example, forging co-operation with the owners to develop land designated as of high conservation value into tourist spots with ecological attractions. This will not only help to conserve the environment but also bring economic returns to owners. The most important thing is that it can promote the local tourist industry and help educational efforts in conservation. Thus this option will reap benefits on many fronts.

The Liberal Party thinks that great care must be taken when considering punishing those who cause deliberate damage to the environment or prohibiting the development of land with high ecological value. It is because if the Government does so, it is intervening in matters which are originally carried out within the confines of private property. In addition, it is likely that there may be grey areas in proving deliberateness of damaging acts, and unnecessary disputes may likely arise.

As to the question of setting up an ecology database, the Liberal Party supports its expeditious establishment, for this will help reduce the incidence of disputes as a result of EIAs. However, we are of the view that the Government should be given a greater degree of flexibility in setting up a useful database that embraces different kinds of information and scenarios, without being limited to views from one school or party only.

Madam Deputy, Hong Kong is a very small place, but it is endowed with excellent geographical conditions and climate, hence quite a number of sites with conservation value can be found in the territory. While we must respect and protect these natural ecological systems, we must also uphold the principle of sustainable development. It is only by doing so that a three-win situation can be created in terms of conservation, social development and protection of the interests of individuals.

With these remarks, Madam Deputy, I propose my amendment.

MR LAW CHI-KWONG (in Cantonese): Madam Deputy, a comprehensive policy on the natural environment and conservation must have clear and specific conservation objectives. Today I will propose a minor amendment because, in addition to objectives, a policy should have clear and comprehensive strategies. My amendment is very simple. Moreover, in the amendment proposed by me, the issue of studies to be carried out by the Government is also mentioned. We are totally in support of the need to explore practicable and reasonable options. However, we hope that the Government will not stop at merely exploring options but will formulate and implement them.

Besides, it has been mentioned in my amendment a problem and that has been mentioned by the Honourable Mrs Sophie LEUNG earlier, that is,

economic, social and ecological developments are certainly of equal importance. As to the conservation of the natural ecological environment, priorities should be set as well. What I mean is that not all of the natural environment, regardless of its value, should be protected. It is because as our society and economy develop, the urban areas must expand and urban growth will entail the use of some land which is currently designated as conservation areas. Hence, the issue of priorities arises, such as which are the lands to be developed and which not? There is also the problem of striking a balance between the three, that is, conservation, economy and social development. This is indeed a thorny problem. Mrs Sophie LEUNG has mentioned earlier that we should exercise great care in handling these problems. I agree that this is the proper approach to take. We need to give serious thoughts to these problems. Within the confines of private property, we must respect the right of private ownership. But we must consider how to balance these claims against the major principles of public interest and conservation policy. So to a certain extent, the amendment proposed by me only aims at narrowing down this scope, that is, under the major premises of public interest and conservation policy, we must define natural ecological environment as that which has conservation value, instead of all natural environment when we consider issues related to private property.

In the past, quite a large part of the ecological environment has been destroyed on purpose. It remains of course, just as Mrs Sophie LEUNG has said, difficult to prove destruction has been done on purpose. Thus a lot of disputes have been caused. However, there are times when it is easy to tell that destruction is done entirely by the landowners intent on development to cause the sites to lose their natural conservation value. When this so-called "loss of natural conservation value" has become a *fait accompli*, and when the owners apply for a change of land use, they stand a good chance of success. Currently the Government does not have any legislation to deal with this. So even if many sites have been designated as of specific scientific interest, the Government has reservations about disclosing them to the public. For once these sites of special scientific value are disclosed, the owners will think that they are very unfortunate. They would think that once their lands are designated as of special scientific value, then they will not be able to develop them. It would be better if they use some sort of ways to deprive the land of this value. When this value is gone, there will not be any need to conserve the land. Since conservation is not required, the lands can be made available for development.

Therefore, when designating sites of ecological value for conservation, apart from making reasonable compensations or arrangements to the owners being affected, the Government should also impose penalties on those who cause wanton destruction of such specific ecological environment when formulating policies on conservation. I wish to stress that these will need to be practicable under certain prerequisites. First, sites of high conservation value should be identified. Second, some reasonable compensations or other arrangements will have to be devised and when announcing the location of such sites of high ecological value, the Government should explore how compensation or other arrangements can be made. When the sites are announced, the related legislation will also come into effect. It should be stipulated clearly that anyone who causes wanton destruction to the ecology of the land concerned will be penalized. These measures should come as a package of matching measures and we should not only enact laws and penalize those who cause destruction to the ecology of the land concerned without devising reasonable compensations and other arrangements as mentioned by me. Therefore, the Government should adopt a comprehensive set of measures in this respect, that is to say, when these sites are announced, this should be followed by reasonable compensation arrangements and penalties. In other words, it is necessary to adopt measures that will give rewards as well as impose penalties, instead of punitive measures devoid of any rewards. I therefore hope that Members will not be mistaken that the amendment proposed by me is meant to encourage the Government only to impose penalties and not to make out rewards. We should look at the issue from a holistic point of view and lay down the major premises, that is, we need to identify where are the important sites and devise compensation and other arrangements. In future, if people should cause destruction in these designated and announced sites, then the relevant measures should be enforced. This in fact is a very mild approach, for in other countries, even if people cut a tree in their backyard, that would be illegal. What I am saying now is not about doing such things in privately-owned land, but in places of high ecological value. The issues of compensation and other related arrangements should also be considered.

As I have just said, owing to social and economic development, urban growth is bound to take place in a small place like Hong Kong. Since a clear government policy is lacking in this respect, quite a number of developers had indeed tried to propose developments in areas of high conservation value, and their proposals were eventually not approved. This has caused developers to expend enormous resources, and some developers, such as those in the Sha Lo

Tung incident, have even put in a lot of efforts, spent a number of years and a lot of resources on studying their development, only turn out to be futile in the end. Sometimes, lands may be left to waste and disuse because some owners wish to develop the lands and so they would not do anything on them. In the end the lands are left to waste and disuse. Originally, those lands may have high ecological value, but since the development plans may drag on for a long time, they may become places of low ecological value. This is most unfortunate.

The Government should specify clearly what is meant by areas with a high ecological value and state what areas on which development will not be approved. Issues like compensation and other related arrangements should be considered as a matter of course. Not only will this protect places of high ecological value, but it will place developers in a clearer perspective so that they do not have to run any risks. There are times when developers do not know if the Town Planning Board will approve of their plans, so they may want to test the water, hoping that the different committees may come up with different conclusions. So they think they may as well give their plans a try. If the plans are not approved, they may be re-submitted for another try. No doubt this will waste a lot of administrative resources as well as other resources of the initiators of the projects. Such a state of affairs should be greatly improved, so that the business environment can be given a clearer perspective and no party may suffer any losses.

The Democratic Party supports the contents of the original motion generally. I would only like to say something on one particular point as a kind of supplement. Current legislation related to conservation includes the Forests and Countryside Ordinance, the Wild Animals Protection Ordinance, the Animals and Plants (Protection of Endangered Species) Ordinance, the Environmental Impact Assessment Ordinance, the Country Parks Ordinance, the Marine Parks Ordinance and also the Town Planning Ordinance. As a number of ordinances spread throughout different aspects of conservation, grey areas may emerge and so many places of ecological value are not given due compensation. Therefore, the Government should make a review of all the ordinances related to conservation in order that the present grey areas can be removed. One of the ways is to enact a comprehensive conservation law which covers all related pieces of legislation in existence.

The Democratic Party is in complete agreement to the amendment proposed by Mrs Sophie LEUNG which raises the point that policies on

conservation and environment should meet the needs of social and economic development. However, the impression which her amendment seems to give us is that the business environment is not to be affected and consideration is not given to balancing the claims between economic development and environmental conservation. The Democratic Party is therefore unable to lend support to it. Miss CHOY So-yuk has said something earlier which I am glad to hear. I am thankful to the DAB for supporting the proposal raised by the Democratic Party last year, and that is, to build a firewall between EIA consultants and initiators of development in order to reduce any bias that may be caused by the employment relationship between the two, or at least make the public place their confidence on the neutrality of the EIA reports. This is very important. So an independent committee should appoint consultants and the fees should be paid by the initiators to the committee. Such a practice should be more desirable.

Madam Deputy, I shall stop here. I hope Honourable Members would have no misunderstandings about our amendment and lend it their support. Thank you.

MR ABRAHAM SHEK: Madam Deputy, Hong Kong has achieved remarkable economic success, but we lag behind other world-class cities in the conservation of our environment.

Conservation of our environment should not be confined only to habitats and species, but should also include historical buildings, archaeological tombs and sites, bridges, and even our beautiful harbour. As many of my Legislative Council colleagues have already pointed out the importance of ecological conservation, I would like to draw your attention to heritage conservation and preservation, which is of equal importance to improving our quality of life and the environment of Hong Kong.

Historical sites and buildings not only enhance our sense of belonging, but also constitute an important part of our physical and natural environment. We, Members of the Legislative Council, have benefited from heritage preservation. The most outstanding feature of the Legislative Council Building is the pediment in the centre portion which is surmounted by a blindfolded Statue of Justice. Thanks to monument preservation, the Statue, after 90 years since it was built, is still overlooking Central and reminding Legislative Council Members of our duty to uphold the rule of law.

Unfortunately, for years Hong Kong did not have a broad and long-term heritage and conservation policy. Conservation work is conducted under various ordinances which deal separately with antiquities and monuments, environment, town planning, and urban renewal.

To ensure that due emphasis and priority are continuously given to heritage preservation in the impending renewal programme, we need to establish a set of comprehensive conservation policies for natural and man-made environment. We need to review all the relevant ordinances for improvements and advocate better co-ordination and interface of a legal and structural framework between them.

How can we achieve this objective when conservation proposals often create conflicts between economic development and balanced social development? I am well aware that many historical buildings and sites as well as ecological sites are the property of private landowners. As land is precious in Hong Kong, conservation may imply additional economic cost for them. Successful conservation, therefore, requires the Government's financial commitment. But we must not place an unreasonable economic burden on the Government. We do not want to see buildings of great historical value be demolished or ecological sites be destroyed, but on the other hand, neither do we want to see Hong Kong suffer economically as a result of conservation decisions.

Apart from direct cash buy-out, I believe that the Government should consider a set of incentive schemes, including bonus and transfer of development rights, extended leases, land premium exemption, tax incentives, and so on, to attract landowners of historic properties and ecological sites to agree to conservation. This set of schemes should also be applied to owners of wetlands and other ecologically valuable habitats.

Public participation is also a vital part in a successful conservation policy. A more innovative approach should be taken to stimulate private sector involvement. Equally important is to promote awareness of the need for heritage and ecological conservation amongst government and public agencies in their planning and development process.

Madam Deputy, I have so far focused my speech on heritage conservation. But I believe that the same environmentally friendly attitude used in heritage conservation can also be applied to ecological conservation.

Consider how small Hong Kong is physically, the biodiversity and habitats that we have are surprisingly rich. Every year, about three million migrant birds stop for food at the wetland in Mai Po *en route* from places as far as Siberia and Australia. These wild "visitors", together with other ecological species and natural landscapes, are natural beauty for our enjoyment, and their continuous presence is as important an indicator of a truly world-class city as economic development.

To preserve ecological environment with a reasonable price tag, innovative conservation solutions are called for. Proactive measures by the Government need not be anti-business or super-expensive. In recent years, tourists are more and more attracted to eco-tourism. The eco-park concept may be a way out for local habitats such as Long Valley and endangered animals such as pink dolphins. But before we can achieve any success, we need to outline a policy framework on which various conservation approaches could be sufficiently discussed.

Insufficient consideration given in the past to conservation has done irreversible damage to our Victoria Harbour and many other indigenous wild "residents". We must not, and should not, repeat the same mistake again. If Hong Kong is to be a world city, it is time for the Government of the Hong Kong Special Administrative Region to articulate a practical and forward-looking conservation policy that befits the first class status that Hong Kong aspires to.

Madam Deputy, with these words, I support both the original motion moved by the Honourable CHOY So-yuk and the amendment moved by the Honourable Mrs Sophie LEUNG.

Thank you.

MR LAU WONG-FAT (in Cantonese): Madam Deputy, it is a world trend to be environmentally conscious. The Government has in recent years made a lot of efforts in the relevant areas, such as the introduction of liquefied petroleum gas (LPG) taxis, extra efforts in promoting environmental education and publicity, and requiring infrastructure projects to be assessed for environmental impact before commencement. Achievements have been made to a certain extent. The Long Valley incident has even demonstrated the determination of the environmental protection authorities to protect the environment. Regrettably,

the Government has so far failed to introduce a comprehensive policy on environmental conservation to co-ordinate and promote participation by the public and to balance the interests of the various sectors of the community to more effectively intensify the work of environmental conservation.

Rich in contents, both the original motion and the amendments have correctly pointed out the inadequacies of the existing policies laid down by the Administration. I very much agree with the views espoused. Part (d) of Miss CHOY So-yuk's motion, in particular, represents a view close to that expressed by green groups and the Heung Yee Kuk New Territories. I would like to spend some time on this part.

Madam Deputy, the Long Valley incident at least serves to enhance public understanding of two points: firstly, existing policies cannot effectively protect or manage privately-owned land with precious natural conservation value; and secondly, since environmental conservation is in the interest of the entire community, everyone should shoulder the cost incurred when environmental conservation involves privately-owned land.

When Hong Kong was under British rule, the Administration high-handedly invoked the Town Planning Ordinance to freeze large stretches of privately-owned land in the New Territories for extended periods. Most of the land frozen was zoned as country parks and special areas, conservation areas, coastal protection areas, sites of special scientific interest, green belts and other specified uses conducive to environmental or natural conservation. Freezing such land could not achieve the aim of natural conservation, but cause land to be deserted, wasting land resources.

Moreover, an indefinite freeze of private land is in effect government resumption of private property without compensation. This violates the principle of natural justice and causes grave grievances. The practice, however, became untenable when Hong Kong reunited with China upon which the Basic Law became effective. Article 6 of the Basic Law states that "The Hong Kong Special Administrative region shall protect the right of private ownership of property in accordance with law." And Article 105 of the Basic Law states that "The Hong Kong Special Administrative Region shall, in accordance with law, protect the right of individuals and legal persons to the acquisition, use, disposal and inheritance of property and their right to compensation for lawful deprivation of their property. Such compensation shall correspond to the real value of the

property concerned at the time and shall be freely convertible and paid without undue delay." Thus, one can imagine that unless the Administration devises without delay fair and reasonable solutions to the problem, legal proceedings and other forms of resistance will be inevitable. This is definitely undesirable to furthering progresses in natural conservation.

After the Long Valley incident, the Heung Yee Kuk New Territories and six green groups formed a Joint Committee of the Heung Yee Kuk New Territories and Green Groups in consideration of the severity of the problem. The Joint Committee seeks to look into the long-term protection and management of privately-owned land with precious natural conservation value. It has considered proposals like the setting up of a mechanism for comprehensive and clear-cut co-ordination work, the establishment of an independent conservation fund empowered to hold land, the setting up of a transfer fund to act as an intermediary in the administration of land of ecological value to ensure the long-term protection of such land. A proposed solution under investigation is the direct acquisition of land by the Government on grounds of environmental conservation whereby the Government must commit resources to the management of the same when the ownership of which has changed from private to public.

Madam Deputy, respect for the right of private property ownership and environmental conservation are not conflicting ideas. This is a point enshrined in the original motion and the amendments, which is comforting. I believe we can strike a balance between environmental conservation and the interests of landowners if fair and reasonable principles are followed and a suitable mechanism established. This is the only way to effectively launch environmental conservation programmes to achieve better results.

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

MS AUDREY EU (in Cantonese): Madam Deputy, the Government has been giving increasing attention to environmental protection and so have been the general Hong Kong public in recent years. However, what is more familiar to the public is air pollution or waste reduction. Natural conservation has yet to attract extensive attention. I am afraid most people would not be as conversant as Miss CHOY So-yuk in enumerating the vast variety of precious biological

species found in Hong Kong though they may have heard of the Chinese White Dolphin or the *Philautus romeri*. Many academics and environmental protection groups have found much biodiversity in Hong Kong; some are rare flora and fauna or even endangered species.

A long time ago, the Government undertook to formulate policies on natural conservation, which have, however, not come to fruition though much has been said about the issue. Earlier, Mrs Lily YAM, Secretary for the Environment and Food, admitted the review on conservation policies has progressed more slowly than expected, mainly because some areas of high ecological value are situated in private land. As such, complicated issues such as ownership, land use planning and the balance between conservation and land development requirements are involved. Madam Deputy, I agree the problem is complicated, but it is also an urgent problem that has to be tackled as quickly as possible.

In the Long Valley wetland, for example, because most of the land there is private land, even if the Kowloon-Canton Railway Corporation has decided to build the Lok Ma Chau Spur Line underground to avoid destroying the ecological habitat at Long Valley, we cannot stop landowners there from conducting farming activities such as pig farming or the growing of bonsai, and these activities would also destroy the ecological habitat. So, the problem remains that the Government lacks a comprehensive policy on natural conservation so that it has to wait until the stage of land acquisition to conduct EIAs rather than at the more advanced stage of planning transportation networks or other development projects to shy away from sites of high ecological values. The existing mechanism, which has only the benefit of hindsight, will cause crises such as the Long Valley crisis to emerge from time to time.

At the moment, a number of government and non-government organizations possess a huge amount of data about Hong Kong ecological habitats. Last year, the Hong Kong Biodiversity Survey, a large-scale survey, first of its kind, was completed by the University of Hong Kong. The Government should utilize the information to determine as soon as possible which areas possess high ecological values and designate them as protected zones where commercial or industrial developments are prohibited. To deal with land ownership, I endorse suggestions made by environmental groups, which propose that owners be requested to surrender land through direct acquisition by the Government or land exchange. Of course, finance is needed, but, Madam Deputy, this is something worth doing because natural habitats, once destroyed,

cannot be restored or remedied in any way and it is our next generation that would suffer.

Recently, there are comments that say too much emphasis on environmental protection will stifle economic development. Some others say environmental groups are turning Hong Kong into a zoo. Such comments are pitching environmental protection against economic development as if they could not co-exist. I must take exception to this view. As the Government has been emphasizing, future planning must incorporate the concept of sustainability. We just cannot use every inch of our land for property development or transport infrastructure development. Hong Kong people do not need a concrete jungle, but a healthy city with room for nature to thrive.

I believe in men living in harmony with nature. Take the Mai Po Nature Reserve as an example. The Government can promote eco-tourism at such areas of high ecological value. Such activities may bring profit in monetary as well as educational terms. We now have 40 000-odd visitors to Mai Po each year. It has been hailed as a paradise for bird-watchers. So, value can be added to such nature reserves through careful planning and suitable management.

Madam Deputy, Miss CHOY So-yuk proposes in her original motion to review the existing legislation relating to conservation, which I very much agree. Existing laws on land use do contain loopholes. Sometimes, I even think that these laws are slightly primitive. Even if an area is zoned as a conservation area, activities harmful to ecological habitats there cannot be eliminated. For example, planting trees at inappropriate locations may also destroy natural habitats. Moreover, environmental groups discovered earlier that a piece of land designated for agricultural use at Kam Tin was carpeted for culturing bonsai. Therefore, in reviewing natural conservation policies, the Government should also review the relevant laws on land planning to avoid inconsistencies. To effectively protect the natural habitats, the ultimate solution lies in making the public understand the importance of natural conservation, not in treating natural conservation as an obstacle to economic development. Thus, continuing education on natural conservation is very important. I very much agree that people who cause wanton destruction to the ecological environment should be penalized. Hence, I will support the original motion and the amendments. I hope the Government can make more commitment to promoting natural conservation.

I so submit. Thank you, Madam Deputy.

MR WONG YUNG-KAN (in Cantonese): Madam Deputy, it will be apparently unfair to the Agriculture, Fisheries and Conservation Department (AFCD) and the Environmental Protection Department (EPD), if we say Hong Kong does not have any policies on conservation of the natural environment and the ecology. However, like its agriculture and fisheries policies, the Government just "deals with the problem when it pops up" and its solutions are only "piecemeal" in nature. Moreover, there is a lack of co-ordination between government departments, and sometimes "different departments would fight against each other" and their policies are not at all helpful to conservation of the natural ecological environment.

In order to protect our marine resources and the ecology, the AFCD has been continuously installing artificial reefs in Hong Kong waters in the last two years. Four additional marine parks, one marine reserve and two artificial reefs have been developed over the past several years. As a Legislative Council Member who represents the Agriculture and Fisheries Functional Constituency, I certainly welcome such initiatives by the Government. But regrettably, due to grey areas in the existing legislation, the marine resources and the ecology, which Hong Kong has put so much manpower and financial resources into protecting have fallen prey to mainland fishing vessels.

As our legislation on fisheries has not yet clearly provided that mainland fishing vessels cannot fish in Hong Kong waters, many of them have done so under the pretext of transit, and thus destroyed our marine ecology. Apart from diving in Hong Kong waters to steal sea urchins and sea cucumbers, some mainland fishermen have even resorted to using toxic substances or setting nets on artificial reefs to capture, thus turning reefs into fish traps. If the Government does not solve this problem as soon as possible, its efforts will be in vain however more resources are put into marine conservation. The DAB urges the AFCD to expeditiously bring in a licensing system for local fishing vessels, so as to stop mainland fishing vessels from taking advantage of the situation.

Victims suffering from the lack of co-ordination among government departments also include the Hong Kong mascot — Chinese White Dolphins. Chinese White Dolphins are protected species and according to the estimation by experts, at present, there are about 88 to 145 Chinese White Dolphins living in the waters of Hong Kong. Ironically, the habitats of Chinese White Dolphins are also popular spots for legitimate or illegal sale and purchase of fuel oil and

canola oil, and the refilling or trading activities of such vessels have already jeopardized the habitats of Chinese White Dolphins. We can understand the seriousness of this problem from recent media reports on oil spillage. The DAB urges the Government to expeditiously inhibit vessels from carrying out refilling or fuel oil transaction activities in Hong Kong waters that has important ecological value, and designate some oil supply zones for fuel oil transaction activities.

There is yet another example of the lack of co-ordination among government departments. While the AFCD has developed marine parks at Sha Chau and Lung Kwu Chau for conservation of marine ecology, the EPD designated East Sha Chau as the only legal marine toxic waste dumping area for disposal of contaminated sludge that contains all kinds of toxic heavy metals and polychlorinated biphenyl. This has not only brought catastrophic impacts on the marine ecology, but also planted a time bomb at the habitat of Chinese White Dolphins in detriment to the ecology. If the Government does not actively employ effective measures to control water quality in Hong Kong waters, Chinese White Dolphins may vanish from the waters of Hong Kong in a few years' time, and if that happens, it may be too late for us to feel sorry.

Madam Deputy, apart from striving to conserve the ecology, has the Government ever considered that the livelihood of some people may be affected? Take mariculturists in the neighbourhood of Mai Po as an example, their fish ponds have become year-round canteens where birds can eat freely and farmed fishes became free meals to the birds, causing great loss to mariculturists. Negotiations over this issue have been ongoing between mariculturists and the Government for more than 20 years, but the Government has always been indifferent and turned a blind eye to the losses of mariculturists. Some people may say that the Government should not be held responsible since it had not invited the birds, but I hope they would not forget that these "uninvited guests" are protected by the Government and the Ramsar Convention. Mariculturists could not hunt or kill these birds, otherwise they would be prosecuted. Therefore, we can say that mariculturists are being "servile to survive", and the current situation can be described as "the Government gives a treat but mariculturists are asked to foot the bill".

Some people may also say that the number of these birds is very limited. But then I would like to ask Members to take a look at these two pictures. One of them is a picture of a white egret while the other is a picture of a black-

coloured bird. At present, there are more than 60 species of birds in Mai Po preying on fish and they visit the nearby fish ponds almost every day. Apart from migratory birds like cormorants and platalea minors (spoonbills), white-breasted waterhen, egrets, night herons, kingfishers and common cranes are also frequent visitors, and together they cause mariculturists to lose 20% to 30% of their fish fries each year. Let us say 1 000 catties of fish can be raised on every acre of fish farm each year and the average price for every 1 000 catties of fish is \$900 to \$1,000, mariculturists will suffer a loss of about \$3,000 for every acre of fish farm each year. This could be a very large sum under the prevailing gloomy economy.

The DAB urges the Government to explore practicable and reasonable options for making reasonable compensations to or arrangements for the affected mariculturists and fish pond operators, so that their livelihood will not be jeopardized. I think it is unreasonable to make them feed the birds for the enjoyment of all Hong Kong people. Some mariculturists suggested that the Government should make a compensation of \$500 per acre to affected fish ponds each year, to make up for their losses resulting from birds eating their fishes. With 1 500 acres of fish ponds, the Government will have to spend about \$7.5 million each year. Though this is not a very big sum, it can compensate some of the fishermen's losses. We hope that an agreement can be reached between the Government and the mariculturists so that this problem can be resolved as soon as possible. We do not wish to see mariculturists taking radical actions against the birds, but we have heard that some mariculturists are already very unhappy about the situation.

I hereby support the original motion.

MR HOWARD YOUNG (in Cantonese): Madam Deputy, as far as the conservation or protection of natural habitats for sustainable development is concerned, I believe that members from various sectors in the community including those from the industrial and business sectors and various trades will also give their support. From the tourism perspective, this is also a world trend. In face of changes arising from the restructuring of the tourism industry, here in Hong Kong we appreciate that we can no longer rely on reputations such as the shopping paradise to attract tourists. Rather, we have to develop new markets more extensively, and natural ecology is one of the crucial elements. We have also heard many examples like tourists visiting Hong Kong enjoy taking a boat

ride to watch the White Dolphins, or even taking a walk in country parks, trekking at trails or nature trails. By the time more underwater conservation parks are developed in Hong Kong in future, coral reefs may emerge. These natural habitats carry a certain degree of appeal to tourists.

