

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 7 May 2003

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 LEE CHEUK-YAN

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

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

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

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

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

THE HONOURABLE NG LEUNG-SING, J.P.

THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING, J.P.

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN KAM-LAM, J.P.

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, G.B.S., 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.

DR 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., J.P.

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

THE HONOURABLE MICHAEL MAK KWOK-FUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

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

DR THE HONOURABLE LO WING-LOK

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

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

THE HONOURABLE MA FUNG-KWOK, J.P.

MEMBERS ABSENT:

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

THE HONOURABLE CHAN YUEN-HAN, J.P.

THE HONOURABLE BERNARD CHAN, J.P.

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE DONALD TSANG YAM-KUEN, G.B.M., 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, G.B.M., J.P.
THE SECRETARY FOR JUSTICE

THE HONOURABLE HENRY TANG YING-YEN, G.B.S., J.P.
SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR HOUSING, PLANNING AND LANDS

THE HONOURABLE MRS REGINA IP LAU SUK-YEE, G.B.S., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE STEPHEN IP SHU-KWAN, G.B.S., J.P.
SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR

DR THE HONOURABLE SARAH LIAO SAU-TUNG, J.P.
SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

THE HONOURABLE FREDERICK MA SI-HANG, J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE STEPHEN LAM SUI-LUNG, 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

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Births and Deaths Registration Ordinance (Amendment of First Schedule) Order 2003	110/2003
Foreign Lawyers Practice (Amendment) Rules 2003	111/2003

Other Papers

No. 80 — Annual Report 2001-2002
Hong Kong Broadcasting Authority

Report of the Bills Committee on Occupational Deafness (Compensation) (Amendment) Bill 2002

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Project Consultancy Agreements and Construction Contracts of Government

1. **DR DAVID CHU** (in Cantonese): *Madam President, regarding the project consultancy agreements worth \$1.3 million or above and construction contracts worth \$50 million or above awarded by the Government over the past three years, will the Government inform this Council, in respect of each agreement or contract, of the projects involved, the sum as well as the name of the consultancy firm and contractor awarded such agreement or contract?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Madam President, regarding each project consultancy agreement worth \$1.3 million or above and construction contract worth \$50 million or above awarded by the Government over the past three years, the project title, the approved sum and the name of the consultancy firm and contractor awarded the agreement or contract are listed in Annexes A and B.

Since over 500 projects are listed in the Annexes, translating the project titles and company names would require a large amount of resources. To save such resources, we have, after obtaining the consent of Dr David CHU, provided only the English versions of the Annexes for reference.

Government procurement is always guided by the principles of open and fair competition, transparency, public accountability and value for money.

The selection of consultants is based on the combined scores of the tenderers in respect of the quality of their technical proposals, their past performance and the prices quoted. Regarding tenders for construction contracts, an overall assessment is made, using a 60:40 weighting on tender prices and technical evaluation/performance index ratings respectively. For large or complicated works contracts, a marking scheme is used to calculate the technical evaluation scores. For other contracts, a formula is used to calculate the combined price and performance scores. As a result, construction companies with good performance records will stand a better chance of winning a contract. These measures can encourage consultants and contractors to continuously strive for excellence, instead of merely aiming at the lowest acceptable standards. In the long run, these measures can enhance the overall quality of the construction industry and achieve greater value for money in the use of public funds.

As far as public works are concerned, the procurement of services for construction and engineering works, like other kinds of government procurement, is subject to the Agreement on Government Procurement (GPA) of the World Trade Organization (WTO). As said above, the Government subscribes to the fundamental principle that procurement should be transparent and conducted on a fair and level playing field that does not give an unfair advantage to any supplier. We think there is already adequate competition among contractors bidding for public works projects. On our Approved Lists of Contractors, there are more than 900 contractors qualified to submit public works tenders. Some 300 of them are main contractors while the others are

specialist contractors. Our invitations to tender have all along been well received.

The same principle of fair competition is adopted for the procurement of consultancy service, although it is not subject to the WTO's multilateral GPA. There is no barrier to entry, and consultancy assignments are awarded on the basis of combined technical and fee evaluation. No consultant is given preference or favourable treatment. The system is fair and open, and has cultivated a very effective competitive environment in the industry.

In conclusion, given the open, fair and transparent procurement system and competition policy as described above, as well as the measures taken to encourage the participation of smaller companies, the consultancy agreements and construction contracts for public works in Hong Kong are in no way monopolized by any company.