In the past, whenever we talked about conservation or protection of natural ecology, people would very easily think about country parks. It was because when this concept was established in the '70s, about 40% of the land in the territory had already been designated as country parks, and these lands were regarded as sacrosanct. The environment in Hong Kong at that time was slightly different from today's. Other than travelling overseas, it is actually not easy for Hong Kong people to go to country parks in the Mainland for recreation since there was an alienation between mainland China and Hong Kong at that time. If Hong Kong people wished to go trekking to savour the scenery, they could only go to the New Territories or the outlying islands. However, the situation is different now. I used to be a member of the Country Parks Board and also supported this concept, and I occasionally will become reminiscent of two to three decades ago when I strove to protect the country parks regardless, upholding the concept that those lands were sacrosanct. But today, do we have to hold onto this rigidly? Nowadays, if Hong Kong people want to take a short trip to the Mainland to appreciate the natural habitats or go hiking, they can do so by crossing the control points at Lo Wu and Lok Ma Chau on weekdays or at weekends. But two to three decades ago, this was impossible. Therefore, I feel that we should conduct a review in keeping with the changing times. Therefore, Mrs Sophie LEUNG has proposed the amendment on behalf of the Liberal Party. We opine that there is a need to take into account a balanced development of society while conserving nature, so that social resources can be put to effective use. Only by so doing can we achieve real balance and sustainable development.

I note that Mrs Sophie LEUNG basically subscribes to those seven points of the original motion, albeit with minor amendments to the wordings only. For example, part (e) of the original motion mentions "increasing the funding for education and research work on conservation in local tertiary institutions, and strengthening the co-operation with such institutions in this regard"; this the Liberal Party also subscribes. However, we do not think resources must necessarily be increased in order to make it a success. Sometimes by using other methods such as encouragement, and so on, we may also achieve the same result. Therefore, we think that the proposal to encourage local tertiary

institutions to do researches and educational work is more appropriate. Certainly, we will not dismiss increasing resources. However, we consider "encouragement" is a more comprehensive approach.

Moreover, we also support the setting up of an ecological database as proposed in the original motion. However, should this database base on the findings of a survey conducted by a certain university recently, or other information of a more extensive basis? We think that neither of them should be dismissed. However, this is not the main reason for us to propose the amendment, because I have been upholding a consistent principle, opining that we must protect natural habitats on the one hand, and give due regard to the business environment on the other. Only in this way can we strike a real balance and also meet our needs. The motion on conservation can thus be made more comprehensive.

With these remarks, I support the amendment proposed by Mrs Sophie LEUNG.

DR TANG SIU-TONG (in Cantonese): Madam Deputy, there are two core issues to discussions on the conservation policy. First, how can a balance be struck between the conservation of natural ecology and economic development? Second, how can the interests of owners be taken care of in a reasonable manner? As to the first issue, Members will agree that Hong Kong has passed the phase of sacrificing the environment to attract investments and develop the economy, and it is on the way to sustainable development. The Environmental Impact Assessment Ordinance, which came into effect in April 1998, is the milestone marking such progress.

Regarding the conflict between ecological conservation and economic development, a lot of people may cite the Lok Ma Chau Spur Line of the Kowloon-Canton Railway Corporation (KCRC) and the Lantau North-South Road Link projects as examples. Despite the said decision has caused a good deal of controversies, the crux of the matter is not simply a choice between conservation and economic development, it is the matter of maladministration and a lack of communication among various departments. These incidents could have been avoided. The key lies in whether the Government is willing to improve the practices of administration in various sectors spanning from works

consultation to study, planning, land resumption, compensation and execution of works; to strengthen the co-ordination among various departments; and listen to views of the public and various sectors in an open manner. Had the East Rail considered the views of the Environmental Protection Department (EPD) and the Agriculture, Fisheries and Conservation Department (AFCD) and adopted the tunnelling proposal, the project would not have grounded.

Madam Deputy, I believe reconciliation can be made and a balance struck between conservation and economy. After all, the procedure of EIA was drawn up with consultation in mind, hoping that a well-balanced development proposal can be achieved in due course through the participation of all stakeholders. However, I am concerned that in the discussion of conservation policy, the Government has been evading the issue of making compensation to owners, and the community at large has not been keen on discussing the protection of the rights of landowners.

Last year, the Long Valley incident aroused strong responses from local villagers, perhaps the community at large would consider their responses had been too violent. However, the incident also revealed the fact that the conservation policy had not basically respected the aspirations and rights of owners and villagers. Like the rest of the community, villagers support the notion of environmental protection very much. However, there is no such thing as free lunch with regard to environmental protection and conservation, as conservation entails the allocation of resources and the relinquishment of development benefits. Therefore, the relevant cost should be shared by the community at large, not just by the owners and villagers alone.

As a result, if the Administration really supports environmental protection and really considers certain areas of ecological value should be conserved, it should carry out land resumption exercises or make reasonable compensation arrangements. Otherwise, it may turn out to be a covert act of permanent freezing the right of the owners in using the land, and the amenities in the rural area will hardly see improvement. No matter to owners or villagers, it is simply unfair. Furthermore, if the Government is reluctant to commit resources to these areas of ecological value and merely adopts the *laissez-faire* policy, thinking that "no development is conservation", then the fish ponds and wetlands will still be destroyed or even obliterated gradually due to a lack of care. Eventually, neither side gains and the community at large becomes the ultimate

loser. Therefore, I support the original motion and urge the Government to draw up a policy on conserving the ecological environment on privately-owned land after offering reasonable compensation to or making arrangements for the affected owners.

Madam Deputy, I understand that in view of tight public finance, a total acquisition of conservation areas on privately-owned land will involve enormous financial resources, however, it does not mean that the Government may turn a blind eye to the interest of these owners. Purchasing or leasing privately-owned land is one of the means of compensation, but it is not the only means. In fact, other options, including the setting up of nature compensation fund by developers or land exchanges are all practicable. The real estate sector considers the exchange of land for wetland practicable as long as the land exchange policy is clear and fair. Furthermore, the planning guidelines employed by the Town Planning Board (TPB) for Deep Bay area can also be extended to other areas of ecological value such as Long Valley.

In that particular guidelines of the TPB, it is prescribed that "having regard to the precautionary principle and the 'no-net-loss in wetland' concept, the approach would allow consideration of limited low-density private residential/recreational development at the landward fringe of the wetland conservation area in exchange for committed long-term conservation and management of the remaining ponds within the development site."

The TPB has approved conservational development in Fung Lok Wai, Nam Sang Wai and Lin Barn Tsuen according to the said guidelines. The said arrangement allows flexibility in striking a balance between development and conservation needs, thus it is indeed a win-win solution worthy of consideration. However, according to part (d) of the amendment proposed by Mr LAW Chi-kwong, his proposal of strictly prohibiting any developments in sites designated as of high ecological value will inevitably pre-empt the adoption of flexible approach by the Administration in striking a balance between development and conservation needs, or even obstruct the establishment of ecological education centres or rural education centres in conservation areas by the Administration or voluntary agencies. This is not conducive to the promotion of green education, too. I have reservations about this amendment since its wordings are too rigid and inflexible.

Madam Deputy, the errand of environmental protection is by no means a monolithic bloc, while development programmes embody certain flexibility. The problem before us now is not a conflict between environmental protection and economic development, but the positioning and co-ordination of them. Conservation effort is not one-sided planning, it requires the co-operation of the entire community, including assistance in terms of policy and a mechanism for compensation.

I so submit.

MR IP KWOK-HIM (in Cantonese): Madam Deputy, Miss CHOY So-yuk has moved a motion on "conservation policy". Part (c) of her motion proposes to review and improve the existing legislation and mechanisms relating to conservation, so as to sort out an effective conservation policy from the fragmentary treatment of this area under the existing legislation; she also proposes that in case of large-scale infrastructure projects, the relevant feasibility studies and EIAs should be conducted on a simultaneous basis, so that environmental considerations can be incorporated into the overall project planning at an early stage. That way, project implementation will not be halted at any particular stage due to the opposition of EIAs and planning organizations, thus avoiding any intensification of social conflicts and unnecessary wastage of resources. We strongly demand the Government to put this into practice as soon as possible.

On 10 January this year, the Public Works Subcommittee discussed in this Chamber a works project numbered 246TH which involved the Kam Tin Bypass, among other things. This project affects 1.3 hectares of marshland — the habitat of a rare species of birds called the Painted Snipe. Due to the need to meet the requirements prescribed in the relevant EIA, and also in response to the demand of environmentalists, a total of \$15 million will be spent on reprovisioning the marshland, in a special effort to build a new home for Painted Snipes. This measure of the Government is actually a very good expression of its concern about conservation and is in compliance with the EIA requirements. So, it looks as if there is a satisfactory outcome. But if we take a look at the plans of the project, we will certainly be taken aback — and many Members here were indeed taken aback — because we will notice that the "compensating habitat" is to be set up right on the two sides of an expressway. Just imagine that we were a Painted Snipe, and ask ourselves, "Will we choose a place full of

vehicle emissions and traffic noises as our habitat?" This is really a very simple question that can be answered easily by all.

To remedy the situation mentioned above, the Government should launch a comprehensive review on all the existing legislation that deals with environmental protection, with a view to solving the problem of fragmentation, so that a set of clear-cut laws can be formulated for both town planning and government works projects. The Government should conduct some relevant studies as soon as possible to identify sites of ecological value in Hong Kong and provide planning and works project personnel with adequate information. That way, town planning and project designs will be able to achieve integration with nature, and the example mentioned above, that is, the embarrassing situation connected with the re-provisioning of marshland, will not occur again.

Part (d) of the motion is about exploring practicable and reasonable options to conserve the ecological environment on privately-owned land, and offering reasonable compensation to or making arrangements for the affected owners. This reminds me of how the villagers of Sha Lo Tung in Tai Po objected vigorously early this year to the decision of the Town Planning Board (TPB) to designate Sha Lo Tung as a village type development area. Miss CHOY visited Sha Lo Tung a couple of days ago to inspect the situation there, and many dragonflies were found there. Let us now look at the whole story behind the incident. Actually, as early as some 20 years ago, a property developer already acquired 90% or so of the land titles in Sha Lo Tung, and planned to construct 366 residential units on the 57 hectares of land there. The developer also promised to provide new residential units to the villagers, thus giving hopes of development to the remote Sha Lo Tung. The poor villagers at last were given the hope of living in new homes equipped with electricity and water supplies. I also visited Sha Lo Tung four years ago to see what things were like there.

In the early 1990s, an entomologist discovered 69 new rare species of dragonflies in Sha Lo Tung, thus turning this little-known small village (which is, to be precise, not a village, but just a tiny settlement) into a world-famous enclave. But the villagers have simply been unable to benefit in any way from this new fame. The research report of the entomologist was recognized by the TPB, and this confirmed the ecological value of Sha Lo Tung. In 1997, the Sha Lo Tung Development Permission Area Plan was announced, under which the construction of village houses is allowed only on two hectares of land in the

whole village, while development is forbidden in all the rest of the land there. This clearly highlights the lack of co-ordination between conservation and development, which in the end has led to the confrontation between the villagers and environmentalists. This is something we do not wish to see. Therefore, the Government must explore a practicable scheme to set down reasonable arrangements for affected residents in conservation areas.

The original purpose of setting up a conservation area is to preserve a nice living environment, both for the city in which we live and for our future generations, so that during holidays, at least, we can still travel to the handful of conservation areas to enjoy the delights offered by nature. Environmentalism and EIAs on the one hand, and development on the other, are not actually exclusive. Environmental elements can always be incorporated into urban development to achieve integration between our housing and nature, and to build up homes more in line with the long-term interests of mankind.

Madam Deputy, I so submit.

MR LAU PING-CHEUNG (in Cantonese): Madam Deputy, I rise to speak in support of Miss CHOY So-yuk's original motion and the respective amendments of Mrs Sophie LEUNG and Mr LAW Chi-kwong. The functional sector I represent, that is, the construction, surveying and town planning sector, has long since reached a consensus on conservation: given detailed professional planning, environmental protection and development can actually proceed hand in hand without any conflict.

Unfortunately, however, owing to the wavering environmental policy of the Hong Kong Government, both the construction industry and environmental protection activists are not satisfied. The most notable example is the Hong Kong Biodiversity Survey conducted by the University of Hong Kong with funding from the Hong Kong Government through the Environment and Conservation Fund to ascertain the distribution of rare species in Hong Kong. The findings of the Survey were submitted to the Government in several reports, and the last one was submitted in June this year. But the Government has so far failed to give any positive responses to the recommendations of the reports.

The information available on the website of the University of Hong Kong indicates that the Survey has identified more than 230 species of butterflies, 107

species of dragonflies, 2 135 species of vascular plants and some 700 species of vertebrates in Hong Kong. The more valuable of these fauna and flora include the *Philautus romeri* and the Hong Kong azaleas. The reports list a total of 75 sites in urgent need of protection, involving an area of 43 sq km. Some of these sites are found in country parks, and only 25 sq km was not designated as protected areas, representing a mere 2% of the total land area of Hong Kong. Madam Deputy, I very much welcome the survey conducted by the Department of Ecology and Biodiversity of the University of Hong Kong, because it has enabled us to know more clearly the types and distribution of rare species in Hong Kong.

Many people in Hong Kong have all along harboured a kind of misunderstanding about the local construction industry, thinking that property developers are always concerned only about their own interests instead of environmental protection. This is in fact very wrong. Developed areas in Hong Kong represent about 18% of the total land size, and the proportion of country parks and nature reserves is about 40%. Assuming that all the rest of our land can be developed, the proportion of land that can be developed will be about 42%, which is even larger than that of country parks and nature reserves together. What arouses the discontent of the construction sector is that we simply do not know the development directions of the Government. As a result, very often, after a project has been launched, after resources have been spent, it is met with opposition or delay, which imposes a very heavy burden of interest payment or even leads to the missing of market opportunities. If the project is pressed ahead despite these difficulties, the developer may be dubbed a notorious destroyer of the environment. But if he gives up, he will have to suffer losses. Therefore, it can be said that the developer is in a real dilemma.

Another example which can serve to illustrate that there is actually no conflict between development and environmentalism is the strategic development plan outlined for the northwestern and northeastern New Territories by the Chief Executive in his 1998 policy address; the plan for the northwestern New Territories has even come to be known as a "smokeless environmental city". Unfortunately, due to various reasons, these plans have not been launched so far. According to a lecturer in the Department of Architecture of the University of Hong Kong, these two plans, which cover a total development area of 130 sq km, will be able to create 100 000 posts once they are implemented.

Madam Deputy, on 9 May this year, I asked the Government a question on this in this Council, and the Government then replied that the environmental concept underlying the two plans was supported by the public, but that they could only be implemented in 2007 at the earliest, with staged completion between 2008 and 2013. These plans are supported by the public, but the Government says that they can only be launched six years later, with completion as far as 12 years from now; I really fail to understand why. I have tried to contrast the sites of the two plans with the locations of the nature reserves recommended by the Department of Ecology and Biodiversity of the University of Hong Kong. There are actually not too many conflicts, which means that in the areas covered by the two plans, there are not too many protected flora or fauna. That being the case, do we still have to cling so mechanically to EIA and public consultation, allowing all this to delay or hinder the progress of economic construction?

If we look at the areas around Tuen Mun and Yuen Long, we will see that there are both an adequate supply of land and the demands for container transport back-up services. But under our Town Planning Ordinance, the uses of these lands are restricted, and economic demands are also suppressed. If there are really any rare flora or fauna of any scientific significance in these areas, the idea of restricting their uses and preserving their original landscape should of course be supported. But arbitrary restrictions on private land titles and the freezing of land uses without any compensation are nothing but infringement on private ownership.

We can see that the Government's restrictions on the uses of agricultural land have only led farmers to lay their lands to waste. The survey conducted by the University of Hong Kong suggests that some fung shui woods should be turned into nature reserves. I guess some of these fung shui woods are probably private properties, so if the Government accepts the recommendation, the owners must be offered reasonable compensation.

Finally, since we know from the reports that most of our rare natural resources are found in eastern New Territories and Lantau, we should really concentrate on perfecting the work of conservation and monitoring, lest the rare flora and fauna there may be endangered. In brief, the existing environmental protection policy is very passive and negative, with the result that lands which can serve good purposes have to remain idle, and lands in need of protection are not protected.

Madam Deputy, I so submit.

MR TAM YIU-CHUNG (in Cantonese): Madam Deputy, the natural landscapes of Hong Kong are diverse, comprising rolling hills, agricultural plains, valleys, vast wetlands and indented coastlines. All these natural environments have nurtured a rich variety of plant and animal communities, each with unique characteristics. According to records, there are some 1 800 species of indigenous plants and some 400 species of birds in Hong Kong. Although more than 40% of our land area is zoned for conservation, there are still many other undeveloped tracts of natural beauty. These habitats have nurtured numerous species of indigenous plants, and become home to a rich variety of indigenous and migratory wildlife. The protection of the natural ecology is a measure that is indispensable to ensuring a quality living for people and in fostering the sustainable development of society.

At present, the Government's objective of conservation is laid down in several ordinances and realized through town planning. According to the Town Planning Ordinance, the Government has designated statutory conservation zones that cover country parks, coastal protection areas, sites of special scientific interest, green belts or other specified uses that promote conservation or protection of the environment. The conservation zones so designated permit very few uses other than those which are necessary to natural resources management, and the permitted development is subject to the scrutiny of the Town Planning Board.

Although the Government has made a lot efforts to protect the environment, there is no denying that the conservation policy of Hong Kong still needs improvement in many respects. To begin with, our ecological information is both insufficient and fragmentary, with the result that the Government may be unable to consider all factors adequately during the initial planning of land development, or even discover that the ecological environment will be affected only at the late stage of planning. I am sure that Members can still remember the row caused by the Sheung Shui to Lok Ma Chau Spur Line and the Lantau North-South Road Link. The former involves the Long Valley wetland, and the latter the ecological environments around Tai Ho and Mui Wo, comprising bat caves, mangroves and marshlands. Besides, private developers may also purchase land in conservation zones due to a lack of research, and in the end, they may have disputes with the Government and environmental groups over their development projects, so as not to lose any money. This will lead to grievances on all sides. The lawsuit involving Sha Lo Tung is a typical example. To solve this problem, the Government must carry out a comprehensive survey

on the ecological base of Hong Kong, so as to collect information and data and ascertain the ecological value of different conservation zones. The information so collected must be released to the public to facilitate the initial planning of all involved.

Another problem is that the ecological value of conservation zones is steadily declining due to a lack of positive management. One example is Deep Bay in New Territories West, the place where the largest number of fish ponds and wetlands is retained in Hong Kong, and the habitat of many aquatic birds. Some wetlands there are "wetlands of international importance" specified in the Ramsar Convention. The Government has imposed land use planning control in this area by designating all adjoining fish ponds as wetland conservation zones and by designating wetland buffer areas, so as to protect the ecological integrity of this wetland conservation zone. But such drawing-board planning cannot possibly guarantee that the aim of conservation can be achieved. It is because due to the constraints of land titles, the Government is unable to completely prevent the "non-development" acts that cause damage to those conservation zones falling inside privately-owned lands.

To solve this problem, owners of private land should render their co-operation, but the Government must also do something to resolve the conflicts between conservation and the interests of private land owners. It must explore different feasible options, so as to bring forth a win-win solution. The acquisition of all conservation zones located in private land is no doubt the most direct and effective solution, but if the Government is really to acquire private land for conservation purposes, it will be unable to cope with the resultant financial and management problems in the long run. There are now some 600 hectares of private land in the conservation zones, and if other conservation areas are taken into account, there will be another 2 000 hectares of private land to deal with. It is beyond the ability of the Government to shoulder the financial burden of acquiring all these private lands. However, the Government may consider other alternatives, such as granting development rights with responsibility for management as a condition, one example being the recent case of Fung Lok Wai. Located to the east of Tin Shui Wai and measuring about 80 hectares in area, Fung Lok Wai in Yuen Long is a wetland conservation zone. The plan of the developer is to develop the site into a low-density residential settlement, while preserving most of the existing fish ponds there as a nature reserve. The developer will also finance the setting up of an independent, non-profit-making fund to meet the expenses of managing the nature reserve. This concept of co-operation between private-sector and public-sector institutions

is consistent with conservation principles; not only this, it can also save the Government lots of resources which must otherwise be spent on acquiring and managing the wetland.

I hope the Government can listen more to the views of different sides, and I also hope that it can come up with a greater number of flexible ways that can balance the interests of private land owners and the needs of conservation, so as to bring forth a win-win or even three-win situation.

With these remarks, I support the original motion.

DR RAYMOND HO: Madam Deputy, with the scarcity of land in Hong Kong, continuing urbanization has always been placing tremendous pressure on local natural environment and ecology. Quite a number of people in Hong Kong go so far as to say that Hong Kong cares only about economic development and pays no attention to the environment.

However, if we spare a minute to look at the map of Hong Kong carefully, it is not difficult for us to find quite a number of conservation areas, country parks, marine parks, marine reserves, and so on. Among them, the Mai Po Marshes are one of the most internationally renowned wetlands. The area provides a rich habitat for migratory and resident birds.

If so, how come there is such a wrong perception that Hong Kong does not care about conservation? I would say that a lack of clear and specific conservation objectives on the part of the Government is to blame. The current conservation efforts look fragmented and piecemeal. Just like any policy areas of the Government, there should be a coherent set of objectives to ensure the effectiveness of the conservation policies.

For achieving these objectives, the Government will need reliable and correct information for drawing up an effective conservation work plan. Hence, I agree that an ecology database must be set up expeditiously. As part of the effort, local tertiary institutions should also be encouraged to undertake education and research work on conservation.

In order to resolve the differences between interested parties and concerned groups on conservation issues, the Government has to play an important role in promoting all relevant parties to engage in open dialogues and

discussions. Conservation of ecological environment on privately-owned land is particularly sensitive. It is important that the interests of various parties involved, including the owners, are to be attended to.

Madam Deputy, some people believe that conservation of natural environment is a luxury. I will not dispute their claim if we pursue conservation for its own sake without considering the well-being of society as a whole. As an engineer by profession, I see the need of development. But my professional training has also taught me the importance of conservation and environmental protection. Therefore, I truly believe that we should strike a rational balance between conservation and development. I so submit.

Thank you.

MISS CYD HO (in Cantonese): Madam Deputy, Members will all express their support when it comes to only talking about environmental protection; however, when voting on the specific motion, their real stance will be revealed. Let me use Route 7 on the Hong Kong Island as an example. I believe Members must have heard environmental groups saying that the proposed Route 7 is inconsistent with conservation principles, as it will ruin not only the coastline but also the ecology. For these reasons, the environmental groups have suggested the Government constructing a railway instead. Actually, many Members of the Council support the construction of this proposed route. So, Madam Deputy, I agree very much that we should really discuss conservation policy expeditiously, so that the various parties and factions in this Council could at least have an idea of what conservation policy is and form a consistent stance on the issue to say the least. The stance of the Liberal Party on conservation has always been consistent. Even though I do not agree with Mrs Sophie LEUNG's approach of putting business and economic development before anything else rather than honouring conservation needs first, I must admit that their stance has been consistent. They will not join the bandwagon of supporting environmental protection one day, and then support the construction of a road without paying any regards to conservation consideration the next day when the question of whether a railway or a road should be constructed is put to the vote.

Actually, Madam Deputy, so long as there are human beings, there are bound to be pollution problems. Since we all exhale carbon dioxide, there must

be a certain population of trees to help maintain a balanced ecology. There is indeed a need for us to strike a balance between development and sustainability needs. After all, different parties have different interests, we just cannot rely on encouragement, communication, accommodation and discussion alone to resolve the conflict of interests which always involve money and other benefits. As such, we must have in place very clear legislation to regulate and balance the interests of different parties. In the event of conflict of interests, we will all the more need to have a clear, fair and open mechanism whereby people can discuss the different interests through a fair and impartial channel in society.

As cross-boundary activities have become increasingly frequent recently, the demand for infrastructural facilities and land will naturally be on the increase. We just do not know when the alignment of a newly proposed railway or road would cross areas of ecological value. For this reason, Madam Deputy, I do agree that an ecology database should be set up expeditiously, so that the Government could at least know beforehand what areas it should avoid when planning for railways, roads or other infrastructural facilities. If the hope of the affected residents, which is attributable to the infrastructural programmes announced by the Government, should be shattered later on by any conflicts over the plans, cases of unnecessary confrontation would be resulted. Our society will not wish to frequently see such conflicts happening repeatedly among us.

Madam Deputy, the original motion supports the setting up of an ecology database, and I believe no Member will disagree with this idea. For public infrastructural projects planned by the Government, the Government may consult the proposed ecology database to find out areas that should be avoided and thereby prevent any controversy over the projects from arising. But how about development projects involving privately-owned land? Even if an ecology database should be set up, how would we handle the land ownership issues involved if some villagers hoped to develop in collaboration with private developers their land which academic institutions have already specifically designated as having unique ecological importance, hence high conservation value? If such things happened, we would really need to have the right legislation and a fair mechanism to help resolve the problems.

Part (g) of the motion urges people to achieve a balance through discussions. Madam Deputy, I am a rather pragmatic person, so I do not believe we can achieve a balance by way of discussions alone. Let us take a

look at part (g) again. It has mentioned many stakeholders, including government departments, green groups and private organizations — I believe these refer to the real estate developers or golf clubs, village representatives, universities, research institutes, and so on. All these parties look at the same issue from different angles, and some of their interests are fundamentally in conflict with that of others. That being the case, I just do not think we can achieve any balance by relying on encouraging discussions alone. Rather, I believe there is indeed an urgent need for a review of the Town Planning Ordinance as suggested by a number of Members earlier on.

Madam Deputy, I do not believe we can have achieve this just by relying on encouraging discussions alone. As regards the other method, which is monetary compensation, I am afraid nobody can set a level of compensation in this connection. I wish to ask Members this question: How much monetary return can a three-storey low density luxury residential development or 40 storeys of small/medium residential units generate? Members may perhaps be shocked if they were told the amount of money involved. Just now Members have talked about the poor economic prospects of Hong Kong, and that our fiscal reserves, however handsome it is now, would be exhausted one day. Some also wondered whether we could afford the compensation payments to be made, as it remained unknown how long would the economy go on deteriorating. Madam Deputy, since the relevant legislation has yet to be reviewed, and the amount of compensation to be made is not yet known, I should therefore like to raise one more suggestion, which is to remove any incentive that may induce demands for rural land or land which has been designated as having ecological conservation value. Actually, this is not an innovative idea. All I wish to suggest is that since we have to make compensations when implementing urban renewal projects, we may as well concentrate the financial resources on urban renewal. That way, the living conditions of residents living in old areas can be improved on the one hand, while the number of sites in the urban renewal areas that can be developed for residential and commercial purposes will also be increased on the other. Further still, many of the industrial areas in Hong Kong, such as Kwun Tong, Cheung Sha Wan, Kwai Chung, Tsuen Wan, San Po Kong, and so on, have become deserted. I just wonder how low would their utilization rate be. Perhaps we should consider revising the planning for these old industrial areas to increase the urban land supply, so that we do not have to go after rural land of conservation value.

Madam Deputy, I hope Members can look at the issue from this new angle and seek to remove any incentive that may induce demands for rural land, so that we can cater for both the development needs and the sustainability needs at the same time. Thank you, Madam Deputy.

MR MA FUNG-KWOK (in Cantonese): Madam Deputy, over the past years, quite a number of land development projects in Hong Kong have given rise to controversies surrounding environmental protection and development needs, two examples being the cases of Long Valley and Lantau North-South Road Link. To prevent similar controversies from recurring, the Government must formulate a set of comprehensive policies on conservation of the natural environment and the ecology.

Insofar as the formulation of conservation policies is concerned, it is most important that clear objectives, both long-term and short-term ones, be set up to help establish the priorities of various conservation initiatives. The public has become increasingly concerned about the environment in recent years, and this is of course attributable to the continuous efforts made by various green groups, the academia and enthusiasts. However, another important factor is that the quality of Hong Kong's environment has continuously deteriorated to such a bad state that we just cannot afford to ignore the problem. The public are concerned about the improvement of their living environment and hope for cleaner air, yet at the same time they are also aware that there are plenty of precious natural resources beyond the urban areas. Hong Kong is a densely populated small city, reclamation and new town development must be carried out incessantly to cater for the increasing needs of housing. Under such circumstances, the importance of conservation and the need for maintaining ecological balance must never be taken lightly.

The natural environment is a precious resource shared by all members of society. In the past, our focused efforts on economic and social development caused us to overlook the need to conserve the environment. It is therefore highly difficult, if not totally impossible, to remedy the damaged environmental resources. The remedial measures we have now are just a little better than nothing. Since the Government has not set up any ecology database, even if the relevant developers or planning officers wish to take into account conservation considerations when formulating development plans, their efforts will be greatly limited due to the lack of information on the ecology. On the other hand,

however, given that many local academics have in fact been conducting research studies in this respect and made considerable achievements, it should not be too difficult for the Government to set up an ecology database.

When the Government formulates conservation policies, it should also review both the existing relevant legislation and the enforcement mechanism. In this connection, the EIA system focuses on the impact of works projects on the environment, and it may well be described as a goalkeeper in the field of environmental conservation. As regards the Sustainability Impact Assessment (SIA) system to be introduced shortly, it is still a passive initiative devoid of any fundamental changes. Likewise, the designation of sites of ecological value as conservation areas and restricting the development of such areas are also passive approaches. All these efforts may perhaps be regarded as the spirit of the Government's active non-interventionism being extended to the field of conservation.

Nevertheless, even the world's best goalkeeper cannot guarantee that his team will surely win the ball game. In ball games, a win hinges on the choreographed execution of defence, attack and goalkeeping. Let me cite a simple example. Now that the plant killer *Mikania micrantha* has posed a fatal threat to flora in Hong Kong, if preventive measures were not taken beforehand to curb the growth of *Mikania micrantha*, the natural environment of Hong Kong would have to suffer unprecedentedly grave destruction. The Government should actively and proactively take actions to protect the natural environment and the ecology, rather than implementing some piecemeal remedies after the natural environment or the ecology is threatened. In my view, the Agriculture, Fisheries and Conservation Department should have a particular role to play, in that it should not only protect the natural environment and ecological environment of Hong Kong, but also nurture their natural development. Besides, the Department should also consider developing suitable areas into natural and ecological environment centres, with a view to promoting education on conservation, developing eco-tours, and so on. As a first step, the Government may implement a few pilot schemes comprising elements like conservation, education and sightseeing to try out the feasibility of the idea.

If the idea of natural and ecological environment centres should prove feasible, it might help to give a new development direction for the ecological environment on privately-owned lands. Actually, the Government may adopt different methods to ensure the proper conservation and management of the

ecological environment on such lands. The Government may also set up reasonable mechanisms of land resumption or exchange, so that the affected landowners will not resort to such absurd and anti-intellectual actions as deliberately damaging the ecological environment on their lands for the sake of development.

I so submit.

MR HENRY WU (in Cantonese): Madam Deputy, I am a Director on the Board of The Ocean Park Corporation (Ocean Park) and also the Chairman of the Committee of Trustees, Hong Kong Association for the Protection of Pandas. One of the missions of the Ocean Park is to help conserve the wildlife ecology and to enhance the understanding of the public in this respect. As such, I often have the chance to discuss with the relevant staff of the Ocean Park subjects relating to the local conservation policies. Today, I wish to focus on discussing how conservation policies can be effectively implemented in the field of education, and how strategic education objectives can be made use of to enable members of society to agree with and understand the importance of ecological environment conservation, thereby encouraging them to treasure the existing ecological resources.

First of all, I wish to say that I support the proposal of the original motion to urge the Government to expeditiously formulate a set of comprehensive policies on conservation of the natural environment and the ecology. I also hope that the Administration will task a government department, such as the Environmental Protection Department, with the centralized enforcement of the relevant policies on conservation. Without the co-ordination of a comprehensive set of policies, corresponding measures, or a designated government department to implement the policies and measures, all conservation plans can just do nothing more than empty talks.

Besides, I also agree in principle the proposal of the original motion to increase the funding for education and research work on conservation in local tertiary institutions, rather than just encouraging them to do so. However, I hold that the funding should not be confined to tertiary institutions only; grants should also be made available to other non-profit-making groups and organizations in Hong Kong such as the Ocean Park. Over the years, the Ocean

Park has actually been acting true to its missions and has made considerable contribution in promoting conservation activities. The subsidies provided by the Ocean Park for schools to participate in conservation-related educational activities amount to \$2 million each year. Apart from that, efforts have also been made to provide the general public with conservation education in a number of aspects and to carry out scientific research on conservation. The efforts made by the Ocean Park in this connection just can hardly be measured in monetary terms alone. It is therefore necessary for the Government to offer assistance by way of policies and funding to effectively support education and research work on conservation.

Madam Deputy, education is an important link in the promotion of conservation. If members of the public cannot understand the subjects concerned, or if they cannot appreciate or respect our flora and fauna, the policies and legislation introduced by the Government will never win any support or be implemented at all. So, public understanding and participation is the key to the successful implementation of each and every conservation programme.

To achieve the strategic education objectives, a gradual and orderly approach must be adopted. Efforts should first be made to arouse the interests of the public in conservation, so as to build up and reinforce their conservation awareness. After that, measures should be introduced to encourage them to give effect to their conservation awareness and to mobilize others to help carry forward the spirit even further. In this process of strategic education, personal participation and understanding should be the best medium of instruction. If certain organizations could provide the public with a live learning environment, public interest in conservation would be aroused and their conservation awareness reinforced and promoted, and the Government should also encourage and support these organizations by providing them with more resources. That way, the organizations concerned would be able to further promote conservation education and help implement the relevant conservation policies of the Government.

Madam Deputy, in order to define the objectives of different conservation programmes and to commence them, fundamental scientific research efforts are indispensable. Successful research efforts will provide encouraging breakthroughs for conservation work across the world. Let me cite an example of success in Hong Kong, to illustrate how such studies on the group behaviour

of namely dolphins and pandas can yield practical benefits to the management of these endangered species. In May this year, the world's first two dolphins conceived artificially were born in the Ocean Park. In addition to demonstrating to the world the remarkably successful conservation efforts of the Ocean Park, the birth of these two dolphins has also consolidated the status of the Ocean Park as a global pioneer in the study of marine mammals and thremmatology. At the same time, the Ocean Park has also succeeded in training pandas, by way of positive encouragement, to voluntarily extend their arms (or panda arms) to allow researchers to draw blood samples for laboratory tests without resorting to anaesthetics. This is also a world first which is enormously helpful to studies on the behaviour of endangered species (such as pandas) and ecology studies. I therefore hold that the Government should continue giving substantial support to the relevant research efforts and make better use of the existing resources and talents to expedite the development in conservation research studies, with a view to enabling the co-ordination of education and conservation on a research basis, thereby achieving more satisfactory results in education and conservation promotion.

The efforts to implement effective conservation policies and to encourage love and care for ecological resources must start with education. For this reason, I agree with the original motion which urges the Government to formulate a set of comprehensive policies on conservation of the natural environment and the ecology, set clear conservation objectives and increase the funding for the relevant non-profit-making groups or organizations, with a view to enhancing conservation education and promoting conservation awareness.

Madam Deputy, I so submit.

MR MICHAEL MAK (in Cantonese): Madam Deputy, a set of comprehensive policies on conservation of the natural environment and ecology is consistent with the law of nature and no conditions should be imposed on it. The addition of rules and premises as espoused in the motion would only serve to create obstacles to conservation policy.

Madam Deputy, I support improving the business environment, but I do not encourage deliberate inflation of the importance of improving the business environment to such an extent that everything must give way to it.

Now with the economic downturn and high employment rate, the only hope and wish of the public is to have a job and be able to make money. That efforts must be made not to injure the business environment has become a tacit agreement among members of the public.

All through the years, green groups have been fighting for the cause of conservation and the arguments held are mature. These groups are not simply fighting for environmental protection's sake, they are also concerned about the realistic needs of economic development. Therefore, it would be a very sensible thing if the Sustainable Development Committee can be set up expeditiously to balance the needs of various parties. The reason is that it can serve the principle of equity and help reduce disputes that may arise as a result of the launching of policies which have not benefited from extensive consultation. So the way to tackle the problem at its root is to explore sustainable development.

Urging the Government to formulate a set of comprehensive policies on conservation of the natural environment and ecology will, as some environmentalists claim, not cause any damage to the business environment. On the contrary, developing our ecological assets will be beneficial to the development of the tourist industry. In the present circumstances of an economic downturn, we may accord priority to the business environment, but we cannot deprive our next generation of the right to enjoy the charms of a natural environment.

Madam Deputy, I hope that the Government can finalize the various proposals regarding conservation policy for public consultation, for purposes of promoting conservation and protecting our environment. The pledges made must not be delayed any more on the pretext of the prevailing poor economic situation. For if this is allowed to happen, the scanty natural environment in Hong Kong which should be conserved will be gone forever, and we will certainly feel sorry then.

Madam Deputy, I so submit.

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

(No Member responded)

DEPUTY PRESIDENT (in Cantonese): Miss CHOY So-yuk, you may now speak on the two amendments. The time limit is five minutes.

MISS CHOY SO-YUK (in Cantonese): Madam Deputy, I would like to present the views of the DAB on the two amendments.

The first is the amendment proposed by Mrs Sophie LEUNG. Madam Deputy, the DAB will oppose this amendment for the following reasons: First, the amendment calls for a balanced social development and effective use of social resources, while avoiding hampering the business environment. The DAB is very much in support of these ideas. However, the amendment also mentions avoiding creating a heavy financial burden on the Government. In this regard, Members will certainly not like to see a heavy financial burden being created on the Government. But the question remains: What is in fact a heavy financial burden? This is very difficult to define. Will \$100 million or \$1 billion be regarded as a heavy financial burden? In addition, if Honourable colleagues should support such an amendment, it would easily enable the Government to use this as an excuse for doing nothing, saying that so doing will create a financial burden on it and so the matter will have to be shelved.

Second, the amendment proposes to delete a whole paragraph from the original motion, that is: "based on the findings of the Hong Kong Biodiversity Survey recently completed by the Hong Kong University, as well as the relevant data available from government departments, non-governmental organizations and other tertiary institutions". Actually, what I say in the original motion is to set up an ecology database based on the existing data available. Mrs LEUNG seeks to delete all these proposals. But this will mean enormous impact to the DAB. It is because if the Government is to formulate a clear-cut policy, it must have a database. Without clear information, a policy cannot be formulated at all.

THE PRESIDENT resumed the Chair.

Besides, if the Government does not use the information available as a basis and starts to formulate policies right away, this would mean that it has to start doing the research from scratch. Madam President, the ecology database

may hence take five to 10 years to set up. When a vote is taken on the amendment later, if Honourable Members agree to this amendment, the Government would certainly say that it is a good idea. It is because the Government may start to set up the database now in no haste and it is only after the database is set up, that a set of policies with clear objectives will be formulated. I reckon in at least five years the Government will not have to formulate any policy on this. That is to me a very important point. For if the Government does not want to use the existing information as a basis and start the whole thing from scratch, then it is really a great waste of resources. The survey carried out by the University of Hong Kong has taken three years to complete, at a cost of several million dollars. If the Government does not use the information despite its knowledge of the existence of the data and to start anew, it will only serve to waste more public money and resources.

As for the second point, I am sorry that due to insufficient time available, I cannot speak on this point now. The DAB will oppose the amendment mainly because of these two points. As to the amendment proposed by Mr LAW Chi-kwong, the DAB is of the view that both the direction expressed by the amendment and Mr LAW's comments should all be supported. Actually, the DAB has announced that it will support Mr LAW Chi-kwong's amendment. Madam President, however, after the amendment has been proposed, the DAB has received many opinions from the public expressing concern that the recommendations contained in the amendment are somewhat too harsh, that is, it proposes to penalize those who cause destruction to the ecological environment in private land which has not granted any compensation by the Government. If this is the case, it will make the Government use this as an excuse for not making any compensation. In other words, anyone who causes destruction to the environment will be penalized and would this mean that no compensation is necessary?

In addition, this will intensify the conflict between the Government and the people. If the wording of the amendment can be changed to "penalizing those who cause wanton destruction of such ecological environment in land which has been given compensation or where relevant arrangement has been made", then it will be acceptable to the DAB. However, the amendment as it stands does have some grey areas and it makes one worry that the Government will penalize such actions on private land which has not been given any compensation. So the DAB will abstain from voting on this amendment.

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese):
Madam President, first of all, I would like to thank Honourable Members for expressing their views on the motion.

In Hong Kong where there is a keen demand for land, it is not easy to preserve our valuable ecological environment and natural resources under the enormous pressure exerted by development. To ensure that our policies and measures can effectively protect sites of high ecological value and look after the long-term interest of the territory as a whole, a detailed review of the existing natural conservation policies is now being carried out by the Government.

The motion moved by Miss CHOY So-yuk and the amendments proposed by Mrs Sophie LEUNG and Mr LAW Chi-kwong have given me an opportunity to exchange views with Honourable Members on this subject.

Before responding to today's motion, I would like to explain the Government's current conservation policies and measures. Our policies seek to protect sites of high ecological value and to make up for the loss of sites worth conserving as a result of essential development projects. The relevant policies are implemented mainly through the following three measures:

First, to designate sites of high ecological value as protected areas. For instance, country parks, special zones, marine parks and marine reserves are established under the Country Parks Ordinance and the Marine Parks Ordinance, and put under the charge of the Agriculture, Fisheries and Conservation Department (AFCD) for management. Alternatively, sites worth conserving are designated as "sites of special scientific interest (SSSI)" through land planning to prohibit the development of such sites.

Second, the AFCD designates specific zones under the Wild Animals Protection Ordinance to confine public entry into such zones to a specified period. In accordance with the actual need of individual applicants (such as those working on scientific research), permits will be issued by the AFCD to facilitate their entry.

Third, to avoid the implementation of works in sites of high ecological value as far as possible through the enforcement of the Environmental Impact Assessment Ordinance. If such works are deemed to be inevitable, the proposer will be required to take mitigating measures to reduce the environmental impact to an acceptable level.

Madam President, so far, more than 40% (approximately 50 000 hectares) of land in Hong Kong, including 23 country parks and 64 SSSI, has been included into the boundary of protected zones. Together with the Tung Ping Chau Marine Park newly designated a week ago, we have a total of four marine parks and one marine reserve. In order to restrict the duration during which the public are allowed to enter such zones so as to ensure the animals and ecological environment are free from disturbance, Mai Po Marshes, also known as the "paradise for migrant birds", the "fung shui" woodland behind the Yim Tso Ha Village, Sha Tau Kok — a dwelling place for egret, and the sandy beach at Sham Wan, Lamma Island — a nestling ground for the endangered Green Turtle — have been designated by the AFCD as special zones under the Wild Animals Protection Ordinance. Although sites of high ecological value are given a certain degree of protection, we still need to examine the existing policies and measures to determine what further improvement can be made.

While I agree to most of the proposals contained in Miss CHOY So-yuk's motion and the amendments proposed by Mrs Sophie LEUNG and Mr LAW Chi-kwong, we will examine all the relevant issues in the course of review. As proposed by Mrs Sophie LEUNG, in the course of protecting the ecological environment, we must take into account the balanced development of society and the economy, the overall utilization of resources, the business environment and the Government's financial commitment to ensure that the conservation policies and measures can strike a proper balance and promote Hong Kong's sustainable development.

Now let me express some views on the content of the motion. With respect to conservation policies and their objectives, I agree that setting clear and specific objectives and strategies is conducive to the implementation and promotion of conservation. Nevertheless, conservation is different from such quantifiable issues as air quality, water quality, and so on. It is therefore very difficult to formulate a set of perfectly objective benchmarks for the purpose of setting a single objective. Should the number of species found in an area or the rareness of the species be adopted as the criteria for assessing the ecological value of a particular site? Should a plant rarely found in Hong Kong but commonly seen in South China be considered to have a higher ecological value than species commonly found in Hong Kong but rarely seen in South China? How can we determine the degree of protection that should be accorded to different sites of ecological value? As far as we know, there are no perfectly objective benchmarks that are internationally recognized for our reference and

for the purpose of answering the questions raised by me. Therefore, in the course of review, we will formulate a set of generally recognized and accepted criteria to evaluate and determine what conservation measures we should adopt for the purpose of formulating feasible conservation strategies.

As for the setting up of an ecology database, the AFCD has, starting from last year, analysed the ecological data available in Hong Kong, carried out field inspection of the ecological environment and collected relevant information. In addition, discussions have been held with relevant experts and organizations for the purpose of collecting further data and verifying them. Based on the data, the AFCD will plan an ecological survey and consult relevant experts and organizations on the gauging criteria, data-collection methods, and so on, to collect the ecological data of the territory in a more systematic manner, for the purpose of gradually building up a generally recognized local ecology database. These data will help the AFCD to have a complete grasp of various ecological habitats in the territory and the conditions of species of flora and fauna so that appropriate conservation measures and programmes can be formulated. This will help works proposers to, at the preliminary stage, analyse and understand the possible impact of their works on the ecological environment and, if feasible, avoid carrying out works projects on sites of high ecological value.

As proposed by Miss CHOY So-yuk, we will examine the existing conservation policies and the effectiveness of the relevant laws, mechanisms and measures to identify areas that require improvement and feasible remedies for the purpose of preserving and protecting sites of high ecological value in a more effective manner. In this respect, the Government and a number of Honourable Members and members of the public have expressed serious concern about ways to conserve sites of high ecological value on private land, such as Sha Lo Tung, a site repeatedly mentioned by Members earlier on in the debate. This will be a key subject of detailed study in the review. Although regular inspections are carried out by the AFCD to combat illegal acts, such as lighting a fire in country parks, breaching land use regulations, and so on, it is impossible for the AFCD to take charge of all management work since these sites are privately owned. In this connection, we will examine feasible improvement measures in the review. As the review will involve a number of complicated issues, such as the determination of land ownership, the current land use planning system, and so on, we will study the matter and carefully consider matters of concern to various parties in conjunction with the relevant bureaux and departments, such as the Planning and Lands Bureau and the Planning Department, to identify feasible solutions.

Mr LAW Chi-kwong has proposed to penalize those people who cause wanton destruction of the ecological environment, and strictly prohibit any developments in sites designated as of high ecological value. While I fully support the principle and spirit of this proposal, we will definitely encounter a certain degree of difficulty in enforcement. To start with, it is very difficult to clearly define acts that can cause wanton destruction of the ecological environment. For instance, soil aeration is generally considered to be a normal farming activity. However, the ecology of certain sites might be undermined if soil aeration takes place there. In addition, as it involves private land, make law enforcement will be extremely difficult. In this connection, we will make the public realize the importance of conservation through publicity and education. As for the prohibition of development in sites designated as of high ecological value, we must first of all put in place a set of generally recognized criteria so that we can evaluate the ecological value of different sites, to determine which sites warrant such conservation and the impact of the conservation measures on the overall development of Hong Kong. We will definitely examine these issues with prudence.

Moreover, it has been proposed that the Government should resume private land of high ecological value for management by way of acquisition or exchange of land. I think this must be handled very carefully because a huge financial commitment will be involved. Let me cite Long Valley as an example. According to rough preliminary estimation, I repeat that it is just a rough preliminary estimate, it will cost the Government \$3 billion to acquire 60 hectares of land in Long Valley and Ho Sheung Heung at the price of acquiring normal agricultural land. According to the information available to the AFCD, even from the angle of conservation alone, there are more than 10 private sites that are comparable to or more precious than Long Valley. The financial commitment will be enormous if all the land is to be acquired. In addition, the acquisition of such private land will involve complicated land ownership issues, and a number of fundamental issues that have to be tackled as well. For instance, what ecological value must a site possess before it is considered worth conserving even though it means an injection of a huge amount of financial resources? Furthermore, is it absolutely necessary to turn such private land into government land before its ecological value can be preserved? We will continue to listen to the views from all sectors and carefully examine similar issues.

Concern has also been expressed about the damage done to the ecology of Chinese White Dolphins. Actually, the AFCD has already formulated a

comprehensive set of plans to put the places frequented by Chinese White Dolphins under regular observation to ensure that the ecology of their habitats in Hong Kong waters is not affected. The arrangement of making East Sha Chau a dumping site was made after a detailed environment assessment had been conducted.

The Government has all along attached great importance to the education and research work on conservation carried out by local tertiary institutions. Under the current policies, the Government and the University Grants Committee (UGC) will strive to balance the demands of various sides in determining the number of places offered by various courses. The number of degree and higher level places provided by the UGC in subsidized institutions which are directly relevant to conservation subjects has increased from 380 in 1998-99 to approximately 410 in 2000-01. The projected number of places offered by these courses will be progressively increased to 430 or so in 2001-02 and 2003-04.

Insofar as research work is concerned, the Research Grants Council (RGC) set up under the UGC has allocated a total funding of more than \$14 million in 2001-02 to subsidize 21 research projects related to the environment and ecology. In accordance with the Government's existing policy, like other quality researches, researches conducive to environmental protection will stand an equal chance in receiving funding from the RGC. At the same time, the AFCD has been working in close collaboration with various tertiary institutions both in the academic and research areas. A number of tertiary institutions have been, in the past several years, commissioned by the AFCD to carry out ecological researches and surveys. For instance, the feasibility study on the Tung Ping Chau Marine Park newly designated was carried out by The Chinese University of Hong Kong.

In addition to education and research work, staff training is also essential for it helps to implement the conservation policies. Apart from organizing relevant courses on such areas as ecological evaluation and awareness, information technology, tourism services, and so on, the AFCD has also sent some of its staff to attend courses overseas. Some of my colleagues from the AFCD, including front-line staff, have also been sent to inspect the Chinese White Dolphin protection zone located in Xiamen, the Forestry Bureau of the Guangdong Province, and places such as Japan and Australia, and to undergo training. Our objective is to build up a professional team to ensure that the

formulation and implementation of conservation policies are compatible with professional standards.

Apart from this, I fully support Members' proposal that the Government, various organizations and the public should be encouraged to exchange views on conservation matters. We cannot rely solely on the Government to implement conservation. Support and participation of non-governmental bodies and the wider community are required as well. As I said earlier, discussions and exchanges are held between the AFCDC and various tertiary institutions and organizations. In order to enhance public awareness of the natural environment and to enable the public to see for themselves the value and fun of ecological work, the AFCDC has constantly organized publicity and education activities including setting up nature education centres, and organized on its own or through green groups various kinds of eco-tours, and so on. I believe increased public participation and concern can facilitate the reaching of consensus on relevant policies, including on ways to achieve a balance between conservation and development needs, so as to ensure the sustainable development of Hong Kong.

Since the whole policy review involves a lot of issues, we need more time to carry out a detailed study. We hope to complete the relevant review next year and consult the public on our way forward. In the interim, we will continue to strengthen our conservation work by making use of the existing mechanisms.

Madam President, I would like to extend my gratitude again to Miss CHOY for moving this motion today. I am very pleased that I can take this opportunity to listen to the valuable views of Members on the conservation policies. Their views will definitely be useful to us in carrying out the review, and we will surely give them careful consideration.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Mrs Sophie LEUNG to move her amendment.

MRS SOPHIE LEUNG (in Cantonese): Madam President, I move that Miss CHOY So-yuk's motion be amended, as set out on the Agenda.