Annex A

(A) Works Consultancies

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
1	Preliminary Project Feasibility Study for the Traffic Management & Information Centre for the Strategic Road Network	1.68	Hyder Advantec Joint Venture
2	Consultancy Assignment for Area Traffic Control and Closed Circuit Television Systems for Tuen Mun and Yuen Long Districts (Design and Construction)	4.08	Delcan Arup Joint Venture
3	Consultancy Assignment for Renewal of Hong Kong Area Traffic Control and Closed Circuit Television Systems (Design and Construction)	3.91	Arup Delcan Joint Venture
4	Investigation consultancy for structural integrity of Lion Rock Tunnel and Aberdeen Tunnel - Investigation Assignment	3.00	Ove Arup & Partners (Hong Kong) Ltd
5	Route 10 - North Lantau to Yuen Long Highway (North Lantau to Tsing Lung Tau Section) - Design and Construction Assignment	102.00	Maunsell Consultants Asia Ltd
6	Improvement to Kam Tin Road, Stage 2 and Improvement to Kam Tin Road, Stage 1 - Design and Construction Assignment	4.80	Mott Connell Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
7	Route 10 - North Lantau to Yuen Long Highway (Tsing Lung Tau to So Kwun Wat Section) - Design and Construction Assignment	58.00	Mott Connell Ltd
8	Route 10 - North Lantau to Yuen Long Highway (Route-wide Traffic Control and Surveillance System) - Design and Construction Assignment	14.70	Ove Arup & Partners (Hong Kong) Ltd
9	Route 10 - North Lantau to Yuen Long Highway Independent Appraisal of the Design of Tsing Lung Bridge - Independent Checking on Design and Construction Assignment	8.20	Mott Connell Ltd
10	Route 9 between Tsing Yi and Cheung Sha Wan - Stonecutters Bridge - Design and Construction Assignment	52.00	Ove Arup & Partners (Hong Kong) Ltd
11	Widening of Tolo Highway/Fan Ling Highway between Island House Interchange and Fan Ling - Design and Construction Assignment	26.80	Hyder Consulting Ltd/Ove Arup & Partners (Hong Kong) Ltd/Binnie Black & Veatch H.K. Ltd
12	Improvement to Tung Chung Road between Lung Tseng Tau and Cheung Sha - Investigation and Preliminary Design Assignment	6.25	Mouchel Asia Ltd
13	Independent Appraisal of the Design of Stonecutters Bridge - Design Appraisal	7.54	Mott Connell Ltd
14	Shenzhen Western Corridor - Investigation and Planning Assignment	8.60	Ove Arup & Partners (Hong Kong) Ltd
15	Extension of Footbridge Network in Tsuen Wan - Design and Construction Assignment	6.46	Scott Wilson (Hong Kong) Ltd
16	Dualling of Clear Water Bay Road from Tai Po Tsai to Hang Hau Road - Investigation Assignment	2.70	Mott Connell Ltd
17	Flyover and adjoining footbridge between Yuen Long On Ning Road and Kau Yuk Road - Investigation Assignment	2.52	Maunsell Consultants Asia Ltd
18	Widening of Yuen Long Highway between Lam Tei and Shap Pat Heung Interchange - Design and Construction Assignment	8.81	Scott Wilson (Hong Kong) Ltd
19	Route 7 - section between Kennedy Town and Aberdeen - Investigation Assignment	3.40	Ove Arup & Partners (Hong Kong) Ltd
20	Deep Bay Link - Design and Construction Assignment	42.02	Ove Arup & Partners (Hong Kong) Ltd
21	Investigation and Preliminary Design for Reconstruction and Improvement of Tuen Mun Road - Investigation and Preliminary Design Assignment	9.14	Maunsell Consultants Asia Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
22	Direct noise mitigation measures on Tseung Kwan O Road and Tseung Kwan O Road Flyover - Investigation Assignment	2.70	Maunsell Consultants Asia Ltd
23	Annual Inspection for Roadside Man-made Slopes/Retaining Walls on Hong Kong Island - Investigation Assignment	4.91	Maunsell Geotechnical Services Ltd
24	Improvement to Tung Chung Road between Lung Tseng Tau and Cheung Sha - Design and Construction Assignment	16.80	Mott Connell Ltd
25	Provision of Safe Access for Inspection and Maintenance of Slopes for Hong Kong Island and Kowloon - Design and Construction Assignment	6.00	Fugro (Hong Kong) Ltd
26	Quality Paving Works in Kowloon Region - Design and Construction Assignment	1.78	Maunsell Consultants Asia Ltd
27	Improvements to San Tin Interchange - Investigation Assignment	3.13	Maunsell Consultants Asia Ltd
28	Roadside Slope Engineer Inspections (2002 to 2005) in Hong Kong Island and Kowloon Regions - Investigation Assignment	13.29	Maunsell Geotechnical Services Ltd
29	Annual Inspection for Roadside Slopes/Retaining Walls in the New Territories Region (2002 to 2004) - Investigation Assignment	12.00	Maunsell Geotechnical Services Ltd
30	Minor road projects in New Territories, Package 2 - Design and Construction Assignment	4.30	Maunsell Consultants Asia Ltd
31	Minor road projects in New Territories, Package 1 - Design and Construction Assignment	4.78	Maunsell Consultants Asia Ltd
32	Roadside Slope Engineer Inspections (2003 to 2005) in the New Territories Region - Investigation Assignment	12.60	Black & Veatch H.K. Ltd
33	Design and Construction of Remaining Engineering Infrastructure Works for Pak Shek Kok Development	6.80	Hyder Consulting Ltd
34	Reclamation of Sai Wan Typhoon Shelter and Associated Engineering Works at Cheung Chau - Investigation	1.50	ERM - Hong Kong Ltd
35	South East Kowloon Development - Infrastructure at North Apron Area of Kai Tak Airport (Design and Construction)	65.00	Ove Arup & Partners HK Ltd
36	South East Kowloon Development - Kai Tak Approach Channel Reclamation (Design and Construction)	35.01	Arup-Scott Wilson Joint Venture