Mrs Sophie LEUNG moved the following amendment: (Translation)

"To add ", taking account of the principle of achieving balanced social development and effective use of social resources, while avoiding hampering the business environment and creating a heavy financial burden on the Government," after "That this Council urges the Government"; to delete "based on the findings of the Hong Kong Biodiversity Survey recently completed by the University of Hong Kong, as well as the relevant data available from government departments, non-governmental organizations and other tertiary institutions," after "(b)"; to delete "increasing the funding for" after (e) and substitute with "encouraging local tertiary institutions to undertake"; and to delete "in local tertiary institutions" after "education and research work on conservation"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mrs Sophie LEUNG to Miss CHOY So-yuk's motion, be passed.

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.

(Members raised their hands)

Mrs Sophie LEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mrs Sophie LEUNG 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, Mrs Selina CHOW, Mr HUI Cheung-ching, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Mr Tommy CHEUNG and Mr LAU Ping-cheung voted for the amendment.

Dr Raymond HO, Mr Eric LI, Dr LUI Ming-wah, Mr CHEUNG Man-kwong, Mr CHAN Kwok-keung, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr LAW Chi-kwong and Mr IP Kwok-him voted against the amendment.

Miss Margaret NG and Mr Henry WU abstained.

Geographical Constituencies and Election Committee:

Mr Andrew WONG, Dr TANG Siu-tong, Mr Frederick FUNG, Dr David CHU and Mr Ambrose LAU voted for the amendment.

Miss Cyd HO, Mr Martin LEE, Mr James TO, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Kong-wah, Miss Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr SZETO Wah, Mr TAM Yiu-chung, Mr Albert CHAN, Mr WONG Sing-chi, Ms Audrey EU and Mr MA Fung-kwok voted against the amendment.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 24 were present, 13 were in favour of the amendment, nine against it and two abstained; while among the Members returned by geographical

constituencies through direct elections and by the Election Committee, 23 were present, five were in favour of the amendment and 17 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

MRS SELINA CHOW (in Cantonese): Madam President, in accordance with Rule 49(4) of the Rules of Procedure, I move that in the event of further divisions being claimed by Members in respect of the motion on "Conservation Policy" or any amendments thereto in this meeting, the Council shall proceed to such divisions immediately after the division bell has rung for one minute.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mrs Selina CHOW be passed. Does any Member wish to speak?

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Conservation Policy" or any amendments thereto in this meeting, the division bell will ring for one minute only.

PRESIDENT (in Cantonese): Mr LAW Chi-kwong, you may move your amendment.

MR LAW CHI-KWONG (in Cantonese): Madam President, I move that Miss CHOY So-yuk's motion be amended, as set out on the Agenda.

Mr LAW Chi-kwong moved the following amendment: (Translation)

"To add "and strategies" after "(a) setting clear and specific conservation objectives"; to delete "exploring" after "(d) in view of the public interest," and substitute with "formulating and implementing"; to add "which has conservation value" after "practicable and reasonable options to conserve the ecological environment"; and to add "penalizing those who cause wanton destruction of such ecological environment, and strictly prohibiting any developments in the sites designated as of high ecological value;" after "to ensure more effective conservation and management of the land concerned;". "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr LAW Chi-kwong to Miss CHOY So-yuk's motion, be passed.

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.

(Members raised their hands)

Mr LAW Chi-kwong rose to claim a division.

PRESIDENT (in Cantonese): Mr LAW Chi-kwong has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Miss Margaret NG, Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Mr LAW Chi-kwong, Miss LI Fung-ying and Mr LAU Ping-cheung voted for the amendment.

Dr Raymond HO, Mr Eric LI, Dr LUI Ming-wah, Mr HUI Cheung-ching, Dr Philip WONG, Mr LAU Wong-fat, Mr Timothy FOK, Mr Abraham SHEK and Mr Henry WU voted against the amendment.

Mr Kenneth TING, Mr James TIEN, Mrs Selina CHOW, Mr CHAN Kwok-keung, Mrs Sophie LEUNG, Mr WONG Yung-kan, Mr Howard YOUNG, Ms Miriam LAU, Mr Tommy CHEUNG and Mr IP Kwok-him abstained.

Geographical Constituencies and Election Committee:

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

Dr TANG Siu-tong, Dr David CHU, Mr NG Leung-sing, Mr Ambrose LAU and Mr MA Fung-kwok voted against the amendment.

Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk and Mr TAM Yiu-chung abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 25 were present, six were in favour of the amendment, nine against it and 10 abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 25 were present, 13 were in favour of the amendment, five against it and six abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Miss CHOY So-yuk, you may now speak in reply. You still have one minute 10 seconds.

MISS CHOY SO-YUK (in Cantonese): Madam President, I am glad to hear the Secretary make a positive response to the motion in general earlier. However, I would like to respond to two points made by the Secretary. The first point is, as the Secretary has said, it is not easy to formulate benchmarks for a conservation policy. I agree with her. Though it is not easy to do so, it does not mean that it cannot be done or that it does not need to be done. There is a consensus actually among the parties concerned that priorities of conservation should be set for sites that are vulnerable to impact. So there is in fact a consensus on some criteria.

The second point is, as the Secretary has mentioned, there may be difficulties in financial arrangements. That we agree as well. But likewise, that there are financial difficulties does not mean that there is no need for us to address them or the problems related. Many Honourable colleagues and I have mentioned many other practicable options earlier, and it can be seen that some arrangements would not necessarily mean that money has to be spent. Nevertheless, the Government must address these problems immediately.

I am very grateful to the more than 10 Honourable colleagues who have put forward their views on the motion, and I hope that they can lend their support to the motion so that the motion can avoid meeting the same fate as the two amendments which have been negatived.

I did not realize that I still had time left. (*Laughter*) I hope Members can support this motion.

PRESIDENT (in Cantonese): Miss CHOY, your time is up.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Miss CHOY So-yuk, as set out on the Agenda, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

Second motion: Alleviating the disparity between the rich and the poor.

ALLEVIATING THE DISPARITY BETWEEN THE RICH AND THE POOR

MR FREDERICK FUNG (in Cantonese): Madam President, Hong Kong has become affluent following its economic take-off in the 1980s. But behind the façade of prosperity, not every citizen can share the fruits of social development. Since 1971 when comprehensive and complete statistics began to be available in Hong Kong, statistics have shown that the disparity between the rich and the poor has been ever worsening. The number of poor people has been increasing, and members of the public are living in straitened circumstances. So, there is widespread public resentment and grievances.

As Mr Antony LEUNG, the Financial Secretary, has said, the problem of the disparity between the rich and the poor will become more serious in a knowledge-based economy. However, this disparity is the social cost for

economic development, and the free market will definitely not solve this problem. Therefore, a responsible government must shoulder this social cost of disparity between the rich and the poor and formulate corresponding social and economic policies to improve the lot of the poor and narrow the gap between the rich and the poor.

According to the results of the 2001 Population Census, the Gini Coefficient in Hong Kong has risen to 0.525, showing an extremely uneven distribution of wealth in Hong Kong. According to the 2000-01 World Development Report of the World Bank, the Gini Coefficient was 0.408 in the United States, 0.249 in Japan and 0.316 in South Korea. The situation in Hong Kong is obviously far more serious than these developed countries. Besides, when compared to under-developed countries, such as Nigeria and Zimbabwe where the Gini Coefficient is 0.506 and 0.568 respectively, the situation in Hong Kong is actually similar to them. This shows that while the economic development of Hong Kong is comparable to that of developed countries, the gap between the rich and the poor still remains at the level of under-developed countries. This is indeed worrying.

A paper of the Legislative Council pointed out that in 2001, the average income of the 10% of households earning the highest income, that is, households in the 10th decile group, was \$121,407, which is 47 times as much as the average income of \$2,568 of the 10% of households earning the least, that is, households in the first decile group. This is a far more serious situation, compared to five years ago when the 10th decile group earned 40 times as much as the first decile group and 10 years ago when the former earned 29 times as much as the latter. This shows that the distribution of wealth in Hong Kong has been polarizing in the past decade and as a result, the poor are getting poorer when the rich richer.

Results of the 2001 Population Census also show that compared with the figures 10 years ago, the percentage share of household income in the first to the ninth decile groups has fallen. Only the 10th decile group, that is, the 10% of households that are the wealthiest, has a higher income share. It should be noted that, compared with the figures five years ago, the percentage share of household income in the first to the sixth decile groups has all decreased. A downward trend in the income of the middle class shows that the disparity between the rich and the poor is no longer confined to the upper and lower ends of society. Even the middle class cannot be spared now. This reflects a general downward movement of the social ladder.

From these analyses, it can thus be seen that the problem of disparity between the rich and the poor has developed to an alarming state and will further worsen. This problem will have a tremendous impact on society. I will try to discuss the implications of this wealth gap on society from different angles.

Firstly, the disparity between the rich and the poor will damage social mobility. As the wave of salary cuts and retrenchment has spread to the middle class, coupled with the fact that the problem of negative assets has not yet been resolved effectively, there are signs of a shrinkage of the middle class, as already reflected by statistical data. The middle class has all along been the pillar that stabilizes society and supports the establishment. If the financial status of the middle class keeps on deteriorating, and if a downward mobility among them continues, social stability would set to be jeopardized. In that case, it would be less likely for the middle class to move upwards in society. At the same time, a lower mobility of the middle class will mean that the lower class people will stand an increasingly small chance to move upwards and face increasingly more difficulties in so doing. From this, we can see that the problem of disparity between the rich and the poor has already taken its toll on social mobility. The status of the lower class and even that of the middle class are downgraded, making them feel even more discontented with society. This will ultimately rock the integrity and authority of the Government, in detriment to social stability.

Secondly, an ever increasing number of poor people has aggravated the disparity between the rich and the poor. While the income of the community as a whole has increased as a result of economic development, the lower class people cannot share the fruits of social prosperity. A survey conducted earlier showed that 1.25 million people are living in poverty. In this developed and affluent city of Hong Kong, it is indeed unacceptable to have as many as 20% of the people being considered poor. This has expressly highlighted the uneven distribution of wealth in society and the mistakes made by the Government in administration.

In the course of the economic restructuring, many people have lost their jobs for failing to adapt to the transformation, resulting in a continual rise in the unemployment rate. From August to October this year, the figure rose to 5.5% with close to 200 000 people being out of job, and the figure is still on an upward trend. At present, the unemployed are mostly middle-aged people with a low education level and so, it is more difficult for them to respond to a knowledge-

based economy via retraining, and it is by no means easy for them to re-enter the labour market. Unemployment has not only caused financial losses to these jobless people and made them poor, but also deprived them of the chance to move up the social ladder by working. Worse still, their next generation may eventually inherit poverty from them, thus creating an even larger population of the impoverished. This shows that the disparity between the rich and the poor will further worsen if the problem of unemployment is not mitigated.

Thirdly, given that the problem of disparity between the rich and the poor has long remained unresolved, we have started seeing changes in the mindset of Hong Kong people. According to a survey conducted by the Hong Kong Association for Democracy and People's Livelihood (ADPL) early this month, more than half of the respondents considered that Hong Kong could no longer provide a level playing field for everyone to improve their lot through hard work. Even among respondents who had attained the tertiary level of education, about half, or 48%, them held this attitude. This is indeed a very serious crisis. Hong Kong people used to think that one can succeed as long as he works hard. As long as one works hard and thinks hard, he can improve his lot. This mindset has inculcated in Hong Kong people the spirit of perseverance and diligence, making them adaptable to all circumstances and resilient against all odds. However, when a majority of the public think that their lot cannot be improved by hard work, it will definitely do harm to this conventional spirit of perseverance and diligence of Hong Kong people and dampen their dynamics and incentives to work. It will at the same time lead to much stronger public discontent and grievances, which will be detrimental to the development and stability of society.

Moreover, academics also hold similar views. In a newspaper article, a columnist from the academia expressed the view that even the mentality of Hong Kong people of "not barring others from getting rich" has now been reversed. In recent years, the Government has kept on projecting an image of a "zero-sum" society for Hong Kong, that is, if A gains, B will stand to lose; and the benefits that A gets will obviously entail losses for B. For example, with regard to the Comprehensive Social Security Assistance (CSSA), there is the view that some people receive the CSSA because they are lazy and as a result, the welfare for other people will be reduced. Another example is the view that the longer public housing tenants occupy their flats, the less other people can enjoy the benefits of better housing. All these remarks are indicative of a change in the mindset of Hong Kong people. That academic also said that people used to hold

the mentality of "not barring others from getting rich", but their mindset has gradually changed to "why should I let you get rich?" Under the circumstance where the gap between the rich and poor is increasingly widened, this mindset of jealousy will only damage the harmony among the different classes in Hong Kong, and will even lead to conflicts among them, which is unhealthy to society.

The rapid deterioration of the problem of disparity between the rich and the poor is obviously caused by the administrative blunders of the Government and undue reliance on the free market. Facts have shown that the disparity between the rich and the poor and the problem of poverty still exist in Hong Kong. The "trickle down theory" can no longer hold. The spirit of perseverance and diligence of the people has begun to show changes in substance. If the Government continues to blindly rely on the free market and economic recovery to resolve the wealth gap problem, it would be downright unrealistic because if that is a feasible option, why did the situation in the past decade deteriorate? If that is a feasible option, why did the Government's philosophy of governance in the past decade fail to produce any result at all? If that is a feasible option, why are there no signs showing the effectiveness of these policies?

With regard to these questions, the ADPL and I would like to make a number of proposals.

First, in respect of housing, the Government must continue to provide adequate public rental flats in order to provide people in need with decent and affordable housing. In the meantime, the Government absolutely should not lower the income limit for public housing, because this would force people with meagre income to live in private flats of which the rental is expensive, and this will greatly increase their burden and aggravate the severity of the wealth gap problem.

Madam President, in fact, statistics of the Census and Statistics Department show that the median rent-to-income ratio for private housing has increased from 23.5 in 1991 to 28; that for bedroom, cockloft and bedspace has increased from 17.2 to 24; and that for public housing has increased from 7.7 to 10.4. In other words, housing expenses are very often a crucial factor contributing to poverty of households. Moreover, as the rent for public housing flats still remains at the high level of 1997, the Government should lower the rent to alleviate the people's plights and ease the burden on the lower class.

Second, in respect of social welfare, the Government should provide assistance for the disadvantaged groups, particularly the elderly. We hope that the Government will increase the Old Age Allowance for the elderly and at the same time relax the eligibility for CSSA applications by the elderly, in order to alleviate the problem of poverty among the elderly.

Third, in respect of labour, the Government should work towards achieving full employment by creating more jobs to ease unemployment. In addition, the Government should provide a short-term unemployment allowance, so that the unemployed people in need can receive a monthly allowance amounting to one third of the median wage, that is, about \$3,300, for a period of six months. During the period, the Labour Department should provide support for the unemployed workers to actively seek employment; and the allowance would cease after the unemployed worker has landed a job.

Fourth, given the economic downturn and the plights of the people, the Government should reduce the fees and charges relating to the people's livelihood. Meanwhile, the Government should encourage all organizations to lower their fees or provide concessions, having regard for their own operating conditions, in order to alleviate the burden on the people.

Madam President, I have proposed this motion in the hope that the Government can address squarely and admit the seriousness and urgency of the disparity between the rich and the poor, and that it can conduct comprehensive studies on the causes of this disparity problem and identify a general direction for anti-poverty policies. On the other hand, I also hope that this motion can serve as a stimulus by giving colleagues a chance to put forward more opinions and make a series of substantive suggestions that can truly help resolve the disparity between the rich and the poor in Hong Kong for reference of the Government, whether from a social or economic perspective, with a view to assisting the poor people in Hong Kong to improve their lot.

Madam President, I so submit.

Mr Frederick FUNG moved the following motion: (Translation)

"That, as Hong Kong's economy remains in the doldrums and the problem of the disparity between the rich and the poor is becoming increasingly serious, this Council urges the Government to comprehensively study the

causes of the problem and formulate corresponding social and economic policies so as to improve the livelihood of the poor and narrow the gap between the rich and the poor."

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

Mr WONG Sing-chi will move an amendment to this motion, as printed on the Agenda. The motion and the amendment will now be debated together in a joint debate.

I now call upon Mr WONG Sing-chi to speak and move his amendment.

MR WONG SING-CHI (in Cantonese): Madam President, the amendment proposed by me today consists of two key points. The first is to request the Government to establish an inter-departmental anti-poverty commission, and the second is to request the Government to establish a poverty line. These measures merely call on the Government to address squarely the disparity between the rich and the poor. They do not aim at asking the Government to increase its expenditure on welfare. In view of the seriousness of the wealth gap problem, we hold that these are the most basic demands.

It is an indisputable fact that the disparity between the rich and the poor is serious in Hong Kong. According to the report on the Population Census recently published, the Gini Coefficient in Hong Kong increased from 0.476 in 1991 to 0.518 in 1996, and has further risen to 0.525 this year. Information of the World Bank shows that among 114 countries, only a handful of South American and African countries have a wider wealth gap than Hong Kong. Besides, if calculated at constant prices in 2001, the median monthly income of the 10% of households earning the least in Hong Kong was \$3,084 in 1991 and \$3,042 in 1996, but their income has fallen even more significantly to \$2,977 this year. Madam President, in present-day Hong Kong, it is very difficult to imagine how a family lives on a monthly income below \$3,000. But for the 10% of households with the highest income, their income was \$61,680 in 1991 and rose to \$70,980 in 1996, and this year, the figure has further increased to \$80,000, which is 27 times as much as the income of the poorest households.

These statistics have shown two conclusions. First, the wealth gap problem is serious in Hong Kong and it is worsening. Second, whether the Hong Kong economy booms or slackens, it remains that the poor are getting poorer whereas the rich are getting richer. The disparity between the rich and the poor has all along been, and will continue to be, a problem bothering Hong Kong in the long term. Regarding this long-term problem, thorough and comprehensive consideration by the Government is warranted in order to identify long-term solutions. If the Government does not make an effort to deal with it, the problem of poverty would deteriorate, in which case there would be more and more recipients of CSSA and public resentment would intensify. By then, Hong Kong might have to pay for a heavy price.

Doubtless the Government has injected plenty of resources over the past few years in an attempt to relieve the people of their plights. However, the anti-poverty initiatives of the Government are no more than measures focusing on economic development in the long run and creating jobs and enhancing retraining in the short run, with attention being attached to the problem of inadequate income alone. But the problem of poverty involves more than inadequate income. Damaged community network, failure of the family function and exclusion of certain people by society are also causes of poverty. Nevertheless, the Government has not conducted an in-depth analysis of the root causes of poverty. Nor has it seriously looked into how serious the problem of poverty is and set priorities for anti-poverty initiatives. It has also not systematically formulated long-term anti-poverty strategies and measures. All the Government has done is to introduce some "piecemeal" measures in the policy address and budget every year. While public money is spent on these measures, their effectiveness in eliminating poverty is questionable.

Given the complexity of the problem of poverty, many non-governmental organizations have repeatedly proposed to the Government the establishment of an inter-departmental anti-poverty commission. In its Concluding Observations this year, the United Nations Committee on Economic, Social and Cultural Rights (UNCESCR) stated that it is deeply concerned that the Government of the Special Administrative Region (SAR) lacks adequate, institutional arrangements to ensure the formulation and implementation of comprehensive, integrated, consistent and effective anti-poverty strategies. The UNCESCR also strongly recommended that the SAR should establish either an inter-departmental anti-poverty unit or an independent anti-poverty commission to conduct relevant research, formulate anti-poverty strategies and monitor all policies in respect of

their impact on poverty. The establishment of an inter-departmental commission can be considered as the first step of the campaign against poverty.

Next I would like to discuss with Members the establishment of a poverty line. The objective of drawing a poverty line is not to provide a criterion for granting financial assistance, but to provide a simple, clear and quantifiable criterion to define and measure poverty. As to how a poverty line can be established, different countries or organizations have different suggestions; and I take an open attitude towards this.

So long as a poverty line is drawn, the Government can gather statistics on the population below the poverty line and see how many people are living below the poverty line in Hong Kong. More importantly, it can further obtain statistics on the characteristics of people living below the poverty line, including their age, sex and family status, in order to identify the root causes of poverty and take improvement measures. The relevant statistics can also be used to assess the effectiveness of anti-poverty measures. In consistently refusing to draw a clear poverty line, the Government is only burying its head in the sand and refusing to face up to the problem. This would eventually make it impossible for long-term planning to be made due to a lack of statistical data.

Finally, I would like to cite the experience of overseas countries worthy of our reference. Ireland embarked on its initiatives to alleviate the problem of poverty in 1997. Their endeavours have been applauded by the UNCESCR, and Ireland has gradually become an example for other countries in combating poverty. The anti-poverty programme launched by Ireland included, firstly, making the eradication of poverty a key national policy, establishing an inter-departmental commission and drawing up a 10-year strategy to eliminate poverty; and secondly, setting anti-poverty objectives which included reducing the population share of the poor people in the country from the original 9.5% to 5% over a period of 10 years, and setting individual objectives on various major fronts. For example, in respect of unemployment, the objective was to reduce the unemployment rate from 12% to 6% within 10 years. In achieving these objectives, the commission had commissioned research centres to collect opinions from all sectors, report on a regular basis, study the poverty problem, collect statistical data and then put forward specific suggestions. Moreover, it also subsidized non-governmental organizations to conduct studies and implement pilot schemes aimed at eliminating poverty. Policy and service

proposals were then put forward after summing up the results of these studies and pilot schemes. To monitor the work of various departments, the departments concerned are required by the commission to compile progress reports, conduct review and suggest improvement proposals in respect of their anti-poverty strategies.

Overseas experience may not be fully applicable to Hong Kong and so, we need not copy them on a wholesale basis. But I hope that the Government will appreciate that it is no easy task to tackle the wealth gap problem or the problem of poverty. It is a trying task that requires long-term commitments. Overseas experience tells us that it requires, a dedicated framework and the formulation of comprehensive strategies, specific objectives and timetable for anti-poverty efforts to take effect. If the Government is unwilling even to set up an inter-departmental commission and establish a poverty line, we indeed do not see any chance for the Government to be able to mitigate the problem of poverty.

With these remarks, I beg to move.

Mr WONG Sing-chi moved the following amendment: (Translation)

"To add "to adopt the recommendation of the United Nations Committee on Economic, Social and Cultural Rights to establish an inter-departmental anti-poverty commission" after "this Council urges the Government"; to add "problem and its" after "to comprehensively study the"; to delete "of the problem" after "causes"; to add "anti-poverty strategies and" after "and formulate"; and to add ", as well as establishing a poverty line or poverty lines," after "corresponding social and economic policies"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Sing-chi to Mr Frederick FUNG's motion, be passed.

MR JASPER TSANG (in Cantonese): Madam President, the poverty problem is not a new problem in Hong Kong. Since the '80s, worsening poverty has started to take shape in Hong Kong society. In the first half of the '90s, the poverty problem has evidently worsened. As the Government has all along

lacked comprehensive and effective plans to help the poor and eliminate poverty, the disparity between the rich and the poor has not seen any improvement over the past years. On the contrary, it has become increasingly serious.

In the past when Hong Kong economy was in a better shape, the public as a whole had been able to enjoy a steady rise in living standard. The poverty problem was thus cast in the shadow. In recent years, however, the disparity between the rich and the poor started to worsen owing to the economic restructuring. In addition, the economic recession has led to a decline in the quality of living. The poverty problem has thus come out of the shadow to become an issue of concern.

Madam President, the Democratic Alliance for Betterment of Hong Kong (DAB) has all along attached great importance to the wealth gap problem in Hong Kong. We are of the view that the Government should formulate a comprehensive set of plans to help the poor and eliminate poverty. We also unanimously agree that the Government should establish a poverty line. This will enable the Government to have a better understanding of the support it should provide to families living below the poverty line, and facilitate its evaluation of the resources required when making the overall planning.

When it comes to poverty elimination measures, the Government can actually concentrate on two major areas. On the first hand, it should enhance the self-reliant abilities of the poor. This is particularly important in the knowledge-based economy now. Investing in education and employee retraining is a right direction, and we fully support it. On the other hand, it is equally important for the Government to provide those who cannot be self-reliant with suitable support. With this, we are particularly concerned with the poor elderly.

There are a large number of elderly people in Hong Kong who lack family support and appropriate assistance to solve their livelihood-related problems. In fact, one fourth of the poor population in Hong Kong is over the age of 65. Under the existing Comprehensive Social Security Assistance (CSSA) Scheme, the total assets value of an applicant is subject to rather stringent restrictions. For many elderly people, they can only save several tens of thousands of dollars in their whole lives. However, this sum of money is not intended to be spent for there is no universal retirement protection system in Hong Kong. Though it may sound somewhat offensive, this sum of money is considered by many

elderly people as the last stakes saved for their funeral and they dare not spend even a cent of it. However, it is precisely because of these savings that they lose the eligibility to apply for CSSA. They are not given any assistance even though they have no family support and no income. It is also for this reason that the DAB proposed the setting up of an elderly livelihood subsidy scheme as a supplement to the CSSA Scheme. Although the amount of money receivable by the elderly applicants under the subsidy scheme will probably be lower than that granted under the CSSA Scheme, the requirements imposed by the former can be relaxed correspondingly. As a result, even elderly people who are caught in the middle can be provided with support. I have to take this opportunity to reiterate that a comprehensive universal elderly retirement protection scheme is essential to Hong Kong in the long run.

Madam President, Hong Kong has been ranked as the freest economy in the world by the Heritage Foundation for eight consecutive years and the Government of the Hong Kong Special Administrative Region is proud of this. Why do many of the more economically advanced countries and regions lag behind us? What makes it possible for Hong Kong to rank before these countries? What favourable conditions do we have? Let us look at the relevant indexes. One of the indexes relates to government financial commitment. Insofar as this index is concerned, Hong Kong has scored a lower mark than other developed countries. According to the evaluation method of the Heritage Foundation, a lower score implies a higher degree of economic freedom. Tax rates in Hong Kong are far lower than those in such economically advanced countries as the United States, the United Kingdom, Australia and Canada. At the same time, the expenditure of the Hong Kong Government is far lower. According to the index set by the Heritage Foundation in relation to government financial commitment, Hong Kong scores two points. The points scored by the United States, the United Kingdom, Germany and France are 3.5, 4, 4.5 and 5 respectively. The fact that Hong Kong has scored a much lower mark than other countries constitutes one of the reasons for Hong Kong's number one ranking as the freest economy in the world.

Nevertheless, we must note that, in addition to revenue from such sources as income tax and corporate profits tax, there were many other sources of income when Hong Kong economy was faring well. As a result, the Government was able to maintain a tax regime of low rates. At the same time, the prospering economy made it possible for Hong Kong to achieve near full employment.

Consequently, only a very small number of people had to rely on social security as a safety net and the Government was able to maintain its financial commitment at a very low level. Given the current circumstances, can we still feel proud of the ranking? We think this warrants our serious consideration. It was pointed out by a colleague earlier that, according to a survey conducted by the World Bank, among the Asian economies emerging at the end of the last century, Hong Kong comes in number one in terms of the disparity between the rich and the poor. There is nothing we should feel proud of this dominant position.

MR HOWARD YOUNG (in Cantonese): Madam President, the worsening disparity between the rich and the poor in recent years is mainly attributable to the depression and recession of the overall economy and the mismatch of skills. Only through an overall revival of the economy and upgrading the quality of manpower resources can we tackle the problem at root. The Liberal Party is of the view that, while the economy has yet to recover, the Government should introduce more short-term contingency measures by, for instance, waiving the payment of rates for four quarters, creating short-term posts, and so on, to tide the public over their financial hardships. Of course, this is not the main theme of today's discussion.

Both the original motion and the amendment propose to "narrow the gap between the rich and the poor", a point we consider somewhat controversial. As Members are aware, it is an indisputable fact that the income gap between professionals and non-skilled workers is widening, and this is an inevitable trend. According to the findings of the latest survey conducted by the Census and Statistics Department (C&SD), the actual incomes of middle management and professional employees saw an increase of 2.1% last year even when the economy was in the doldrums.

In addition, the latest Gini Coefficient recorded by the C&SD stood at 0.525, higher than the 0.518 recorded five years ago. We have also seen a growing number of households making the least income in recent years compared to a decade ago. These figures have undoubtedly reflected the widening gap between the rich and the poor as a result of economic restructuring and the worsening unemployment problem. Nevertheless, we should note that the Gini Coefficient has risen by a mere 1.3% over the past five years. The rate of rise has actually slackened compared to the rate of 8.8% between 1991 and 1996. It was pointed out by certain groups that Hong Kong's Gini Coefficient

was on a par with that of poorly developed countries, and Hong Kong was even compared to a poorly developed country. But frankly speaking, the Hong Kong Government has been able to provide nine-year free education, heavily subsidized housing, and inexpensive public medical services accessible to every member of the community. Can citizens of a so-called poorly developed country enjoy so many benefits? Though different people may have different views on this, the answer is actually obvious to all.

Certainly, there is bound to be disparity between the rich and the poor in every community. Instead of making artificial efforts to narrow the gap between the rich and the poor simply because of disgust held against the rich, the Government should pay close attention to the hardships facing the poor and render them assistance geared to their need. The Government should endeavour to ensure institutional fairness and the mobility of society and build up a sound social safety net with a view to alleviating the hardship of the poor.

When it comes to the provision of a safety net, few people will object to the provision of more benefits by the Government. Nevertheless, we must note that our social welfare system is non-contributory by nature. We must have regard for the continuity of this system. Since 1995, the amount of CSSA payments has increased by three times to \$14.5 million. Overall social welfare expenditure has also increased. Accounting for 14% of public expenditure, it is expected to exceed \$30 billion this year. In the foreseeable future, social welfare expenditure will continue to be a heavy burden borne by all taxpayers in Hong Kong eventually.

A lot of recent discussions on social welfare are focused on the amount of assistance payments. This is certainly an important point. However, from the angle of rendering assistance to low-income earners or the unemployed, the most radical solution is to help them upgrade their skills so that they can rely on their own efforts to break away from poverty. These are no empty talks. Rather, they represent the precious experiences gained by many Western countries after implementing wide-ranging social welfare measures. For instance, the concept of "workfare" was introduced into Wisconsin in the United States after embarking on a social welfare reform in the mid-1990s to help the unemployed to assume a more active role in seeking employment or doing voluntary work to maintain their proactiveness. Subsequent to the reform, the number of successful job seekers multiplied. Not only could they improve their lot, more social resources were released for those who were in more desperate need.

Both the Social Welfare Department (SWD) and the Employees Retraining Board (ERB) have taken similar approaches under the Promoting Self-reliance Scheme launched in recent years and the results have been remarkable. It is indeed worthwhile for the Government to continue the implementation of this scheme.

Today's amendment also proposes to set up an inter-departmental anti-poverty commission and establish a poverty line. The Liberal Party is of the view that external economic factors are one of the factors determining whether we can eventually ease the poverty problem. Apart from this, we must improve our overall competitiveness, upgrade the quality of our manpower resources and perfect the existing social welfare system before our goal can be achieved. Insofar as the former is concerned, we have to rely on the efforts of the Government and various sectors of the community. As for the latter, it falls on the shoulders of the Education and Manpower Bureau, the Health and Welfare Bureau and the SWD. Recently, a Task Force on Employment comprising people from various sectors was formed under the leadership of the Financial Secretary. Insofar as mitigating the poverty problem is concerned, what substantive assistance can be rendered by setting up one more inter-departmental commission outside the existing framework? We are actually worried that this will on the contrary lead to structural overlap.

The Liberal Party also has reservations about the drawing of a poverty line. The existing poverty problem cannot be solved simply by drawing such a line. Moreover, the level at which this line should be drawn will definitely stir up great controversies in society. The eligibility of CSSA applicants has in fact provided us a reference with respect to the circumstances under which assistance will be rendered by the Government. In other words, a safety net is already in place.

Based on the abovesaid reasons, the Liberal Party has reservations about the original motion and the amendment. Thank you, Madam President.

DR LO WING-LOK (in Cantonese): Madam President, after I had read that this amendment "urges the Government to establish an anti-poverty commission", I actually felt quite sorry and wondered if the poverty problem in Hong Kong had developed to such a serious state that we had to use such a serious word as "anti-poverty". Whenever the anti-poverty issue is discussed, I would think of impoverished hilly regions in the Mainland where not even a blade of grass

grows. The children of the poor farmers there do not have shoes to wear, books to read or stationery to use and are even deprived of education. I would also think of the households in northern Thailand living in a rubbish heap in abject poverty. Even though Hong Kong is in an economic plight, the Government still provides welfare protection and a safety net, and people are able to maintain a basic living. So long as the beneficiaries are willing, at the least, nobody would wear rags, starve or fall sick but fail to receive medical care or basic education or would become street sleepers or homeless because of a lack of money. What are the poor in Hong Kong facing if they are not facing the problems of poor people in the hilly regions? What should we do in terms of anti-poverty actions?

In fact, the phenomenon of disparity between the rich and the poor has long been existing in Hong Kong. From a positive perspective, the disparity between the rich and the poor can drive social progress. But while the economic downturn becomes increasingly serious and the anti-globalization and anti-poverty social campaigns have gradually intensified in recent years, the disparity between the rich and the poor has become a very sensitive political issue, even a time bomb threatening social stability. What degree of disparity between the rich and the poor would drive upward social mobility? What degree of disparity between the rich and the poor would become a bomb that would divide society?

Out of the data of the Population Census published last month, the Gini Coefficient that reflects the extent of disparity between the rich and the poor has not turned for the better in the past 10 years but constantly worsened. It has risen from 0.467 in 1991 to 0.525 this year. Truly, the Gini Coefficient is used to measure the disparity between the rich and the poor, but the figure fails to reflect the actual situation of the poor or how poor or rich the ordinary people are. Let us look at other data. In the past 10 years, the median monthly income of households in Hong Kong has increased by 93%, and the rate of increase in income was even higher than the 53% increase in the Composite Consumer Price Index during the same period. Evidently, the income and living conditions of most Hong Kong people has obviously improved.

Various social models have various advantages and disadvantages and we cannot adopt a bad loser attitude. In our social model, it is practically impossible to completely eliminate the disparity between the rich and the poor because Hong Kong people believe in a free economy. One of the very

important links to the achievements made by Hong Kong in the past is the assurance that individuals could live and enterprises operate in a fair environment. Thus, it is normal for income to be uneven, and some people would certainly be richer. I believe most Hong Kong people go after a fair society with equal and open opportunities, smooth and unimpeded class mobility and equal opportunities of upward social mobility. On the contrary, artificial narrowing and even eliminating the disparity between the rich and the poor is not the social objective of Hong Kong all along. In fact, absolute fairness in terms of material wealth can be attained only in a society that upholds power politics.

We find that people around us have really become richer day after day, and those who used to live in public housing are homeowners now. It seemed a very big thing to travel by air in the past, but Hong Kong has now become one of the regions where the largest number of out-bound trips are made. What should be the response of those people who are temporarily lagging behind in the social competition? Should they make determined efforts to move forward or be antagonistic to those who have become rich first, or even create unrest or upset the economic order to make the entire community poor?

In the past 20 years, government expenditure on social welfare has considerably increased, from \$5 billion in 1991 to \$30 billion this year, with a rate of increase of six times. But the responsibility of the Government is not only meeting the material needs of the poor. It has a more important task of ensuring that it acts in an impartial, fair and open manner, so that everybody would have equal opportunities of upward mobility.

According to the World Competitiveness Report 2001 of the World Economic Forum, the ranking of Hong Kong has fallen from the second in the world in 1989 to the 13th this year. The Report illustrates that the situation of Hong Kong is anything but reassuring. Besides, Hong Kong is undergoing a structural economic restructuring and its future is unknown. Have we focused our attention on helping the poor for this reason, neglecting the point that the creators of wealth could contribute to society as a whole? Do we have to partly draw our attention to preserving Hong Kong as a place conducive to creating wealth?

Some have said that the poor continue to be poor or become poorer because they utterly do not enjoy equal opportunities to break away from poverty

under the present system. How serious is the situation? To what extent are society and individuals responsible for helping the poor break away from poverty? How should the line be drawn? These are also issues that we must examine in depth.

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

MISS LI FUNG-YING (in Cantonese): Madam President, the Census and Statistics Department published a brief report on the Population Census 2001 last month, and from the data in the report, particularly the Gini Coefficient reflecting the disparity between the rich and the poor has increased to 0.525. But there is a big divergence between public opinion and the interpretation made by government officials. In an interview given to an electronic media a month or so ago, the Financial Secretary, who holds the allocation of social resources in his hands, described the aggravating disparity between the rich and the poor as a natural phenomenon, opining that we should not regard it as a very serious issue.

It is astonishing that a senior government official would look at the problem of disparity between the rich and the poor that way. If Hong Kong enjoys economic prosperity, the consortia would gain a lot by force or trickery while ordinary people can still earn their meals off the trickles, the high concentration of wealth may not intensify social conflicts. However, with an economic slump, an ever rising unemployment rate, and people having to put up with the pressure of living, social conflicts have intensified and the disparity between the rich and the poor has deteriorated. Hence, it would become a time bomb in society. If the Government still regards it as a natural phenomenon that should not be regarded as very serious, it would be too late when this bomb explodes.

In a recent interview by a print media, the Financial Secretary said that "if you think that it is the law of the jungle for the superior to win and the inferior to lose, I am sorry that it is the reality that we have to face now." The so-called law of the jungle refers to the birds and beasts in the jungle, and putting it in an unpleasant way, it is the law of the beasts that the weak are the prey of the strong. I hope that it is not the wish of the Financial Secretary to turn Hong Kong into a jungle where the superior would win and the inferior would lose. I also do not agree with such philosophies of life as survival of the fittest. With social

advancement, human beings today talk about the policy for the conservation of birds and beasts in the jungle. If our society retrogresses to contrarily adopt the law of the jungle that the weak are the prey of the strong, would it not be a misery of our society or an irony on it?

Instead of saying that the poor are the losers in competition, it would be more appropriate for us to say that they have been victimized by economic restructuring. If senior government officials keep saying every day that we have to dovetail with globalization, quite a few people will be deserted on the original economic tracks, becoming poor people in our society. I must point out that most of the poor are definitely not seeking an easy life and asking help from society. An organization has defined poverty on the basis of international standards and pointed out that, between 1996 and 2000, over half of the poor households have employed members.

Whenever we discuss anti-poverty measures and assistance for the socially disadvantaged, the Government will as a rule give the standard answer — the imperial sword for solving the poverty problem — that the solution lies in economic growth and increased resources for education. Dr YEOH Eng-kiong, the Secretary for Health and Welfare, did so when he answered the question raised by a Member last week. It seems that economic growth has become a panacea prescribed by the Government for all its social ills. It seems that all social problems and injustices would be solved by economic growth. However, we can look back at the movement of the Gini Coefficient of Hong Kong in the past. There were significant movements in the rate of increase of the Gini Coefficient in 1996 when we enjoyed economic prosperity. The Gini Coefficient was 0.518; it increased by 0.042 from 0.476 in 1991. Therefore, economic prosperity can definitely not solve the poverty problem.

The World Bank has summed up the anti-poverty experience of various countries and proposed three strategies, including opportunities, empowerment and protection to solve the poverty problem; some economists have also put forward the 3E theory, that is, empowerment, equality and economic improvement, as the basis for mitigating the poverty problem.

The Government can adopt different policy orientations to solve the poverty problem and alleviate the disparity between the rich and the poor. For instance, the Federation of Hong Kong & Kowloon Labour Unions and various

social groups have generally requested the Government to establish an anti-poverty commission to draw a poverty line and take special charge of anti-poverty affairs in Hong Kong. I feel this necessary.

On 19 November, the day before yesterday, the Government announced that the unemployment rate in the last quarter has risen to 5.5%, and the number of unemployed people has increased to 194 000, yet, the unemployment rate will surge further. The report of the survey conducted by the Education and Manpower Bureau on human resources in the future also indicates that, in the next five years, surplus labour with low academic qualifications in Hong Kong will exceed 100 000. Would the Government remain at the stage of retraining and wait until the economy has improved before solving the problem?

The Financial Secretary said in an interview that "in a global economy, people must make a choice about what kind of economy we have." Madam President, I would like to say that when people and non-government organizations are crying out in a global economy, the Government must make a choice. What kind of society do we want?

I so submit.

MS AUDREY EU (in Cantonese): Madam President, the results of the 2001 Population Census announced by the Government last month indicated that the disparity between the rich and the poor is further expanding. Although government officials have stressed that overall speaking, there have been improvements in the livelihood of Hong Kong families, and the median household income has grown 22% in real terms compared to 10 years ago, there is no denying that a considerable number of families are still living in poverty.

According to the results of the Population Census, more than 200 000 families are currently earning a monthly income of less than \$5,000, accounting for 10% of the total number of families in the territory; whereas some 65 000 families are earning less than \$2,000 monthly. With the restructuring of the local economy, unemployment rates continuing to surge, and various factors like the ageing population, settlement of new arrivals, and so on, the problem of poverty will become more serious. So the Government should not treat it lightly.

In fact, the unemployment rate announced most recently has risen to 5.5%, and it is gradually approaching the historical high of 6.3% during the financial turmoil. With more than half of the working population engaging in wholesaling and retailing, imports and exports, hotel and catering, and the two major types of trades that provide services to the community and individuals, the rise and decline of these trades are closely related to the overall economic condition. With economic recovery not coming around the corner, more people are expected to join the ranks of the unemployed.

In the last decade, the trend of the population ageing in Hong Kong has continued, with the median age rising from 31 years in 1991 to the current 36 years. Although the Mandatory Provident Fund (MPF) Scheme has already been implemented in Hong Kong, it will not provide those imminent retirees with immediate retirement protection. The ageing of the population will make more elderly people who lack support join the ranks of the poor.

The problem with newly-arrived immigrants is another issue of concern. According to the information submitted by the Administration, the number of adults aged 20 or above coming to Hong Kong on the strength of one-way permits reached 118 000 or so in the last four years. More than 40% of these people have attained primary education level or below, and half of them have received secondary school education. These people will face a certain degree of difficulty in making a living in Hong Kong.

In addition, government officials have also admitted recently that economic restructuring will expand the income gap between the rich and the poor. A worrying fact is that only 13% of the population in Hong Kong have received tertiary education. Since the overall educational level is lower, we can hardly meet the new demands of the labour market in a knowledge economy. The middle-aged who are neither well-educated nor young may also be eliminated from the labour market because it is particularly difficult to enhance their competitiveness in the course of the restructuring.

The various unfavourable factors mentioned above will definitely intensify the poverty problem in Hong Kong, causing society to become unstable. As of now, the Government has not yet formulated a set of anti-poverty policies to deal with the potential crisis. Every time, it will only stress that Hong Kong has a suitable financial safety net, indulging in the wrong conviction that the poverty problem can be resolved simply by providing financial assistance.

Article 39 of the Basic Law clearly provides that the two international covenants on human rights and international labour conventions shall remain in force in Hong Kong and they shall be implemented through the laws of Hong Kong. According to Article 11 of the International Covenant on Economic, Social and Cultural Rights, all people are entitled to the right of enjoying an adequate standard of living. Regarding the grass-roots people, the Government should help them get rid of poverty so that they can lead a life with dignity apart from providing them with financial assistance.

The report submitted by the United Nations Committee on Economic, Social and Cultural Rights in May this year expressed concern for the lack of a set of comprehensive anti-poverty strategies in Hong Kong. The Committee stated that many people are still living in poverty in Hong Kong, with some of the elderly people not being provided with the social services they need. It also urged the Government to set up an inter-departmental unit or independent anti-poverty commission to examine in depth the poverty problem, with a view to formulating anti-poverty strategies, and monitoring the impacts of various policies addressing poverty.

Madam President, apart from issues concerning social justice or the Basic Law, the problems of poverty and the disparity between the rich and the poor will also cause society to become unstable. Many scholars have already pointed out that the deteriorating problem of disparity between the rich and the poor will stir up social grievances. If the Government refuses to address this problem squarely, the discontents among the public will only increase but not decrease. The riots in 1967 actually proved that if the public found no outlet for their grievances, they would burst ultimately one day. The Government must take timely actions by formulating comprehensive anti-poverty policies to improve the livelihood of the poor, and narrow the wealth gap.

With these remarks, Madam President, I support the original motion of Mr Frederick FUNG and the amendment of Mr WONG Sing-chi.

MISS MARGARET NG (in Cantonese): Madam President, I rise to speak in support of the original motion moved by Mr Frederick FUNG. The problem of disparity between the rich and the poor has indeed become increasingly serious, and it is therefore a matter of the utmost urgency for us to conduct a comprehensive study, with a view to formulating appropriate social and economic policies.

The widening wealth gap is a problem that affects social stability. The maintenance of the prosperity and stability of Hong Kong is the central theme of the Sino-British Joint Declaration, the central theme of China's basic policies regarding Hong Kong. While the Government of the Special Administrative Region (SAR) pays attention to prosperity, it must at the same time remain alert in respect of the maintenance of stability.

Actually, the wealth gap in Hong Kong has been widening since the 1970s. Let us have a look at our Gini Coefficient statistics: 0.43 in 1971, 0.451 in 1981, 0.476 in 1991, 0.518 in 1996 and 0.525 in 2001. The safety benchmark of the United Nations is 0.5. When compared with other countries, Hong Kong lags behind other developed countries like the United Kingdom, the United States, Australia and Japan; in Asia, Hong Kong also lags far behind South Korea, Singapore, Taiwan and China. The number of countries with a Gini Coefficient reaching 0.5 is 21, some examples being Brazil, Chile and South Africa. This shows that the problem of wealth gap is really very serious in Hong Kong.

Madam President, the Gini Coefficient of Hong Kong already reached 0.518 in 1996, so the rate of increase in 2001 appears not to be that high. But the point is that the economic conditions of Hong Kong in 1996 and 2001 are completely different.

At a time of economic boom, when the lot of people from every walk of life is improving, when there is active social mobility, and when society becomes increasingly open, the wealth gap may not attract too much attention. But when the economy declines, when people's living becomes more and more difficult, when social mobility is almost stagnant, and when economic prospects are anything but promising, the wealth gap will be felt especially strongly by people. People may even feel that they have become second-class citizens of their place of abode, because they find that in a city like theirs, where the living standard is so high, no matter how hard they work, they can only earn very meagre wages. When this happens, the wealth gap will become a factor endangering social stability.

"Where there is injustice, there is protest"; injustice refers to the injustice felt by the people, implying the existence of imbalance and inequality. The increasingly vocal discontent heard in society is an alarm for the SAR Government.

Academics and people with a concern for society have noticed the wealth gap problem for a long time. I am especially grateful to Dr WONG Hung of the

Division of Social Studies of The City University of Hong Kong, who submitted to the Panel on Welfare Services of this Council a detailed research report on poverty in Hong Kong in the 1990s, its causes and various recommended solutions. His research report can enhance our understanding about the issue.

From the research report of Dr WONG Hung, we can see that the disparity in wealth in Hong Kong has come into being as a result of many different factors, and it has developed over time to become an increasingly acute problem. Poverty is much more than "not earning enough". But the Government is still clinging to the mentality of the last century, thinking that as long as it can maintain a sound economic system and business environment, the problem can be solved, because as the rich become yet richer, the masses will also benefit. It also thinks that to meet the needs for assistance due to special reasons, a safety net provided by the CSSA Scheme will do. And, after that, even if the problem is not completely solved, the Government should not intervene any further. This mentality is actually outdated, very much similar to the policy of high land prices — ineffective, nothing but wishful thinking, and like an ostrich burying its head in the sand to avoid troubles.

Madam President, I do not mean any disrespect for the Secretary for Health and Welfare, but I must still say that the Administration has in fact revealed its mentality fully by assigning only Secretary YEOH to speak in this debate on the wealth gap problem. We are destined to lose in this debate from the very beginning.

Dr WONG Hung has discussed many different factors, and I wish to bring up one of them, that is, how the marginalization of labour has intensified poverty, for a brief discussion here. Globalization has led to the integration of the production systems in the world, resulting in what is known as "de-industrialization" in many places, or "economic restructuring", a term repeated so often by the SAR Government. But while workers are being marginalized and weakened in their bargaining power, the services industries are also meeting the same fate. In its award of works and services contracts now, the Government adopts a tendering system under which the bidder offering the lowest quoted prices will win. This has led contractors to cut their labour costs, thus resulting in reduced wages, benefits, terms of employment and job security for workers. And, since our labour legislation cannot offer workers adequate protection, they are often unable to get their entitled compensations in cases of dismissal and industrial accidents.

Madam President, we have actually raised this point many times before in this Chamber. My purpose of raising it once again today is to remind the Government that the disparity between the rich and the poor is a socio-economic issue, a labour issue, not purely a welfare issue. I also wish to remind the Government that the existing tendering system with contracts being awarded to those offering the lowest quoted prices will directly cause the problem to worsen. Poverty is not confined to the vulnerable minority; it also affects a large proportion of the workforce.

Madam President, a sparkle may cause a fire that destroys a vast stretch of grassland. The protest caused by injustice has become vocal. If the Government does not work out a solution promptly, all may become too late. The analysis mentioned above shows clearly that the correct approach to seeking a solution must be the launching of inter-departmental studies. That way, officials in charge of all policy areas will be made to note the effects of each and every policy on the wealth gap. At the same time, a package of policies must be drawn up to reduce the wealth gap and minimize the polarization of society, and such policies should cover enhanced labour protection through legislation, legislation that prohibits various forms of discrimination, improvements to public amenities accessible to all regardless of wealth and more education to increase social mobility.

Anti-poverty measures should also form part of this package of policies. The establishment of an anti-poverty commission to conduct the studies required is a recommendation made to the SAR Government by the United Nations Committee on Economic, Social and Cultural Rights. I will therefore support the amendment of Mr WONG Sing-chi.

Madam President, I so submit.

MR JAMES TIEN (in Cantonese): Madam President, I very much agree with the Honourable Margaret NG that the Government either does not know how to tackle this issue or it simply does not bother to do anything at all, because only Secretary YEOH has come before us today, and he can only offer his viewpoints from the perspectives of health and welfare. If I were to decide which government officials should come to listen to our views today, I would say they should include not only those from the Economic Services Bureau and departments responsible for manpower matters, but also others from many other departments.

I think the wealth gap problem and anti-poverty efforts are two separate matters. What the Hong Kong Government wishes to or should do is to enable those below the poverty line to break away from poverty, instead of narrowing the wealth gap. To put it bluntly, some people who cannot earn a stable living are actually trying to drag down those standing on the upper rungs of the social ladder, to force others to share their plight. Will they feel any better doing so? Not necessarily, I must say.

Madam President, I have studied this issue in very great depths, and I am worried that the situation in Hong Kong may well continue to deteriorate. The unemployment rate of Hong Kong is going up continuously. What kinds of people are likely to become unemployed? Mostly older people who have received little education. Why? Because in the knowledge-based economy nowadays, they cannot find any jobs, and even though some employers are willing to take them on, these employers are themselves unable to get any business. These employers can either close down their businesses or move north to the Mainland for development. In contrast, small and medium enterprises (SMEs) and professionals may still have some prospects. If most investors move to other places for development, many more of those left behind in Hong Kong will become unemployed, which means that many more will be plunged into poverty. Several Members have said that many middle-class people will fall into the lower strata of society or even fall below the poverty line. On the other hand, those in the higher strata will find few investment opportunities in Hong Kong, and apart from looking after their investments, they really do not have anything much to do. The problem of disparity between the rich and the poor is bound to deteriorate.