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
37	Wan Chai Development Phase II - Design and Construction Assignment	72.50	Maunsell Consultants Asia Ltd
38	Tsuen Wan Road Upgrading - Investigation	5.69	Scott Wilson Ltd
39	South Lantau and Mui Wo Development - Feasibility Study	8.10	Binnie-City Planning Joint Venture
40	Further Development of Tseung Kwan O - Feasibility Study	23.50	Maunsell Consultants Asia Ltd
41	The Implementation of an Automated Refuse Collection System at South East Kowloon Development - Feasibility Study	4.09	Maunsell Consultants Asia Ltd
42	Cycle Track Network in New Territories - Feasibility Study	4.10	Scott Wilson Ltd
43	South East Kowloon Development - Kowloon Bay Reclamation and Engineering Works (Design and Construction)	49.21	Maunsell Consultants Asia Ltd
44	Extension of Existing Landfills and Identification of Potential New Waste Disposal Sites	3.40	Scott Wilson (Hong Kong) Ltd
45	Review of Hong Kong Island Sewerage Master Plans	2.60	Maunsell Consultants Asia Ltd
46	Review of the SSDS	8.90	An independent International Review Panel comprises Prof Leonard CHENG, Prof Rudolf S S WU, Prof Donald HARLEMAN, Prof Eng. Sebastiano PELIZZA and Dr Albert KOENIG
47	Study on Longer-Term Arrangement for the Collection, Disposal and Management of Livestock Waste	1.50	Maunsell Environmental Management Consultants Ltd
48	Review of North District and Tolo Harbour Sewerage Master Plans	2.50	MWH Hong Kong Ltd
49	Restoration of Pillar Point Valley Landfill and Establishment of Recycling Park - Contract Arrangements	4.50	Mott Connell Ltd
50	Additional Study of Waste-to-Energy Facilities (WEF)	2.68	Montgomery Watson Hong Kong Ltd
51	Review of the acoustical environment due to the infrastructure projects in Hong Kong	3.13	ERM - Hong Kong Ltd
52	Animal Carcass Treatment Facilities	4.25	ERM - Hong Kong Ltd
53	Development of a Biological Indicator System for Monitoring Marine Pollution	6.90	CityU Professional Services Ltd
54	Environmental and Engineering Feasibility Assessment Studies In relation to the Way Forward of the Harbour Area Treatment Scheme	21.00	Camp Dresser & McKee International Inc.