Admittedly, the wealth gap coefficients of quite a number of countries are not as bad as ours, but in these countries, the genuinely poor actually lead a much poorer life than that of our poor people. The low-income people in Hong Kong can still earn about \$3,000 a month, which is about US\$400 to US\$500. In other countries, this is already the income level of those in the upper-middle strata. In the past few years, 150 people came to live in Hong Kong every day, as was already pointed out by the Honourable Audrey EU. About 40% of these people are over the age of 20 and in need of employment. In a matter of a few years, as many as 100 000 people will have come to Hong Kong. Many of these people have come to Hong Kong for family reunion, and the Liberal Party agrees that they should come, but it must be pointed out that most of them have attained a relatively low level of education. That is why it may be difficult for

them to find a job. If they thus run into any difficulties in earning a living, they should already be regarded as poor people by definition. That being the case, what should be done? Unless we can ask the Mainland to allow only investment immigrants or rich people to come to Hong Kong, the wealth gap problem in Hong Kong is bound to become increasingly serious.

How are we going to evaluate what will happen in the next few years, and how are we going to cope? At present, whenever SMEs notice any business opportunities in the Mainland, they will move there, and professionals are also moving north to look for opportunities. If we allow all this to continue, those left behind in Hong Kong will mostly be grass-roots workers with little education. What are we going to do then? The income of those left behind will only keep going down. Should we then ask the Government to hand out more money to help them?

In none of the motion debates held before, rarely had I feeling that those Members who spoke before me had failed to offer concrete and specific suggestions. This time around, both the original motion and the amendment all just ask the Government to pay attention to the issue, to conduct studies and formulate policies. But how are we going to tackle the issue? It is very rare in most motion debates that so many Members have failed to offer specific proposals. No one has proposed the Government to hand out money — no one has asked for or even mentioned this, nor has anyone suggested that the rich should pay more in tax, so that the extra tax revenue can be handed out to the poor to reduce the wealth gap. No one has said anything like this.

Actually, what the Government can do is to do something with our long-term education policy, so as to give our future generations a good education, to enable them to make a living in this new century. Why have problems emerged? Is that because in the 1960s, the 1970s and even 1980s, when the manufacturing and services industries were still able to support people's living, most people did not take any active steps to further their studies or receive retraining? What have become of these people now? I do not think that it is at all practical to ask these workers to receive retraining now. But then how should we deal with these people? Asking the Government to give them more financial assistance will not help solve the wealth gap problem. Anyway, some people are already criticizing the system of CSSA payments. For example, these people complain that for a CSSA recipient family of four, the monthly payment it receives is as much as \$9,000, which is rather substantial. The critics think that many people

may thus choose to live on CSSA instead of earning their own living, because even a job cannot fetch them such income. This tells us that CSSA payments are by no means low. But how are we going to alleviate the disparity between the rich and the poor?

Even in the case of those who have a job, their employers will only offer them increasingly low wages. Should we then ask employers to offer higher wages? We simply cannot enact any legislation to such effect, because if we do so, many employers will have to close down their business. In that eventuality, more people will become unemployed. Yes, these people can apply for CSSA, but then I have not heard many Members ask for increased CSSA payments, probably because this may not necessarily solve the wealth gap problem. The Liberal Party totally supports the idea of anti-poverty. But just how are we going to tackle it? The Liberal Party thinks that we should upgrade our workers' skills of earning a living. In the long run, the success of this will have to depend on education. But what are we going to do with these workers in the meantime?

I believe most government officials and Members do not actually have any good proposals now. Well, the most important point now is we must find out how to help these workers find a job and how to enable them to demonstrate their worth in work. In other words, we must find out how to enable them to demonstrate that their employers can always make profits after taking them on — I mean, of course, profits coming from outside of Hong Kong. Hong Kong is such a small place, so if we confine all our attention to its 7 million people, it will be very difficult to boost the economy. Many Members are correct in criticizing that the Government has only concentrated on the infrastructure and asked people to work out their own solutions. And, they think that this has led to the current situation, because while those who are clever can make a lot of money, those who are not will be in a very poor situation. I too cannot think of any feasible measures that the Government can adopt. The only thing I can say is that the only long-term solution is improving education. Thank you, Madam President.

MR LAW CHI-KWONG (in Cantonese): Madam President, we cannot see any sign that the gap between the rich and the poor will be narrowed; quite the contrary, the problem seems to be deteriorating on a global scale. That is why the majority of the international summits held in the past eight to 10 years had

often put the disparity between the rich and the poor on the discussion agenda. The issue has even been discussed during meetings conducted to study sustainable development.

The accession of China to the World Trade Organization (WTO) will certainly bring about business opportunities, hence positive influence on the economy of Hong Kong as a whole. However, to the impoverished people in Hong Kong, this may not necessarily be good news. In particular, the lower-skilled workers or those who have attained a low education level may be more seriously affected, as the jobs suitable for them will become smaller in number. At present, many service industries have already moved northward to Shenzhen, and it is believed that this northward movement of jobs would continue. There are many factors leading to poverty, affecting a great many people. Yet unlike the view raised earlier on by the Honourable James TIEN of the Liberal Party, the problem of the affected people will be resolved once they have secured a job. Certainly, for certain members of society, their problem can really be resolved when they have landed a job. As for others, their productivity will be enhanced after receiving training. While some people may really be able to make a living on their own, others may have to wait until their children have climbed the social ladder to break away from poverty. There are still some others who have to rely on the help from society even for the rest of their lives. Thus, research is of considerable importance to the efforts to deal with the poverty problem. We have to understand the different factors leading to poverty, and the reasons why different people or social groups become impoverished. Obviously, the efforts to tackle the poverty problem will involve issues of many different fields, such as business and trade, labour, education, housing, welfare, and so on. In other words, the problem must be handled by inter-departmental efforts.

We can see that the disparity between the rich and the poor or the poverty problem will not disappear in the near future. What is more, they may just be here forever. Therefore, the Government should not expect to have the problem resolved simply by establishing an ad hoc inter-departmental group to respond to the voices of certain members of representative councils or members of society and to have discussions with them. We may have to take on the work for a long time.

Some of the points made by Dr the Honourable LO Wing-lok earlier on really came as a shock to me. I just could not imagine that I have to respond mainly to the views raised by Dr LO, for I had only expected to speak mainly on

the views of the Liberal Party. Certainly, two Liberal Party Members have also raised similar views in their speeches. Poverty is relative. By "relative", we do not mean that a member of the middle class will be considered as poor if he lives in a remarkably affluent country. This is not what we mean to say. In Hong Kong nowadays, we can still see families of five living in partitioned rooms of 100 sq ft in area. For the children of these families, all their activities have to be confined to those 100 sq ft, including eating, doing homework, sleeping, relaxing, and so on. Could these families be regarded as poverty-stricken? Since their parents cannot afford to pay for their transport expenses for going to school, these children have to walk 45 minutes to school every morning and another 45 minutes home after school. If these families cannot be described as poverty-stricken, how should we describe them? Does that mean only the unclothed or starved can be regarded as impoverished? I am afraid the meaning of "poverty" is not defined this way in the context of Hong Kong.

Dr LO Wing-lok is packing his things, preparing to leave this Chamber. Well, it does not matter, since he will have the chance to read the script of my speech later on. We should look more than just the median figures in discussing the poverty problem; we must always take into account the figures relating to the lowest 10% or 20%. I have made this analogy for many times in both this Council and the former Legislative Council: Just do not assume that people will not be drowned in a river which is 4 ft deep on average, because the middle section of the river can be over a dozen feet deep. So, we really should not look at the median figure alone, as the deepest point may be 10 ft even though the average depth is just 4 ft. By the same token, we should look at the situation of the most impoverished groups in society. Earlier on, Mr WONG Sing-chi has mentioned the situation of those people whose income is among the lowest 10%.

Another important issue I wish to speak on is the logic mentioned by Dr LO Wing-lok. In this discussion on the disparity between the rich and the poor, no one has ever mentioned about removing the disparity completely. I have never heard anybody talk about that. Indeed, if anybody should advocate eliminating the disparity between the rich and the poor, that person must be talking nonsense. I just could not imagine anybody in our society would raise such a view. Hence, please do not assume that we are demanding for the complete elimination of the disparity between the rich and the poor just because we are discussing the problem. We do not have such an idea in mind. The problem of disparity between the rich and the poor exists in even communist

countries, only that the gap between the rich and the poor in the communist countries in the past was insignificantly narrow. Nevertheless, a gap was still a gap, even though we would not use the word "disparity" to describe the situation then. The thrust of our discussion is to find out ways to narrow the gap between the rich and the poor. To put it in more practical terms, we hope to find out ways to alleviate the continually deteriorating problem of the disparity between the rich and the poor. That is what we are discussing now.

I have also heard about another view, which blames the disparity between the rich and the poor on the anti-globalization campaign and other social campaigns. This view has shocked me even more. If there were no "injustices", there would not be campaigns against them. Miss Margaret NG has also explained this in her speech earlier. So, the problem is not sheer fabrication. We are concerned with the problem of poverty, but we do not focus all our attention on just a small group of people. On the contrary, we just spare a little of our attention on those people. Are we concentrating our attention on this problem to the neglect of other issues? Certainly not. The social policies we formulate must take into account the needs of all members of society, including the impoverished.

I believe I should at least make a little response to the views of the Liberal Party. It seems to me that the Liberal Party is always ready to put up a fight to defend its interests whenever this Council talks about this issue. For instance, when we talked about measures to prevent the disparity between the rich and the poor from deteriorating, Members of the Liberal Party would think that we were asking the rich to make more donations or lower their living standard because that was the only way to improve the situation of the poor and to narrow the gap between the rich and the poor. Actually, what we were talking about was ways to help the poor to improve their lot, rather than dragging down the people at the higher strata. I believe many issues in this respect will be discussed in this Council in the next few years. I just hope Members can have better a understanding of the logic, and the factors leading to poverty. Thank you, Madam President.

DR RAYMOND HO: Madam President, Hong Kong has been in an economic slump for several years and it is quite likely that the situation will not improve in the immediate future. Over the past few years, the economic doldrum looming over us has resulted in the hardships of private companies, leading to layoffs and

hence a rise in the unemployment rate in Hong Kong. Unfortunately, this situation continues to worsen. Last Monday, the provisional unemployment rate between August and October this year was announced and the rate went up to 5.5%. Compared with the unemployment rate between July and September, there has been a 0.2% increase. This implies that people in Hong Kong as a whole are becoming poorer and poorer. If this situation persists, the wealth gap between the rich and the poor will become wider and wider. In my opinion, it is imperative for the Government to critically review the situation and formulate policies to improve the livelihood of the poor.

Madam President, the wealth gap that I referred to earlier was mentioned not without grounds. The 2001 Population Census reveals that there is a rise in the Gini Coefficient, which is a globally recognized measure of income equality. Ten years ago, the Gini Coefficient was 0.476, but now it stands at 0.525. A rise in the Gini Coefficient means greater inequality and it carries economic, social and political impacts on our society.

While some people are rich, some people in Hong Kong are poor and many of them rely on the Government for financial assistance. If our Government does not solve the wealth gap problem as soon as possible, it will add financial burden to the Government. Worse still, poverty does not only lead to financial problems to the Government, but also to firms in the private sector. For example, it was reported recently that more people in Hong Kong dine at home rather than eating out at restaurants now in order to save money. This also adversely affects the beverage industry. Besides, it is said that poverty also leads to social unrest. In fact, poverty is not an uncommon reason leading to demonstrations and revolts in some overseas countries.

In early October this year, seven political parties together with the Breakfast Group reached a consensus and proposed seven recommendations to the Government in order to alleviate the present economic downturn. I am sad that very few of the proposals are accepted by the Government, let alone all seven proposals accepted in totality in order to boost people's confidence. In the 2001 policy address, the Government promises to provide 30 000 job opportunities. In my opinion, one of the major reasons leading to the disparity between the rich and the poor is the high unemployment rate. I hope that the Government in the near future can provide more long-term and short-term job opportunities to Hong Kong people. On the other hand, I hope that the Government will really speed up the implementation of infrastructural projects.

It is reported that the unemployment rate in the construction industry is the highest among all industries in Hong Kong.

Hong Kong is a society of free economy, so all people have an equal opportunity to make money, whether they are rich or poor. In order to improve their livelihood, people in Hong Kong should equip themselves with various kinds of knowledge and keep themselves updated. This is particularly important now because we are moving towards a knowledge-based economy. I hope that the Government can provide more training courses at low prices or even free of charge to those unemployed and unskilled people so that they will be able to make a living on their own and improve their livelihood.

Providing financial assistance to the poor is only a short-term strategy to relieve the poverty problem. In order to narrow the gap between the rich and the poor, it is necessary to improve the current unemployment situation. In my opinion, providing job opportunities is the best way to solve the problem in the long run. Only until people are in employment will their livelihood be improved and will they have confidence in Hong Kong.

Madam President, I so submit. Thank you.

MISS CYD HO (in Cantonese): Madam President, people who have zero productivity may be a burden on society, but it may also be a resource. If we could help them to give full play to their potentials, long-term investment in education would naturally be a method to resolve the problem of poverty. As for the short run, however, more resources must be allocated to prevent the problem from deteriorating further.

With regard to the efforts to help the impoverished, the work of the Government comprises mainly piecemeal measures in such areas as the Comprehensive Social Security Assistance (CSSA) Scheme, employment, rent freeze for public housing, and so on. As for the long run, the Government will devote more resources to manpower training, hoping that everyone will be benefited when the economic restructuring completes successfully to bring about improvements in the general situation. Actually, all of these are just very basic and passive measures. The Government has done far not enough to proactively help the impoverished to improve their lot or to help people develop their potentials.

Actually, if we are to proactively look into the problem of poverty and the disparity between the rich and the poor, we must first draw a poverty line. Madam President, we have time and again explained that the most important use of drawing a poverty line is to help us to understand the magnitude and seriousness of the problem, as well as the number of people affected by the problem of poverty. We must first obtain a better understanding of the overall picture before we can make any accurate assessment of the situation and then put forward effective ways to resolve the problem. If the Government refuses to do so but just keeps on using the CSSA rate as a disguised poverty line, could it really allocate enough resources to provide proper assistance to those people who have already fallen into the poverty net and to cater for their needs? Furthermore, the poverty line can in fact be used by the Government as a tool to help it formulate visionary policies to improve the lot of the poor. At present, the CSSA can only help the recipients to cover the most basic expenses. In fact, many CSSA-recipient families have told us that the payments are sufficient, only that they have to spend more time finding ways to further cut back on expenses, such as buying food from places farther away, refrain from using any transport services as far as possible, not participating in any social activities, and so on. So, after spending all their time and energy on making ends meet with the basic rate CSSA, these people just cannot afford to set up any interpersonal connection network to help them re-integrate into society and grasp the opportunities available, thereby breaking away from the net of poverty on their own.

According to government data, the findings of the 2001 Population Census indicate that the average income of the 10% of households earning the least has dropped over 10% to \$2,500-odd, compared with the \$2,800-odd they used to earn 10 years ago. From this we can see that by both the absolute standards and the relative standards, the problem of poverty in Hong Kong has deteriorated in general. This precisely demonstrates the fact the Government has done too little in the past and should therefore seriously consider setting up an anti-poverty commission to resolve the poverty problem by inter-departmental efforts. The United Nations Committee on Economic, Social and Cultural Rights has also made the same recommendation in April this year to urge the Government to set up an anti-poverty commission to study the poverty problem through inter-departmental efforts. Regrettably, even though the Administration has all along stressed that there is co-ordination within the Government, and that a series of measures have also been formulated to improve the livelihood of the poor, it has all along failed to resolve the situation of different departments implementing

measures separately. Let me explain with an example. Although the Social Welfare Department (SWD) considers that youth problems should be handled in some particular ways, the Education Department (ED) has all of a sudden decided to introduce the integrative education mode to replace the practical schools, thereby reducing further the opportunities available to young people at risk. Madam President, from this we can see that if the various government departments concerned are allowed to work separately in their own respective ways, rather than adopting a comprehensive view to tackle the problem of poverty, the efforts of one department will be off-set by the work of other departments, thereby wasting the resources involved. According to Dr WONG Hung, one of the major factors leading to poverty is that the people or the poor are out of touch with or separated from the mainstream society, and thus cannot have any personal relations to help them grasp the opportunities available in society. We need to think about this question: Will poverty cause people to lose touch with society? The reality tells us that the answer is in the affirmative. Madam President, we need to pay money to buy a newspaper. For the impoverished, they may wish to visit their friends hoping that they could help them get a job; but then, it still needs money to conduct such basic social activities or to attend job interviews. With the meagre sum of CSSA, these people are unable to cover the expenses involved in job seeking.

I should like to cite another example using the problem of impoverished children. After analysing the data available from the Census and Statistics Department, the Hong Kong Confederation of Trade Unions has found out that in 2000, three out of 10 children under the age of 15 in Hong Kong are impoverished children. Even though they are entitled to nine years' of free education — as pointed out by the Secretary last week, this is also a kind of intangible subsidy — these children may not be able to participate in normal extracurricular activities during those nine years because their families cannot afford to pay the transport expenses incurred. I hope very much that the ED or the SWD can draw on the funding for supporting the development of impoverished children and give the subsidies direct to the students concerned through their respective schools. This is because if the subsidies are paid to the children through their families, the money might be used for food or other purposes. If the adult members of the families should have the freedom to allocate such subsidies, the needy children might never get the money for their development needs. However, the situation of ethnic minority children is even more unfortunate. At present, there are some 8 000-odd ethnic minority

children living in Hong Kong. These children are unable to enjoy normal education despite the claim made by the ED that they can enrol in the mainstream schools. Given that they cannot speak Cantonese and have never attended kindergartens in Hong Kong, it is just not feasible to make arrangements for them to enrol in mainstream schools. While these children lag behind other classmates in their Chinese language abilities, teachers are at a loss as to how lessons should be given. In fact, what the Government should do is to operate some induction schools for these ethnic minority children, so that they can focus on learning the Chinese language in two years' time, after which they can be referred to the mainstream schools to receive nine years' free education. That way, their process of education will not be interrupted.

Last but not least, Madam President, I should also like to speak briefly on the new arrivals from the Mainland. It is true that the new arrivals from the Mainland cause us to invest considerable resources in education; but then, in future when the population is ageing, these new arrivals can help to resolve

PRESIDENT (in Cantonese): Miss HO, your speaking time is up, please resume your seat.

MISS CYD HO (in Cantonese): our dependency rate problem. Thank you, Madam President.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, we have time and again urged the Government to come up with effective solutions to the disparity between the rich and the poor, a problem that has become increasingly serious in Hong Kong. But Dr YEOH Eng-kiong, whether in his response in the debate on the policy address or in reply to Members' questions or even in his remarks at the Panel on Welfare Services, has only reiterated that the Government believes everyone can earn a higher income through his own talent and hard work, and improve his living and move up the social ladder by way of grasping the opportunities provided by society for making self-improvement. But much to our regret, the Secretary has not suggested any specific proposals. This is tantamount to telling the people to wait for luck to come and rely on their own.

It is true that in the past, Hong Kong people did believe self-reliance can solve problems. When "wage earners" encountered difficulties, they would resign themselves to fate and would tell themselves, "You can blame nobody for being poor and all you can do is to bear it." We have seen a wide gap between the rich and the poor in Hong Kong over the past three decades, with the Gini Coefficient increasing from 0.43 in 1971 to 0.525 in 2001. While there had been social unrest on one or two occasions, they had subsided very quickly. I believe it was because the people thought that they still stood a chance to move up the social ladder and therefore, the problems could be resolved. However, as pointed out by many research studies, the present situation is different. The mentality or attitude of making unrelenting efforts to climb upwards is falling apart. According to a survey conducted by The Chinese University of Hong Kong at the end of last year, 60% of the respondents considered that opportunities of upward mobility are lacking in Hong Kong. This means that more and more people now feel that they are not going to make it, not believing that the gap between the rich and the poor can be narrowed by their own efforts. May I ask Madam President, why do people feel that they are not going to make it? Is it because they have lived in contentment for too long over the past two decades that they have lost all motivations and dynamics to strive ahead, just as many members of the business sector have said? Madam President, I do not believe this is the reason. I think the people of Hong Kong still believe they can rely on their own to succeed, only that the objective social environment today is far more complicated than in the past. The objectives of narrowing the gap between the rich and the poor and allowing upward social mobility may not necessarily be achieved through the efforts of individuals. Rather, matching government policies and institutional adjustments are required before the problems can be resolved. Unfortunately, the Government has not only stood by with folded arms. Sometimes it has even made things worse, resulting in the continued deterioration of the gap between the rich and the poor. In fact, narrowing the gap between the rich and the poor carries even greater social significance than combating poverty. While it is necessary for us to improve the people's lot, it is more important to build up a fair society, because only in this way can the people be provided with equal opportunities of competition. To this end, the Government must make adjustments in its macro-policies.

For instance, we must set fair rules of the game to convince the people that fair competition is in place and that they will definitely succeed as long as they work hard. Unfortunately, the people's perception of the Government now is that it is unable to uphold equity in law and institutions. The Government is

biased towards big consortia and tycoons, and very often, it has failed to give play to neutrality or impartiality in many of its institutions. So, I have the feeling that the present economic conditions are not as simple as those in the 1960s, for they are now far more complex. In the meantime, following globalization, we have seen a free flow of capital and market intrusion by multinational companies. Coupled with the bitter seeds sown by the Government's non-intervention policy from which many special problems have ripened, such as connivance of predatory business practices by consortia, market monopolization, and so on, small business operators can no longer bear the hardships despite their wish to endure them. What is most unfortunate for them is that they can see no turns for the better, because even the Government, the party most capable of changing the *status quo*, is unwilling to assume the balancing role. For example, the Legislative Council has passed motions on four occasions calling for the enactment of legislation on fair competition against monopoly. But the Government simply turned a deaf ear to this. Some may think that losers under capitalism can only resign themselves to fate, for they must accept that they are not as good as others and so they can blame nobody. But I think in a modernized society in the 21st century, we should not hold onto the jungle law of survival of the fittest as in the past. Rather, we must ask: If a civilized society still remains stagnant ultimately after thousands of years of development, what meaning is there to speak of despite its social and economic development throughout the years?

To narrow the gap between the rich and the poor, the support of social policies is required, so that the disadvantaged groups can be provided with appropriate assistance, so that they can compete with others on a relatively equal basis. Regrettably, the Government has not only failed to take matching measures. It has also been holding back from social investment. Some people may actually have lowered their expectations, not aspiring to move upward any longer. All they ask for now is a stable job that is reasonably paid. But it is a pity that the Government has taken the lead in extensive outsourcing, resulting in workers' wages being suppressed and jobs becoming unstable. Under such circumstances, how possibly can the gap between the rich and the poor be reduced?

At present, the Government and employers all stress that in a knowledge-based economy, employees must equip themselves and pursue lifelong learning. But the reality now is that the lower the wages of jobs, the longer their working hours; and the grassroots just do not have the time to pursue studies. This

constitutes a structural barrier to their upward movement. But sadly enough, when we asked for regulation of working hours and provision of training leave, the Government invariably rejected on the pretext that intervention is unwarranted in a free market.

In fact, some people's hopes for achieving success in their generation have long vanished. They only hope that their next generation can receive good education and make the grade, so as to drive the entire family up the social strata. Indeed, this was possible as evidenced by past experiences. But while this was possible in the past, it does not mean that this will be possible in future. The Government's policy on education has been wavering. While mother-tongue teaching is advocated at one time, pilot schemes on the use of English are implemented at another. Students and even teachers are therefore at a loss. Public confidence in mainstream education has collapsed. Those with the means can send their children to international schools or abroad for studies. But what about the grass-roots people? Their children have no choice but to continue to be fooled by the education policy of the Government willy-nilly. There may be cases of success, but they are by no means common. Even though a majority of them can complete their studies, they still may not necessarily have the ability to land a stable job. Even if they do, they may still face the likelihood of losing their job everyday and being given the sack anytime. Therefore, the pressure of the wealth gap still exists and is likely to increase.

Moreover, the Government used to provide inexpensive public rental flats to resolve the housing problem of the people. This had enabled the people to develop their careers on a stable foundation. Many achievers in the community nowadays come from public housing estates. Nevertheless, the Government has consistently scaled down the provision of public services, and given up its role of redistributing social resources in a reasonable manner, simply leaving to the market mechanism to redistribute social resources. As a result, the strong are getting stronger whereas the weak are getting weaker. The gap between the rich and the poor is not narrowed and worse still, further widened. We must ask: Is this the correct direction of social development?

MR MICHAEL MAK (in Cantonese): Madam President, according to the findings of the Population Census conducted in 2001, the Gini Coefficient of household incomes in Hong Kong stood at 0.525, representing a rise of 0.049

from 0.476 in 1991 as well as a widening disparity between the rich and the poor. It is really surprising that many people are driven to take shelter in the streets in cosmopolitan Hong Kong. While some people may spend nearly \$10,000 on a bottle of red wine to be served with their meals, some committed a crime for stealing a lunch-box worth just more than \$10. As the saying goes, "Wine and meat rot behind vermilion gates while at the roadside people are chilled to death". This is indeed a perfect portrait of the disparity between the rich and the poor.

From the latest Gini Coefficient whereby the disparity between the rich and the poor is reflected, we can see that Hong Kong is even worse than such countries as Ethiopia and India. If the situation continues to worsen, we will eventually see an increasingly divided society and intensifying differences among classes. Subsequent to the financial turmoil, many people of the middle class have degenerated into "negative equity holders". What is more, some of those laid off as a result of "downsizing" of their companies have been forced to join the 190 000-strong unemployment ranks, with their living standard declining continually.

In recent years, the Government has kept on advocating high technology and high value-added industries, without taking into consideration the prospects people of a lower level of education. It is precisely this group of people who have been hit the hardest by the general trend of production procedures relocating northward. In the face of industrial restructuring, the Government must assess the current situation, keep tabs on the pulse of the community and the market trend closely and perform a "major operation" to change its labour policies. It must co-ordinate various labour and employment counselling agencies to examine and address the quests of the labour sector. Assistance should be rendered to job seekers by, for instance, delivering regular reports on the job markets of various industries and employment forecast, as well as disseminating information on wage trends and so on.

Therefore, I hope the Government can stop acting like an ostrich. Instead, an inter-departmental anti-poverty commission should be set up in accordance with the recommendation of the United Nations. At the same time, the Government should clearly formulate indexes or a poverty line, narrow the gap between the rich and the poor, help the poor to get rid of poverty or upgrade their living standard, and strive to enhance their chances of improving their lot.

Apart from sustaining the economic growth, the Government must, at this stage, strive to lower the unemployment rate or, most preferably, achieve "full employment". It should take proactive measures to create a favourable environment to enable the unemployed to re-enter the job market to make further contribution to the prosperity of Hong Kong. In times of economic restructuring and at a time when professionals may lose their jobs anytime, the Government must hasten its pace and do better in its overall labour planning to stop the number of poor households from growing. Otherwise, with the acquisition of more wealth by the rich by virtue of their capital and knowledge, the disparity between the rich and the poor will be aggravated, and social stability will be subject to the threat of an extremely powerful time bomb.

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

MR NG LEUNG-SING (in Cantonese): Madam President, under Article 5 of the Basic Law, the capitalistic system practised in Hong Kong should remain unchanged. The disparity between the rich and the poor is a reality of a capitalistic society. But after the onslaught of the financial turmoil, there has been a substantial adjustment in asset value. Coupled with the economic restructuring, the lower-class people are now living in straitened circumstances. The gap between the rich and the poor in Hong Kong also tends to widen gradually. No doubt this is not in the least conducive to social harmony, stability and development.

The Government is obviously duty-bound to deal with the problem of a widening wealth gap. But the most important point does not lie in the set-up of the government framework. Rather, it requires the concerted efforts of all sectors of the community and the Government to conduct in-depth studies, in order to clearly understand the actual situation, causes of the problem, and how the problem can be tackled. Certainly, the relevant departments in the Government should always work for better communication and co-ordination among themselves on this issue, and mechanisms of some sort may even be put in place to facilitate communication and co-ordination, with a view to ultimately assisting Policy Bureaux in their formulation of policies and measures for this issue.

On the establishment of a poverty line, it involves whether it is possible to adopt some simple, clear and quantifiable criteria to define and measure poverty in reality. Even if such criteria could be worked out, would they likely become overly rigid and hence fail to meet the needs of those genuinely impoverished families and people? Moreover, the existing Comprehensive Social Security Assistance (CSSA) Scheme is actually set up to meet the basic needs of living of different families. The thinking behind it is to provide the poor with financial assistance, so that their basic needs can be met. Is this social welfare system, which is subject to a means test, already premised on some sort of measurement by a poverty line? I am afraid that the concern of the community now does not lie in whether or not such a specific line is drawn, but where this line should be drawn to ensure a more reasonable distribution of welfare resources. From this perspective, I do not see how we can come up with an option that is practical and feasible by further calling on the Government to establish a poverty line.

I think what the Government ought to do now is to identify ways to improve the CSSA-based safety net. Two questions are involved here. The first is whether the eligibility for protection is in keeping with the actual socio-economic conditions of Hong Kong, the realistic situation of the people, and whether it allows adequate flexibility for adjustments to be made anytime in response to changes in actual circumstances, so that people in need can truly be provided with a reasonable level of basic protection for their livelihood. The second question is whether the resources injected into this area and other relevant areas are sufficient and utilized in a reasonable manner, and whether they are spent in such a way that people in need are provided with genuine assistance. Insofar as these two questions are concerned, all sectors of the community and the Government must discuss them together in a rational manner to push for corresponding policy adjustments. We should also accept that in the process of adjustment, resources may be increased or reduced. The main purpose is to ensure reasonable and effective utilization of resources. We cannot only ask for additional resources to address all issues, and we certainly cannot refuse to expend resources in areas where resource allocation is due, or refuse to make commitment for problems to which solutions hinge on the provision of resources.

Finally, on the question of drawing a poverty line, today I have heard the view of a friend who owns negative equity. I am not as good as Mr WONG Sing-chi in relaying to us a story told by his son. So, I can only repeat the words of that friend. He said, "If you are going to draw a poverty line, please

do not forget us, people who live in luxurious apartments but are actually owners of negative assets, that is, people whose assets are below zero in value!"

Madam President, I so submit.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, I am sure veteran Members here today will all know that the topic today — how best to alleviate the disparity between the rich and the poor — is in fact a topic we have been discussing very frequently. Unfortunately, the Government has all along refused to address the problem of poverty, and for this reason, we have had to raise it repeatedly for discussion in this Council, so as to request the Government to face this problem seriously and take vigorous steps to reduce the wealth gap.

Madam President, many Members have mentioned the Gini Coefficient, that is, the statistics of the recent Population Census. Frankly speaking, even social activists like us are startled by these statistics. The wealth gap coefficient in 2001 was 0.525, a record for Hong Kong in 40 years, and far higher than the safety benchmark of 0.4 set down by the United Nations. What is more, the situation in Hong Kong is worse than those in developing countries like Thailand, China, Indonesia, Korea and India. In 1996, the wealth gap problem was already very serious in Hong Kong, but in a span of just five years, it has become much more serious. The income difference between the richest 10% and the poorest 10% of our population has shot up to 450% from 380%, much to our horror.

The statistics for 2001 are already bad enough. But the quickening pace of our economic restructuring, coupled with the downturn of the global economy, may aggravate the situation in the future. Although the accession of our country to the WTO may bring some business opportunities, anyone who has studied the issue will know that the accession may at the same time knock some people into unemployment, particularly low-skilled workers with little education and literacy. They will face even greater difficulties, and the wealth gap will definitely widen still further by then. Adding to this other external factors, we are sure to face a very gruelling test.

Madam President, when the Legislative Council Panel on Welfare Services discussed this issue last week, the Government repeated the point that

the CSSA Scheme now in place can provide society with a safety net. But we must examine if the said safety net is really a safety net. Upon close examination, we will see that it is simply not a genuine safety net. The number of new applications for CSSA from the unemployed and the elderly has been on continuous increase in recent years, and basically, poverty is the main reason. But we must note that many poor people have not applied for CSSA. Some poor people do not know the eligibility requirements and application procedures. Some others have not done so because of the typical Chinese mentality that one has to earn one's own living, and having to live on CSSA is indignity. Yet some others are deterred by the complicated vetting procedures. Therefore, in a way, the same problem still remains. I mean, there is a safety net that embraces some people, but although these people are in the safety net, they still think that there are problems with the safety net. Besides, many people still have to lead a very difficult life outside the safety net.

Madam President, since the review of the CSSA Scheme in 1999, the safety net has actually made the life of the poor even more difficult than before. Under the new scheme, in the case of an elderly person living with his family and wishing to apply for CSSA, only an application filed by his family as a whole will be considered. That is why many elderly people have chosen to live alone just because they wish to apply for CSSA. We can thus observe two phenomena. First, the number of applications filed by elderly people living alone is increasing continuously. Second, those elderly people who have not applied for CSSA have to lead a very difficult life. Even if elderly people live with their families, their children may not necessarily be able to maintain them. This is common among the grassroots, because their children are unemployed. Many elderly people are leading a very difficult life because they do not want to add to the burden of their children. It is often reported in the press that many elderly people actually give their CSSA payments to their children. Examples of this kind are not uncommon in society, and we often come across such cases.

The situation as such, if the Government still tells us that the existing CSSA Scheme can already solve all problems, I must say that its attitude is definitely wrong. If the Government then says that there is already a mechanism to co-ordinate the efforts to solve this problem, I would also think that this is not the case in reality. During the meeting of the Panel on Welfare Services last week, Members viewed that the Government should try to tackle the problem mentioned by me just now, and they asked for the establishment of an ad hoc committee, an anti-poverty committee comprising members from

different sectors, for example, to explore and formulate integrated anti-poverty measures. I think only this can solve the problem. Unfortunately, Madam President, during this meeting last week, the government official present said that this was not necessary, because there was already a similar mechanism within the Government.

I really wish to share my feelings about this with Members. It is indeed ridiculous for the Government to make reference to its inter-departmental working group on the issue of poverty. The fact is this working group is not meant so much to deal with poverty; rather government departments are simply trying to "undo" the work of one another. For example, every time when the Housing Authority carries out clearance and redevelopment, it will deal a deadly blow to the affected small and medium enterprises (SMEs), making some poor people even poorer. But on the other hand, the Government has set aside \$1.9 billion to assist SMEs. There is another example. What should we do when we notice that the policy of requiring elderly people to apply for CSSA as independent applicants will make them even poorer? In fact, all they have within the Government are just fragmented policies. If I were to give more examples, it would probably take me many days. Given the conflicts and fragmented policies among government departments now, it will simply be impossible for the inter-departmental working group mentioned by the Government to function. If the Government continues to stick to this attitude, it may face even greater difficulties and cause increasing grievances in society.

Madam President, if we are to build up Hong Kong as a society, we should face the realities, pinpoint the problems and seek to work out appropriate solutions. I think what is most important now is that we must set up an anti-poverty commission as soon as possible. An anti-poverty commission can explore and formulate policies that can strike a balance among the fragmented and contradictory policies of the Government now. Besides, the following problems must also be tackled. For example, the children of some elderly people are themselves very poor and cannot thus maintain their parents, but there are now no measures to tackle this problem. What is more, there are now very few job opportunities for low-skilled people with little education. What are they going to do? Many vulnerable members of society are experiencing severe hardships. What are they going to do, again?

Madam President, I support the original motion and amendment today. Thank you.

PRESIDENT (in Cantonese): Miss CHAN, your time is up. Please sit down.

MR ABRAHAM SHEK: Madam President, the income disparity among different groups of people in Hong Kong has been worsening for the past few years, and it is getting worse. The initial results of the latest census released by the Census and Statistics Department (C&SD) in October 2001 show that the Gini Coefficient, which measures the disparity between a society's rich and poor, has reached a new high of 0.525, up from 0.476 ten years ago. Although some government officials said that this figure was lower than those of some European countries such as the United Kingdom, it was substantially higher than that of Japan and was among the fourth worst in the world. It definitely is not a welcome trend, nor are we to be proud of it.

As we all know, the economy of Hong Kong is dominated by the service sector. Currently, 85% of Hong Kong's Gross Domestic Product comes from the service sector. Agricultural and fisheries activities are almost non-existing. Many manufacturing industries have moved up to China. The economic restructuring, combined with the Asian financial turmoil, has brought hardship to the middle-class and the low-skilled workers. Market competition is more severe than before. Following globalization, we will not only face Asian or mainland competitors, but competitors from all over the world. Low-skilled labourers will have difficulties in finding jobs in the market since manufacturing industries have moved to China and the service industries are on the decline.

Following the economic restructuring, the gap between the rich and the poor is getting bigger. According to figures from the C&SD, the monthly domestic household income of the high-income group from 1991 to 1996 rose by 14%, whereas that of the low-income group rose by 1.4% only. From 1996 to 2001, the monthly domestic household income of the low-income group decreased by 12.4%, whereas that of the high-income group decreased by 3% only. The above figures revealed that household income of the low-income group increased slightly in good days, but decreased significantly after the Asian financial turmoil. In contrast, that of the high-income group has only been slightly affected by the Asian financial turmoil. As the economy is moving to high value-added activities requiring labour with knowledge and skills, it is difficult for the low-skilled labour to find new jobs. This widens the income disparity between the rich and the poor.

In my view, the Government has to concern itself with the diminishing middle class. Some of the middle-class elites have lost their advantage in the process of economic restructuring. The diminishing middle class is unfavourable to social stability. The cushioning effect is no longer there as it used to be.

Madam President, alleviating the income disparity between the rich and the poor should be a long-term goal of society. To achieve such a goal, a total reliance on the Government is insufficient and is impractical. Individual efforts of citizens to improve their working ability and quality of life are essential. The Government has already made such effort to narrow society's income disparity. Investment in education provides a significant example. \$5 billion has been allocated for continuing education in the Chief Executive's 2001 policy address. This shows that the Government actively encourages people to improve their livelihood by upgrading their own knowledge and skills. Education and retraining had been the catalyst in the past in promoting the social status of the underprivileged. Yet, education is a long-term investment which takes time to provide rewards. In view of this, I suggest that the Government should adopt some relatively short-term measures to improve the livelihood of low-income group, namely the poor:

- To review the existing social welfare policy so that adequate care can be provided to the needy, particularly the elderly.
- To build more public rental housing units so as to relieve the financial burden of the low-income households living in private tenements. They will then have more disposable income to spend on education and to improve their quality of life.
- To relax the constraints of the Old Age Allowance and the Comprehensive Social Security Allowance so that recipients who have migrated to the Mainland can be allowed to collect the allowance and take care of themselves in the Mainland.
- To expedite the work progress of public projects so as to create more job opportunities for the construction workers. Currently, there are around 250 000 to 300 000 construction workers. The latest unemployment figures released by the C&SD revealed that the construction workers are now undergoing high unemployment and

underemployment rates. Construction workers form one of the pillars of society. Their employment condition directly affects the income disparity between the rich and the poor. They are not asking for a handout, they are asking for work.

- To provide more vocational training to improve the working ability of the low-income group and hence, alleviating their hardship.
- To review the curriculum of all vocational training courses organized by various institutions to meet market demand.

Madam President, apart from education, economic development is the best way to alleviate the disparity between the rich and the poor. I sincerely hope that the Government can facilitate the economic development by enhancing the quality of the working population, by providing a favourable business environment and creating more job opportunities. I am quite disappointed with the Government's attitude of encouraging people to go northward for development and employment, without providing adequate and constructive measures to resolve our economic problems. I dare say that this will only lead to another brain-drain which will not help in alleviating the income disparity in Hong Kong.

Madam President, I believe that Hong Kong is still a land of opportunities. Hong Kong is unique, despite the wide gap between the rich and the poor. It is unlike other third world countries. Our rich need not be ashamed of their wealth, for behind their wealth, there is no crime, there is only hard work and entrepreneurship. Neither should our poor be ashamed of their poverty, for as long as their spirit is not poor, they have the opportunities to make good. Our Government must provide an environment for the poor to make good.

Thank you, Madam President.

MR AMBROSE LAU (in Cantonese): Madam President, the disparity between the rich and the poor in Hong Kong does not simply originate from the economic cycle but the structural unemployment caused by the transformation of the economic structure. Our economy has rapidly changed from the concentration in the services industries with the main components being machinery, skills and labour to technology, information and knowledge being the main components.

The traditional services industries that are more labour-intensive, including the import and export trade, freight forwarding, wholesale and retail industries have to adopt more computer skills and new on-line information to reduce labour reliance. Actually, both new and traditional industries must take on new modes of operation and apply more new and information technologies. It can be projected that jobs in the future would have a higher and higher requirement for knowledge and there would be less and less non-technical or lower skill jobs. There would be a constant increase in the number of workers eliminated by the traditional industries, secondary school graduates who fail to take up further studies, and dismissed middle managers who lack new skills; it would also be harder and harder for them to find a job. Over the past 20 years, they have been the pillars of our prosperity but the market would most easily eliminate them now. Besides, they are most seriously victimized by the recent economic downturn. Though they can receive retraining, they can hardly find another job and they may still have to rely on CSSA. If the Government fails to solve the problem, I am afraid the seriousness of the disparity between the rich and the poor would increase rather than decrease.

With the emergence of new economy and a knowledge-based society, the economic model and employment market of Hong Kong have undergone structural changes. In addition to endeavouring to improve the business environment and create more job opportunities, the Government must establish a task force or inter-departmental group to examine the effects of new economy and globalization on the poverty problem, and propose targeted anti-poverty policies. They should include:

First, for unemployed CSSA recipients with working capability, the Government should mitigate the problems with the existing retraining programmes such as inadequate work types offered and failure to meet economic needs, in order to effectively encourage the unemployed to rejoin the workforce. The self-reliance promoted by the Government presently should be premised on guidance and avoid injuring the pride of the unemployed.

Second, for those impoverished who have lost their working capability (such as singleton elderly persons), the Government should encourage them to settle in their home town on the prerequisite that they would be given better medical protection and support under the CSSA Scheme.

Third, for those who have a job but cannot find a better one because of insufficient qualifications, especially young workers with a lower level of skill

and academic attainment, the Government should give them enhanced school fee and tax concessions to encourage them to pursue further studies.

All capitalist communities would inevitably have the problem of the disparity between the rich and the poor, and the most important task of the Government is to create a community full of equal opportunities. This way, the old stories of struggle with such themes as the more workers work, the more they get, and the struggle by workers to surge ahead of others, could be told continuously.

Madam President, I so submit.

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

MR ALBERT HO (in Cantonese): Madam President, in the past when we heard someone raise objections to our social services, welfare, policies and measures in this Council or even outside, they would also make one point, that is, not to allow the grassroots or the relatively poor to gradually develop a reliant mentality or culture. First of all, I would like to respond to this.

Madam President, I feel that this type of habitual reliance does not exist in the traditional culture of our Chinese community. At least, I have a kind of deep feeling about it. In a traditional society in the past, people dared not have any special expectations on the Government. Why? We always heard this saying, "one never steps through a government office door in one's lifetime and never goes to hell after death". In fact, people did not say this casually but with the reality in mind. What did society and the Government give to people in the past? Nothing but burdens and oppressions. What did we get after stepping through the government office door? What we got was not assistance. If we had not been requested to pay taxes, we must have broken the laws or broken the penal code. Therefore, in the past, I heard from many friends that as long as there was less intervention from the Government in a Chinese community with people demanding less from the Government, then people would have free space to lead their own lives and look for opportunities, and that would be the happiest and most successful community. We can see that many Chinese overseas are very successful. It is because they have free space. The more assistance the Government claims to render or the more ideals it wishes to produce, it in fact

will end up with a totally different result. Therefore, speaking in terms of tradition, I do not think Chinese hold a reliant mentality.

Let us come back to the community today. Although I have not studied this problem in great depth, as a Member who has done community work for more than a decade and come into contact with many poor families, I indeed know it only too well. Many people have made sincere and earnest requests to me, saying that they just wanted to get a job that can enable them to continue to live in dignity. When I heard these, I would often tell them that to apply for the Comprehensive Social Security Assistance (CSSA) was not indignity. On the contrary, it would be useful to them, their families and the community. Just like the examples of some divorced women. They may have to take care of two or three children aged between eight to 14. But since they themselves have to work, they cannot look after their children. Ultimately, their children would cause problems to their families and society because of a lack of parental care. Therefore, more often than not, I would also try hard to explain to them that the receipt of CSSA absolutely would not put a stigma on them. Despite the fact that I have said so, but still many people would tell me that they really want to get a job. In every signature campaign we launched, the most embarrassing thing was that people would ask me to get them a job as far as possible and it would not matter even though they could just earn \$4,000 or \$5,000, because they really did not want to apply for CSSA. I recall that a middle-aged woman approached me a month ago. After a few utterances, she burst into tears. She said she was working in a hostel for the mentally handicapped, responsible for bathing the mentally handicapped. Some of those inmates are of very tall and strong physique, weighing a hundred-odd pounds. On one occasion, she hurt her back and could not go to work. In fact, the hostel was very nice to her because she was allowed to take leave to rest. Moreover, she was also told to relax and report duty after she had recovered. However, she was very worried from beginning to end because the hostel solely depended on subsidies from voluntary organizations, and its financial condition was poor. Therefore, she was really scared of losing the job. She often asked me if there was a way to express to the management through me that she really wanted to work, and she would report duty as long as she felt less pain on her back.

Although I have heard many times that some people would rather lead a comfortable life on receipt of CSSA than work, and I think there are indeed such cases, I opine that this will not develop into a culture after all. The community should not look at the poor who have to rely on CSSA through a pair of tinted

glasses, and regard it as an expression of reliance mentality. This viewpoint I do not accept.

Madam President, the second point I wish to make is that the issue under discussion today is not confined to problems arising from differences in income or earnings and social status. Rather, the problem is the disparity between the rich and the poor. By "disparity between the rich and the poor", it means that some people are very wealthy while some are very poor. We should not be jealous of people who are well-off, nor should we feel that poverty is a natural phenomenon because those people have lost in competition in society. We should not think that wealth should be distributed according to the different abilities of people in society, so the poor are losers. I opine that if the disparity between the rich and the poor constitutes a social problem, it is because the middle class has become relatively small in number, thus social mobility is reduced, and also there are less opportunities of fair competition. Many colleagues have also said earlier that these are factors causing instability in society, nor is it a good thing for the sustained development of the community.

The Government always says that we have a safety net. However, I have to stress that people can hardly be satisfied with living in mere subsistence, because they have to live in dignity. The International Covenant on Economic, Social and Cultural Rights (ICESCR) signed by our Government has provided many targets in respect of a dignified life. As long as we can realize these targets fully or comprehensively, people can actually lead a more dignified life as perceived by us. A life with dignity does not simply cover ordinary things such as clothing, food, shelter and transport. People need social life, friends, a life with culture and sports as well as having their own interests, hobbies and jobs. These are what we demand. I stress again that the spirit of the amendment moved by us today and the original motion both seek to realize the targets stated in the ICESCR, enabling people to feel that our society is humane and very caring. And this is also a prerequisite target of a civilized society. Thank you, Madam President.

MR LAU PING-CHEUNG (in Cantonese): Madam President, I speak in support of the motion moved by Mr Frederick FUNG. The economy of Hong Kong has been hit seriously in recent years, with the unemployment rate constantly standing at a high level. But overall speaking, the foundation of our

economy has remained sound as the Government has enormous reserves, and the general public also have savings. However, at the back of prosperity, there is still a small group of people who fail to be self-reliant due to various reasons such as old age, disability, unemployment, single parenthood, and so on, thus requiring assistance from society to resolve the problems faced by them.

In respect of the problem concerning the disparity between the rich and the poor, I neither have to elaborate nor quote complicated social statistics. The number of CSSA cases has broken through 200 000 since May 1998, and continued to increase to the current 235 000 cases. Simply by looking at these figures should we know the gap between the rich and the poor has been expanding and deteriorating.

Most people in society have one consensus, that is, the ultimate purpose of "combating poverty" is to enable the disadvantaged groups in society to "get rid of poverty". Therefore, apart from rendering pecuniary assistance to the needy, we also have to provide various services and forms of assistance through voluntary organizations, enabling people capable of working to reintegrate into society and be self-reliant. We must admit that various disadvantaged groups will have different needs. For example, the needs of new immigrant families and single-parent families are very different. According to the classification of policy areas in the Government, the relevant work should be done respectively by the Education and Manpower Bureau and the Health and Welfare Bureau, whereas a small part of it will also involve the Home Affairs Bureau and the Housing Bureau. Therefore, I support the motion moved by Mr FUNG and urge the Government to review comprehensively the problem of disparity between the rich and the poor.

Let me cite my personal experience as an example. I came to Hong Kong with my parents at a tender age. I grew up and received education in Hong Kong. At that time, tertiary education was not yet popularized and university places were not many. However, the community as a whole was fair as every student could receive basic education and work hard on further studies through his own effort. Although university places have increased substantially nowadays, I note that reforms in the education system, especially those at the primary and secondary levels, may cause some students to lose a fair opportunity of enrolling at better schools.

Therefore, the relevant bureaux cannot do things in their own way, because individual policy changes may place some disadvantaged groups in an even more unfavourable position — they have to make greater efforts before they can stand out from among the crowd. If various bureaux come up with their own packages in respect of combating poverty, the cause will only get half the results with twice the efforts.

With respect to the request made by Mr WONG Sing-chi to set a poverty line, frankly speaking, I really cannot see any substantive meaning in it, nor is there a suitable form to set the poverty line. As I have said earlier, the disadvantaged groups have different service needs. Even though we identify an individual family as living under the poverty line and requiring services that meet its needs immediately, there are practical difficulties invariably.

Let me cite an example. A couple living in Western District on Hong Kong Island divorced. Since one of the parties has to look after the children and seek help from his/her family, the Government has to allocate a suitable public housing unit to him/her on Hong Kong Island. As we all know, there is only Kwun Lung Lau, which is under the Housing Society, in Western District on Hong Kong Island, but it is being demolished gradually and the residents are now removing to Eastern District in phases. If we set a poverty line in legislation, prescribing the Government to provide eligible families with the assistance they need, it may ultimately cause the Government to "break the law" because of the failure to find suitable flats.

Secondly, if we set the poverty line in legislation, I am afraid we will make the same mistake as that with the Housing Ordinance. As we all know, public housing rents are not sufficient to cover the operational expenses of housing estates, thus requiring subsidy by the Housing Authority (HA). However, the law requires that the rents of public housing cannot exceed 10% of the median household income, and under the current economic downturn, the disparity between the rich and the poor among households of public rental housing is also very substantial, as certainly, families with a meagre income should be given rental assistance. But should the rents of families not affected by unemployment be increased slightly according to their financial capabilities in order to share the expenditures of housing estates? The result is, due to the limitation in legislation, the HA can only unanimously freeze the rents. In order to cut expenses, some minor services have to be cancelled in order to reduce operation costs.

Conversely, if such a poverty line has no legal effect to force the Government to improve the current situation, it will be tantamount to discussing an academic "definition" of an issue. It only facilitates discussion of the issue but totally fails to give specific help to resolve the problems faced by the disadvantaged groups. Madam President, I so submit.

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

(No Member responded)

PRESIDENT (in Cantonese): Mr Frederick FUNG, you can speak on Mr WONG Sing-chi's amendment now. You have five minutes.