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
55	Contract Arrangement for Recreation Facilities at Tseung Kwan O Stage 1 Landfill and Jordan Valley Landfill - Feasibility Study	3.83	Maunsell Consultants Asia Ltd
56	Review of Integrated Waste Management Technologies (IWMT) - FS	2.00	Camp Dresser & McKee International Inc.
57	Environmental Review of Urban Landfills and Tseung Kwan O Landfills – Feasibility Study	4.00	ERM - Hong Kong Ltd
58	Review of Design, Construction and Operation Contract Arrangement and Associated Institutional Framework for Managing Waste Management Facilities in Hong Kong – Feasibility Study	4.30	Scott Wilson Ltd
59	Environmental Monitoring and Audit for Construction and Operation Phases of Sha Tin Sewage Treatment Works Stage III Extension	7.80	Maunsell Environmental Management Consultants Ltd
60	Sai Kung Sewage Treatment Works Phase II Upgrading - Environmental Impact Assessment and Treatment Process Studies	5.00	Maunsell Environmental Management Consultants Ltd
61	Tai Po Sewage Treatment Works - Stage V Environmental Impact Assessment Study	1.59	Maunsell Consultants Asia Ltd
62	Drainage Improvement in Northern New Territories - Package B Investigation, Design and Construction	6.20	Mott Connell Ltd
63	Improvement of Sewage Treatment Facilities at Hei Ling Chau Island, Sha Tsui Detention Centre and O Pui Shan Boys' Home	3.62	Meinhardt (C&S) Ltd
64	Stormwater drainage master plan study in Southern Hong Kong Island	5.54	Maunsell Consultants Asia Ltd
65	Investigation of Sewers and Drains Affecting the Safety of Slope Features in the Catalogue of Slopes, Phase 1	9.30	Maunsell Scott Wilson Joint Venture
66	Investigation of Sewers and Drains Affecting the Safety of Slope Features in the Catalogue of Slopes, Phase 2	3.39	MWH Hong Kong Ltd
67	Peng Chau Sewage Treatment Works Upgrade - Investigation, Design and Construction	4.87	Camp Dresser & McKee International Inc.
68	Drainage Improvement in Sha Tin and Tai Po	11.80	Maunsell Consultants Asia Ltd
69	Outlying Islands Sewerage Stage 1 Phase 1 Ngong Ping Sewage Treatment Works and Sewerage	4.00	Ove Arup & Partners Hong Kong Ltd
70	Drainage Improvement in Tsuen Wan and Kwai Chung - Urban Drainage Works Design and Construction	2.54	Maurice Lee and Associates Ltd
71	Drainage Improvement in Tsuen Wan and Kwai Chung - Tsuen Wan Drainage Tunnel - Investigation	5.20	Mott Connell Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
72	EIA Study for Upgrading and Expansion of San Wai STW and Expansion of Ha Tsuen Pumping Station	2.68	MWH Hong Kong Ltd
73	Aberdeen, Ap Lei Chau and Pok Fu Lam Sewerage – Remainder	3.55	Atkins China Ltd
74	Drainage Improvement in Northern New Territories - Package A - Investigation	4.89	Mouchel Asia Ltd
75	EIA and TIA for Yuen Long and Kam Tin Sewerage and Sewage Disposal Stage 2 - Investigation	2.86	Ove Arup & Partners Hong Kong Ltd
76	Drainage Improvement in Northern Hong Kong Island, Eastern District Lower Catchment - Design and Construction	1.91	Mott Connell Ltd
77	Drainage Improvement in Sai Kung - Design and Construction	4.39	Mouchel Asia Ltd
78	Lai Chi Kok Transfer Scheme – Investigation	5.95	Hyder Consulting Ltd
79	Drainage Improvement in Northern Hong Kong Island - Hong Kong West Drainage Tunnel and Lower Catchment Improvement - Investigation	12.40	Black & Veatch Hong Kong Ltd
80	Redevelopment of Hong Chi Pinehill School No. 1&3 at Nam Hang Tai Po	4.03	Ling Chan & Partners Ltd
81	Term Structural Engineering Consultancy for the Design and Supervision of Minor Building and Maintenance Projects	2.22	BMMK Ratcliffe Hoare & Co Ltd
82	Improvement Scheme for Public Toilet Facilities in the New Territories (Phase III)	1.87	P K Ng & Associates (HK) Ltd
83	School Improvement Programme Final Phase Package 1	62.86	WCWP International Ltd
84	School Improvement Programme Final Phase Package 2	53.00	RMJM Hong Kong Ltd
85	School Improvement Programme Final Phase Package 3	44.52	Andrew Lee King Fun & Associates-Architects
86	School Improvement Programme Final Phase Package 4	91.43	Ronald Lu & Partners (Hong Kong) Ltd
87	School Improvement Programme Final Phase Package 5	56.23	Chows Architects Ltd
88	School Improvement Programme Final Phase Package 6	61.22	Simon Kwan & Associates Ltd
89	School Improvement Programme Final Phase Package 7	16.67	Chung Wah Nan Architects Ltd
90	School Improvement Programme Final Phase Package 8	14.70	P K Ng & Associates (HK) Ltd