MR FREDERICK FUNG (in Cantonese): Madam President, I have thought of including Mr WONG Sing-chi's amendment in my original motion. Though I agree with the amendment, I did not include it in my original motion eventually. One of the reasons for that was I regarded it as my next step. By that I mean if the Government does not in the first place even acknowledge the very basic notion that there is disparity between the rich and the poor or that the deterioration of the disparity will cause social instability, it would then be pointless for me to talk about a poverty line or an anti-poverty commission or even about ways to deal with the disparity. In considering the wording of the original motion, I think basic principles and issues should be espoused first to request the Government to pay attention to, look into and improve on the matter. I was hoping to start a discussion to generate from colleagues some opinions or suggestions about what can be done to solve the problem.

Why must I insist that a poverty line be considered? We must not think that poverty is defined simply in monetary terms. Can we use the Comprehensive Social Security Allowance to mark the poverty line? In fact, there can be a host of issues to consider about poverty. Some colleagues made some suggestions about improving one's financial status through income, vocation, education, and so on. I agree with their ideas, but from my experience gained through my contact with the poor, money is not the only cause of poverty. Let me cite an example. As I said, the Population Census results show that the median rent-to-income ratio (MRIR) for people living in private

sector housing is 28%. That means half of the tenants living in private sector housing pay rent at more than 28% of their household income. The MRIR for public housing tenants is 10.4%. As we would have wondered, if the MRIR for people living in private sector housing were to be reduced to 10.4%, could their financial burden be relieved so that many in the group would not be poor? A straightforward answer is clearly in the affirmative, as we would have wanted. However, is that really the case? I have visited a family of four living in a self-contained unit of 60 sq ft, with facilities for a room, a living room, a toilet and a kitchen, the latter two being merged and the former two being one and the same place for the children to do their homework. On entering the unit there is an area of 2 ft by 4 ft, to the left side of which are the toilet and the kitchen and to the right side is the bed which is also the living room. The family is paying \$2,000-odd in rent. Even if the rent were reduced to \$1,000 so that their financial condition could be improved, would this family still be poor? I think they would still be poor. Well, the Government announced that it would give computers to every school. Luckily, they are for the schools, where children can practise their computer skills. If a computer were to be given to each household, I could not help wondering where such a family could place the computer.

Can we say property owners are rich? Well, the Urban Renewal Authority (URA) is going to hold a meeting on the redevelopment of old districts and some people will be staging a sit-in outside the URA office tonight. If we take a look at the old districts, we may find many old people who are property owners. And precisely for this reason, they cannot apply for public rental housing though they are by no means rich. Their living environment and the interior of their flats will give people the impression that they are in fact living in slums.

So, it is not easy to define poverty. I hope the Government will agree that poverty can be caused by many factors and each factor should be weighed differently. The different weightings, added together, are then the basis for defining a poverty line. We should not say having \$2,000 is poor but having \$3,000 is not. We should not use money as the only indicator of poverty.

What poor and aged people need may not be money. They may need retirement protection to feel a sense of security. They may need what we suggested to the Social Welfare Department, such as relocation to a hostel for the elderly in the same community as the one in which they dwelled while they were

young. At the ground floor of the hostel, there should be a social centre for the elderly. As they grow older, they should be allowed to live in a care and attention centre, and so on. Thus, I am in favour of the amendment in principle. Well, we may discuss further to see if the suggestions contained in the amendment should be followed through. A most important aim of my motion is to "cast a brick to attract jade", that is, to start a discussion to attract more ideas from Members to make the Government acknowledge that the problem does exist. Thank you, Madam President.

SECRETARY FOR HEALTH AND WELFARE: Madam President, I am grateful to the Honourable Frederick FUNG for moving this motion, and to Honourable Members for participating in this timely debate on this very important issue. I wish to emphasize to Members that the Government is aware that this is not a social welfare issue. The fact that I am standing in front of you is testimony to the understanding of the Government of this problem because we have discussed within the Government the social, economic and political dimensions of this particular issue. And anyone of my colleagues from Economic Services, from Financial Services, from Education and Manpower could equally be standing up here today to respond to this motion, because each one of us has been involved in the discussions and in the development of strategies which we will present to you. With the major economies around the world either experiencing or expecting either a slowdown or a recession, Hong Kong as an externally-oriented economy, is inevitably affected. We have already seen a decline in our exports and an increasing unemployment rate. And inevitably, it will take some time for the economy to recover. In these circumstances, we are aware of and empathize with public concerns surrounding the capacity of and protection for the low-income and the vulnerable to cope with such adversity. The recent release of the Gini Coefficient data, compiled as part of the 2001 Population Census, has also aroused discussion about the distribution of income in our society and the issue of poverty.

I would like to speak on four areas. First, the definition of poverty; second, the measurement of poverty; third, factors leading to poverty; and fourth, the strategies, policies and initiatives to address poverty by the Government.

Let me start by exploring what we mean by the term "poverty". Our research reveals that there is no generally agreed definition since poverty may encompass hardship relating to material conditions in terms of the provision of goods and services; or secondly, economic position through low income, limited

resources or inequality; or thirdly, social position through a lack of entitlement, dependency or general social exclusion. Any one of these factors can lead to an individual being regarded as living in poverty.

When discussing poverty, two models dominate. First, absolute poverty which is based on subsistence — the minimum amount needed to live. It has been described as "a condition characterized by severe deprivation of basic human needs including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services". For example, the World Bank sets the abject poverty line at US\$1 to US\$2 a day per person. The second model is relative poverty, based on a comparison of poor people with others in the same society. Some define this in terms of half the median wage or household income or some other benchmark.

I have heard Honourable Members propose the drawing up of a poverty line. This suggestion has been thoroughly examined by the Government in the past, taking account of overseas experience and views in the community. If we felt that this is helpful, I can assure Members that the Government will define it. Since there is no agreed definition, there can be no agreed measurement of poverty. As such and as I have already pointed out, the measures can only at best serve as indicators. There is no scientific method of devising a poverty line. The absolute approach is clearly irrelevant in the Hong Kong context whilst the relative poverty scenario means that even in the most affluent countries, there will always be a group of people regarded as poor.

Hence any attempt to define poverty will inevitably involve subjective value judgements. The definition of poverty that each society adopts is based on the norms and values of that society, and is often subject to a number of variables including time, place and prevailing social conditions. This contention was supported by Adam SMITH, an 18th-century market economist who argued that to be poor was to go without what was needed to be a creditable member of society. Notwithstanding this somewhat theoretical debate, our common goal is to provide assistance for the disadvantaged. In the context of Hong Kong, rather than adopting a single income line to define poverty, we have defined the disadvantaged members of society to whom we should give greater support and assistance. We have adopted the budget standards approach in our Comprehensive Social Security Assistance (CSSA) Scheme to ensure that needy individuals and families have adequate financial resources to meet their basic and essential needs.

In our view, the use of a poverty line based solely on income levels is too simplistic, has severe limitations and many distinct disadvantages. For example, using the broader definition of poverty which I referred to earlier, it is apparent that some individuals whose income exceeds the subjectively drawn poverty line, wherever you may wish to draw, might also be in need of assistance and could be regarded as poor as some Members have observed. In the local context, other assistance in the form of low cost or free education, housing, health and welfare services are provided to the needy. Each programme adopts specific criteria for defining who qualifies for different types of services, having regard to relevant policy considerations and specific circumstances. A single poverty line is not required for them to be eligible for such assistance and indeed, may exclude them from receiving the assistance needed. In so doing, the assistance and services provided are more effectively administered and are geared more closely to people's very different needs.

A poverty line based on income levels distracts attention from factors that contribute to poverty. In any debate on poverty, we need to understand and appreciate the factors which may, either in whole or in part, contribute to an individual or family becoming disadvantaged and thereby socially excluded. These factors may be related to the individual or may be structural in nature applying to a particular community. They may include those with low or no income; or exclusion from the labour market especially in the form of long-term unemployment; or illness either physical or mental, which may worsen with the advance of age; or a basic lack of opportunities, for example in education, housing or other social services. The causes of poverty are often multifaceted and complex but must be understood in relation to each and every individual, if their situation is to be improved. Our socio-economic policies and strategies are based on our analysis and understanding of these factors.

Honourable Members have also spoken at considerable length about the disparity between the rich and the poor. The Gini Coefficient is a statistical method intended as a measure of concentration or disparity. When applied to income data, it is intended to serve as an indicator of income disparity in economies. Corresponding figures for Hong Kong in recent years, as compiled in population censuses and by-censuses, have been on the rise. Although the figure only reflects the income side of the equation, the rising trend has been perceived as an indication of a widening gap between the rich and the poor in Hong Kong.

While the Gini Coefficient is a comparative figure reflecting the income of the financially less well-off and better-off sectors of society, we see a corresponding trend in the absolute income growth of people at the two ends of the spectrum. Disregarding inflationary or deflationary trends, we observe that the income of households in the lowest two decile groups has fallen over the past five years. Meanwhile, that of the upper decile groups has increased. Obviously, the Government is concerned about this.

For an in-depth projection of the implication of these figures, we need to interpret them in a holistic context. A widening income gap is a common consequence seen in many places undergoing transition towards a knowledge-based economy. Hong Kong is not alone in this situation. In addition, Hong Kong is also a city economy, with a strong agglomeration of service sector activities which are highly developed and well diversified. Income disparity in city economies tends to be greater than in national economies, which have a greater preponderance of manufacturing and agricultural activities with narrower income differentials.

We should also be aware that the Gini Coefficient is only a partial reflection of the distribution of economic resources in a society. Care should be taken in projecting the implication of the figures, since they overlook a number of other very important aspects.

First, the figures do not take "assets" into account. In addition, the effects of taxation and intangible income derived from, for example, publicly-funded programmes on housing, education, health and welfare which narrow the effective disparity, are also not featured. They also do not reflect social mobility within society. A study conducted by the University of Hong Kong in 2000 indicates that the earning mobility of Hong Kong workers has been significant over the past decade. 58% of those in the bottom quintile group in 1991 had succeeded in moving up the earnings ladder by 2000. This implies that the people in different income brackets have changed over time and enjoyed upward mobility. Moreover, in studies of income disparity, consideration should also be given to the effect of changes in household size, household composition and family life cycle over time in their computation.

I would now like to turn to the reasons accounting for the widening disparity. The Government regularly monitors the social and economic

development of Hong Kong. Statistical data is collected regularly by the Census and Statistics Department, through conducting surveys on the economy, labour, earnings, and so on, and these are analysed in the context of the local, regional and global economic climate to reflect the social and economic dynamics of Hong Kong. The economy of Hong Kong has been undergoing constant restructuring over the past few decades. Structural changes in the economy, arising from the shift from manufacturing-based to service-oriented activities, and further to a knowledge-based economy, have changed the labour structure and demand of the economy. The surging demand for well-educated and skilled labour, in particular those professional, managerial, supervisory and technical personnel, has provided room for a faster increase in wages and salaries for these jobs than for jobs requiring a lower level of knowledge and skill. This widening in wage disparity during the transition to knowledge-based activities has also been observed in many other developed and developing economies.

Also, the economic downturn in the late 1990s following the Asian financial crisis, coupled with the incipient global economic slowdown, has posed great challenges to economies in the region and indeed, worldwide. Whilst the negative impact is generally felt by the entire workforce, it does tend to impinge more on the lower end rather than the upper end of the occupational hierarchy.

We have been closely monitoring, and will continue to closely monitor social and economic conditions, to ensure that appropriate adjustments are made to our policies to address the latest developments. Apart from the standing monitoring mechanism through the conduct of regular surveys, we also initiate thematic research to study specific issues in an in-depth manner. For instance, the recent study on earning mobility completed by the University of Hong Kong. Another longitudinal examination of income statistics has been undertaken. Over the past 16 years, the study indicates that the income of households in all sections of the social hierarchy has increased, both in money and in real terms.

Turning now to the Government's response to the issue of poverty and income disparity, Honourable Members have given us some valuable insights. Some Members have also given us some very valuable and valid criticisms. A few Members have given some suggestions which we will give further thoughts to. But there were one to two Members who have given us nothing but unjustified criticisms, based on misinformation, lack of information, which are

also inflammatory. I cannot agree with the comments of some Members that the Government has given undue emphasis to economic development at the expense of social issues. I urge Members to go back and read these two policy addresses. The Chief Executive in his policy address last year (in 2000) spoke that "in pursuing economic development, we attach great importance to enhancing the well-being of every member of the community so we can build a society in which we can all live together in harmony". He also outlined four strategic social policies to address the issue and which will also enhance social development in our community. First, to create an environment in which participation in economic and social life is open to all. To help achieve this, special attention will be paid to the provision of education and enhancement of the knowledge and skills of the workforce. In essence, each individual should be provided with opportunities to develop his or her potential to the full. Second, for individuals who are economically inactive due to age, illness, disability or unemployment, to provide a well-resourced basic safety net of income support. Third, to fulfill our special responsibilities to the disadvantaged members of our community by providing specific programmes, additional support and targeted assistance to enhance their will to be self-reliant. And fourth, to strengthen the social fabric of our society by encouraging mutual care and support thereby building new social networks in which individuals and families can flourish. So I just wonder from where Members got the information and the impression that the Government does not have a strategic vision and effective strategy to address the problem. Because all I have heard from Members have all been covered by our social policies. The Chief Executive also in his 2001 policy address, in sections 106 to 129, talked about social policies in a changing economic climate. So I would urge Members to go back and read these sections of the policy address. In this policy address, the Government again reiterated the objective to create an environment that everyone has the opportunity to fully develop their potential and necessary support should be provided to those hardest hit by the rapid changes in circumstances as well as the disadvantaged groups. Our aim is to help our people to enhance their ability to help themselves and to boost their willpower to do so. The Government also in this document reported about \$103.3 billion that we will be spending this financial year on public housing, health care and social welfare. We also reported that in the area of social welfare, there are 377 000 recipients on the CSSA Scheme and 529 000 recipients of Social Security Allowance benefits. Spending on public health services is expected to be \$33.9 billion. We also spend \$2.6 billion annually on comprehensive support and rehabilitation services

for people with disabilities. So I would urge Honourable Members to go back and read these documents.

In the face of the impact brought about by economic restructuring, our focus is on fostering an environment which encourages and provides opportunities for upward social mobility. At the same time, to take care of the socially vulnerable, in particular those with limited capability to achieve this upward social mobility, specific help is required. And this is no difference from what Members have suggested. As such, we have in place policies and services to secure their standard of living, improve their position and provide them with opportunities for economic and social participation in keeping with the Chief Executive's directions. In this way, we help the socially vulnerable, by enhancing, not impeding, their will to be self-reliant.

We consider that the multipronged approach of fostering economic growth, facilitating human investment and increasing social investment, together will provide the best environment for people to leave the poverty net. Healthy economic recovery and a broader economic base is the key to lifting the standard of living for all, including those with no or little income. As the *South China Morning Post* said in an editorial last week, "It is time we focus attention once again on the goal of enlarging the economic pie so everyone can claim a bigger share".

Human and social investment through education, training and retraining will raise the capability, productivity and competitiveness of our workforce, and help those unable to benefit from the changing economy in the short term. With opportunities of upward social mobility, everyone through the exercise of talent and hardwork can raise their income, improve their standard of living and climb up the social ladder over time.

I should now cover some of the specific measures in place to alleviate poverty. We have a great variety of policies and measures in place to actualize our approach to alleviating poverty, many of which are specially tailor-made to assist the socially vulnerable, who have limited capability and capacity for upward social mobility. Members will be familiar with our social security system, which provides direct financial assistance and serves as an effective and immediate relief for the needy. Public rental housing is provided to families and those in genuine need who cannot afford other types of accommodation. Tenants in financial hardship are also given rental assistance under the Rent

Assistance Scheme or under the CSSA Scheme. In addition, heavily subsidized medical care and welfare services are provided. If you have heard Members' comments earlier, you will have thought that the Government is heartless and does not have any of these in place.

We believe that education and training are the ultimate routes to enhance the capability of our population, thereby building up the human and social capital of our society. The provision of nine-year free universal basic education, together with the heavily subsidized senior secondary and tertiary education, guarantees educational opportunities for all who have the potential and ability to pursue studies. No student is denied access to education because of a lack of means. Financial assistance is available under various schemes to needy students at all levels.

Training and retraining, as a means of upgrading the skill level of the workforce, are especially important to those who need to acquire the new skills in the new economy. Training institutes, including the Vocational Training Council and the Employees Retraining Board, provide a wide range of relevant programmes.

To supplement this fundamental strategy, the Government has in recent years launched an extensive range of short-term and long-term measures, which aim to help the community to deal with the current economic environment.

Some Honourable Members have criticized the Government for not introducing new measures to deal with the situation. I shall, over the next few minutes, outline some of the new initiatives announced in the past 13 months.

The Chief Executive announced, in the 2000 policy address, an extensive package of initiatives to promote the wider economic participation of socially disadvantaged groups, at a cost of \$2.7 billion over a two-year period. Apart from infrastructure-related jobs, an additional 15 000 jobs have been created, including 7 000 social investment jobs and 8 000 related to the normal expansion of government services. \$400 million has been earmarked to finance the Skills Upgrading Scheme, which provides focused skills training in this year and the next for elementary workers with low education levels. For the long-term unemployed middle-aged persons, the Re-employment Pilot Programme for the Middle-Aged provides this group with one-stop counselling and follow-up services. The Business Startup Assistance Scheme helps retrainees who want to

start up a business or become self-employed. I can go on and on with the list, but I shall not go into the details.

We also have the measures announced in the 2001-02 Budget. The whole series of measures were designed to upgrade our human capital, and I shall not again go into the details. But if Members would like to go back to the measures announced in the 2001-02 Budget, they will find the details of the measures that we proposed.

We also have the measures announced in the 2001 policy address, and all of these efforts were further enhanced in that address. The Chief Executive announced the creation of an additional 30 000 jobs together with another package of relief measures. These include a reduction in rates payment in the coming year, and a proposed increase in the tax-deduction ceiling for housing loan interest. A \$5 billion Continuing Education Fund will be established to subsidize those with learning aspirations to pursue continuing education and training. And a \$300 million Community Investment and Inclusion Fund will be set up to build up the social capital in our community, particularly amongst the vulnerable.

Some Honourable Members have earlier alluded to the need to introduce income redistribution programmes. Other countries have attempted to tackle income disparity by adopting high-tax policies. However, as I have already explained to Honourable Members at last week's Council Meeting, such income redistribution measures, involving fundamental changes to the structure of taxation and/or government expenditure, are likely to do more harm than good to the economy, in the longer term. These measures are likely to dampen the work incentive, especially amongst the higher paid and better-skilled workers. If taxation levels were to rise, this might undermine Hong Kong's competitiveness as a place to do business, which in turn would discourage investment and lead to a reduction in job opportunities for workers at all income levels.

I am also aware that a few Honourable Members have called for the setting up of an inter-departmental committee to study the issue and causes of disparity between the rich and the poor, and to formulate social and economic strategies to alleviate poverty. My colleagues and I have already explained the Administration's position on this on numerous occasions in the past six months. We believe that the existing arrangements for co-ordinating poverty alleviation efforts across the Government already provide the necessary degree of co-ordination and community input.

Inevitably, many of the issues which the Government has to deal with are cross-sectoral in nature. Alleviation of poverty is just one example. It is handled, like other overarching issues, through discussion in various internal fora and co-ordinated at different levels within the Government. It is clear from my earlier remarks that the Chief Executive himself is concerned about the plight of the families with low income and the socially disadvantaged, and is personally involved in the development of our strategies, policies and programmes. Considerable discussion has already taken place among different bureaux in their formulation, in advance of the annual policy address and at other times.

In closing, I wish to thank Honourable Members again for some of their very useful comments and suggestions put forward in today's debate. The Government understands and empathizes with the hardships that the community is currently going through and has developed mechanisms to gauge social, economic changes and issues, and works out strategies and social policies which will assist the low-income and socially disadvantaged. The Government is also committed and will continue with its efforts to improve the livelihood of people to ensure that the needs of the vulnerable are addressed and in a manner which promotes self-reliance and upward mobility amongst the socially disadvantaged groups.

And, it is clear from my earlier remarks that the Administration cannot support the Honourable WONG Sing-chi's amendment to the motion.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr WONG Sing-chi to Mr Frederick FUNG's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr WONG Sing-chi rose to claim a division.

PRESIDENT (in Cantonese): Mr WONG Sing-chi has claimed a division. The division bell will ring for three minutes.

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

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

Functional Constituencies:

Miss Margaret NG, Mr CHEUNG Man-kwong, Mr CHAN Kwok-keung, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr LAW Chi-kwong, Miss LI Fung-ying, Mr Michael MAK and Mr IP Kwok-him voted for the amendment.

Mr Kenneth TING, Mr James TIEN, Dr Raymond HO, Mr Eric LI, Mrs Selina CHOW, Mr HUI Cheung-ching, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU, Mr Abraham SHEK, Mr Henry WU, Mr Tommy CHEUNG, Dr LO Wing-lok and Mr LAU Ping-cheung voted against the amendment.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Kong-wah, Miss Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr SZETO Wah, Mr WONG Sing-chi, Mr Frederick FUNG, Ms Audrey EU and Mr YEUNG Yiu-chung voted for the amendment.

Mr Andrew WONG, Dr TANG Siu-tong, Dr David CHU, Mr NG Leung-sing, Mr Ambrose LAU and Mr MA Fung-kwok voted against the amendment.

Mr TAM Yiu-chung abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 24 were present, nine were in favour of the amendment and 15 against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 27 were present, 19 were in favour of the amendment, six against it and one abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Frederick FUNG, you may now reply and you still have two minutes 37 seconds.

MR FREDERICK FUNG (in Cantonese): Madam President, I am quite disappointed because only the Secretary for Health and Welfare is present today. He knew the issue was not just related to him, but even his colleagues had deserted him.

I feel indignified too because the Secretary has told us to read the reports. The reports, we have read them all. The Secretary was only trying to be clever. He read us the reports and then told us the problem had been solved. Will the Secretary inform this Council whether he has looked at the Gini Coefficients? In 1971, it was 0.43, whereas now it has risen to 0.525. Would the Secretary deny that? Has the Secretary looked at the Population Census results? The results show that the number of persons in Groups 1 to 4 and Groups 9 to 12 are growing, but that of persons in Groups 5 to 8 in the middle is diminishing. Has the Secretary noticed the dumb-bell-shaped figure? Is this not indicating that the middle class is shrinking? If people say it is easy to climb up the social ladder through hard work, our survey, recently completed, revealed that over half of the interviewees did not think that way. Among them, 48% with tertiary qualifications or above indicated to me that they would not believe that it was easy to do so. Now, we have a situation in which not only persons from the grassroots are committing suicide. Many suicides were committed by the middle class people and property owners.

I hope the Government will understand that, if it does not deal with the disparity between the rich and the poor, not only economic problems but also social stability problems or even political problems will arise at the end of the

day. I hope that through the motion debate today, the Government may come to understand that if its past methods were effective, we should be seeing a Gini Coefficient of 0.4, not 0.525 and we should be doing better than the United States, where a knowledge-based economy has emerged. Members from the Liberal Party said the disparity between the rich and the poor is a certainty in a knowledge-based economy. But why is the United States doing better than us on that count? The Government must face the problem squarely as we are not as advanced as the United States.

I hope the Government can see that it has done the right thing, but it has not done enough. Nobody is accusing the Government of inaction, but it is just not doing enough. Moreover, I hope the Liberal Party can see that the issue of disparity between the rich and the poor is similar to gender equality. To achieve gender equality, we are not suggesting the females should be converted to males or *vice versa*. Similarly, we are not suggesting the rich should be turned into the poor. We just wish the poor can lead a better life. So, I hope the Liberal Party can support the motion requesting the Government to acknowledge the disparity and then study the issue. We may discuss the solution together. However, the Government even denies the facts and treats all data as null and void. Should the Census and Statistics Department be asked to withdraw the results of the Population Census? I have to tell the Government, through the President, that the disparity between the rich and the poor has developed to the worst state in 40 years. Everyone, except the Government, agrees that the disparity is acute. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Frederick FUNG 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)

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:

Dr Raymond HO, Mr Eric LI, Miss Margaret NG, Mr CHEUNG Man-kwong, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr LAW Chi-kwong, Mr Abraham SHEK, Miss LI Fung-ying, Mr Henry WU, Mr Michael MAK, Dr LO Wing-lok, Mr IP Kwok-him and Mr LAU Ping-cheung voted for the motion.

Mr Kenneth TING, Mr James TIEN, Mrs Selina CHOW, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU and Mr Tommy CHEUNG abstained.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Andrew WONG, Mr Jasper TSANG, Dr YEUNG Sum, 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 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 motion.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 24 were present, 16 were in favour of the motion and eight

abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 27 were present and 26 were in favour of the motion. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was carried.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 28 November 2001.

Adjourned accordingly at twenty minutes past Ten o'clock.

WRITTEN ANSWER**Written answer by the Secretary for Health and Welfare to Mr Andrew CHENG's supplementary question to Question 6**

At present, rebus services are delivered in two modes, *viz* scheduled routes and dial-a-ride services. According to statistics provided by the Transport Department, the current waiting time for applications for one of the 54 scheduled route services ranges from four days to 10 months depending on whether places are available on the particular route applied for. On average, the waiting time is 38 days.

As regards the dial-a-ride service there is no waiting time. However, the operator permits booking six months in advance. The objective of this advance booking system is to facilitate organizations to plan their activities ahead. At the other end of the scale, the operator accepts bookings one or two days in advance for clients with urgent needs.

The Administration will continue to monitor the operation of the rebus service and consider expanding the vehicle fleet to cope with increases in demand. In this regard, you may wish to note that we have included provision to purchase two additional rebus vehicles in the coming financial year making a total of 87 vehicles in the fleet.