<i>Title</i>					<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
91	School Improvement Programme	Final Phase	Package 9		19.85	Chau Ku & Leung Architects & Engineers Ltd
92	School Improvement Programme	Final Phase	Package 10		20.00	Arthur C S Kwok Architects & Associates Ltd
93	School Improvement Programme	Final Phase	Package 11		20.60	Chan, Kan & Associates Ltd
94	School Improvement Programme	Final Phase	Package 12		20.60	Chau Lam Architects and Associates Architects & Engineers (H.K.) Ltd
95	School Improvement Programme	Final Phase	Package 13		16.91	Ling Chan & Partners Ltd
96	School Improvement Programme	Final Phase	Package 14		15.76	Spence Robinson Ltd
97	Centre for Youth Development Chai Wan				45.10	P & T Architects and Engineers Ltd
98	Project Management Consultants for School Improvement Programme Phase V				63.65	CMI-Babtie Joint Venture
99	Improvements to Primary Secondary and Special Schools - Final Phase				12.02	Widnell Ltd
100	Improvements to Primary Secondary and Special Schools - Final Phase				13.40	WTP (H K) Ltd
101	Improvements to Primary Secondary and Special Schools - Final Phase				6.37	D G Jones and Partners (Hong Kong) Ltd
102	Improvements to Primary Secondary and Special Schools - Final Phase				9.04	C S Toh & Sons & Associates
103	Improvements to Primary Secondary and Special Schools - Final Phase				2.43	MDA Hong Kong Ltd
104	Improvements to Primary Secondary and Special Schools - Final Phase				1.62	Franklin & Andrews (Hong Kong) Ltd
105	Building Services Installation for the Construction of a Primary School in Pokfield Road and a Secondary School in Area 36C Sha Tin				1.60	Wong & Ouyang (Building Services) Ltd
106	Minor Works Term Consultancy 2001-2003				18.71	Dennis Lau & Ng Chun Man Arch & Eng (HK) Ltd
107	Landscape Works for the International Wetland Park and Visitor Centre Phase 2				5.35	Urbis Ltd
108	Provision of Air-conditioning to the Existing 14 Urban Council (Hong Kong Island West) Markets and Cooked Food Centre				37.62	Hyder Consulting Ltd
109	Provision of Air-conditioning to the Existing 14 Urban Council (Hong Kong Island West) Markets and Cooked Food Centre				17.74	Thomas Anderson & Partners (HK) Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
110	Provision of Air-conditioning to the Existing 14 Urban Council (Hong Kong Island West) Markets and Cooked Food Centre	23.76	Rankine & Hill (Hong Kong) Ltd
111	Provision of Air-conditioning to the Existing 14 Urban Council (Hong Kong Island West) Markets and Cooked Food Centre	36.41	Sinclair Knight Merz (Hong Kong) Ltd
112	Design and Construction Supervision of a Primary School at Fairview Park Yuen Long New Territories	2.18	Wong & Outyang (C S) Ltd
113	Improvement Works and Retro-fitting of Air-conditioning to 9 Existing Ex-Pro RC Markets and Cooked Food Centres	17.06	Sinclair Knight Merz (Hong Kong) Ltd
114	Improvement Works and Retro-fitting of Air-conditioning to 9 Existing Ex-Pro RC Markets and Cooked Food Centres	18.19	Hyder Consulting Ltd
115	Improvement Works and Retro-fitting of Air-conditioning to 9 Existing Ex-Pro RC Markets and Cooked Food Centres	15.58	Ove Arup & Partners (Hong Kong) Ltd
116	Improvement Works and Retro-fitting of Air-conditioning to 9 Existing Ex-Pro RC Markets and Cooked Food Centres	18.48	Parsons Brinckerhoff (Asia) Ltd
117	Rehabilitation Complex at the Junction of Tsun Wen Road and Leung Shun Street Tuen Mun	2.54	Levett & Bailey Chartered Quantity Surveyors
118	Primary School at Fairview Park Yuen Long New Territories	2.89	Chau Ku & Leung Architects & Engineers Ltd
119	Education Resource Centre cum Public Transport Interchange at Kowloon Tong	3.28	Davis Langdon & Seah HK Ltd
120	Redevelopment of Shaukiwan Tsung Tsin Primary School at Shau Kei Wan	3.93	Chau Ku & Leung Architects & Engineers Ltd
121	Ma On Shan Sports Ground Phase II at Area 92 Ma On Shan	3.86	Spence Robinson Ltd
122	Retro-fitting of A/C to 19 Existing Markets and Cooked Food Centres	3.14	Widnell Ltd
123	Retro-fitting of A/C to 19 Existing Markets and Cooked Food Centres	3.09	Levett & Bailey Chartered Quantity Surveyors
124	Retro-fitting of A/C to 19 Existing Markets and Cooked Food Centres	2.84	C S Toh & Sons & Associates
125	Retro-fitting of A/C to 19 Existing Markets and Cooked Food Centres	2.04	H. A. Brechin & Co Ltd
126	Retro-fitting of A/C to 19 Existing Markets and Cooked Food Centres	1.36	Frank & Vargeson (HK) Ltd
127	Primary School at Shek Lei Estate Phase II Redevelopment Kwai Chung and Primary School at Cheung Sha Wan Road Sham Shui Po Kowloon	10.05	Rocco Design Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
128	Primary School in Kau Hui Yuen Long and Secondary School in Kau Hui Yuen Long	9.69	Ho & Partners Arch Eng & Dev Cons Ltd
129	Two Primary Schools at Eastern Harbour Crossing (EHC) Site Yau Tong	13.62	Wong Tung & Partners Ltd
130	A 24-classroom Primary School at 12-24 Wylie Road Ho Man Tin Kowloon Reprovisioning of Society of Boy's Centre Shing Tak Centre School at New Clear Water Bay Road Shun Lee Kowloon	8.18	Chau Ku & Leung Architects & Engineers Ltd
131	Secondary School at Nam Fung Road Aberdeen	6.01	P K Ng & Associates (HK) Ltd
132	Primary School in Area 31 Sheung Shui New Territories and Secondary School in Area 31 Sheung Shui New Territories	9.37	Chau Lam Arch & Asso Arch & Eng
133	A Primary School in Area 4C/38A Sha Tin and a Secondary School in Area 4C/38A Sha Tin	6.51	WMKY Ltd
134	Custom Headquarters Tower at Tin Chiu Street North Point	3.28	KPK QUANTITY SURVEYORS HK LTD
135	Term Consultancy for Minor Works to Government Properties for which the Architectural Services Department (Property Services Branch) is Responsible in Region No. 1	39.79	Leigh & Orange Ltd
136	Term Consultancy for Minor Works to Government Properties for which the Architectural Services Department (Property Services Branch) is Responsible in Region No. 2	41.99	WCWP International Ltd
137	Term Consultancy for Minor Works to Government Properties for which the Architectural Services Department (Property Services Branch) is Responsible in Region No. 3	35.77	Ho & Partners Arch Eng & Dev Cons Ltd
138	Radiotherapy Centre and Accident in Emergency Department at Princess Margaret Hospital	2.19	D G Jones & Partners (H K) Ltd
139	District Open Space in Areas 3 and 8 Tsing Yi	3.99	Chung Wah Nan Architects Ltd
140	A Primary School in Area 73B Tseung Kwan O, a 2nd Primary School in Area 73B Tseung Kwan O and a Composite School at Area 50 Tseung Kwan O	14.66	Andrew Lee King Fun & Associates-Architects
141	A Primary School at Tai Pak Tin Street Kwai Chung Kowloon and a Secondary School in Area 27 Tung Chung Lantau Island	5.15	Wailee Design Arch Ltd
142	Joint User Building at Rock Hill St Kennedy Road	1.50	KPK Quantity Surveyors HK Ltd
143	Tsim Sha Tsui Beautification Scheme	2.00	Meinhardt (M & E) Ltd
144	LOS at Area 14 (Mouse Island) Tuen Mun District Open Space in Area 7 Tung Chung	4.03	Ma Leung & Associates Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
145	Term Structural Engineering Consultancy for the Design and Supervision of Minor Building and Maintenance Projects	2.40	Chung & Ng Consulting Engineer Ltd
146	Cherry Street Park Tai Kok Tsui	3.65	Spence Robinson Ltd
147	Sheung Lok Street Garden (Site B), Improvement to Lok Wah Playground and Local Open Space at Tin Shui Wai Area 15 Yuen Long	6.28	Chung Wah Nan Architects Ltd
148	Sports Ground at Area 33 Tai Po DOS Area 18 Tuen Mun Employment of Consultants	4.18	Chung Wah Nan Architects Ltd
149	Foot Patch & DOS at Area 5 Tai Po, District Open Space in Area 5 Tai Po and Local Open Space in Ping Shan Yuen Long	4.67	WMKY Ltd
150	Design and Construction of Central Government Complex Legislative Council Building Exhibition Gallery and Civil Place at Tamar Central Hong Kong	15.53	Levett & Bailey Chartered Quantity Surveyors Ltd
151	Marine Police Outer Waters District Headquarters and Marine Police North Division at Ma Liu Shui Sha Tin	6.25	Tom Ip & Partners Architects Engineers
152	Term Consultancy for Minor Works to Government Properties for which the Architectural Services Department (Property Services Branch) is Responsible	8.51	Levett & Bailey Chartered Quantity Surveyors Ltd
153	Territory-wide Implementation Study for Water-cooled Air-conditioning Systems in Hong Kong	9.38	Parsons Brinckerhoff (Asia) Ltd
154	Study on the Potential Application of Renewable Energy in Hong Kong	4.90	Camp Dresser & McKee International Inc.
155	Consultancy Study on the Development of Energy Consumption Indicators and Benchmarks for Selected Energy Consuming Groups in Hong Kong	4.60	Camp Dresser & McKee International Inc.
156	Implementation Study for a District Cooling Scheme at South East Kowloon Development	5.00	Ove Arup & Partners Hong Kong Ltd
157	Investigation Study of Increasing Power Interconnections in Hong Kong	3.38	Mott Connell Ltd
158	Consulting Services relating to the Monitoring of Electricity Supply Companies in Hong Kong and Related Aspects of Electricity Supply	5.00	Nexant Inc.
159	Consultancy Study for the Development of Performance-based Building Energy Code Using Total Energy Budget Approach	2.20	Parsons Brinckerhoff (Asia) Ltd
160	Implementation Study for Water-cooled Air-conditioning Systems at Wan Chai and Causeway Bay - Investigation	3.80	Parsons Brinckerhoff (Asia) Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
161	Replacement of Traffic Control and Surveillance System for the Lion Rock Tunnel – Design and Construction	2.25	Maunsell Consultants Asia Ltd
162	Replacement and Rehabilitation of Water Mains, Stage 1 Phase 1B - Package 3 - New Territories South and Kowloon - Investigation	4.90	Maunsell Consultants Asia Ltd / Hyder Consulting Ltd Joint Venture
163	Mainlaying for Extension of North Point Low Level Salt Water Supply System - Design and Construction	1.65	Mott Connell Ltd
164	Second Safety Review of Small Service Reservoirs	8.80	Hyder Consulting Ltd and Maunsell Consultants Asia Ltd Joint Venture
165	Advisory Services on the Interface between Route 9 (Cheung Sha Wan to Sha Tin) and adjacent Waterworks Installations	5.20	Black & Veatch Hong Kong Ltd and Parsons Brinckerhoff (Asia) Ltd Joint Venture
166	Development of Surface Asset Management Strategy and Methodology of Water Supplies Department	1.70	Black & Veatch Hong Kong Ltd
167	Engineer Inspections for Registered Man-made Slopes Maintained by WSD, 2000-2001 Programme	9.80	Ove Arup & Partners Hong Kong Ltd
168	Water Supply to North-western Tuen Mun, Construction of Tuen Mun No. 2 Fresh Water Service Reservoir and Associated Mainlaying - Investigation	1.39	Maunsell Consultants Asia Ltd
169	Water Supply to Housing Development in Area 56A, Sha Tin and Water Supply for the Intensification and Extension of Tseung Kwan O New Town - Construction of Tseung Kwan O East Low Level No. 2 Fresh Water Service Reservoir - Investigation	1.30	Black & Veatch Hong Kong Ltd
170	Reconstruction of Catchwater Channels and Upgrading of Adjoining Slopes on Hong Kong Island and Lantau Island, Phase 1 Stage 1 - Design and Construction	5.20	Maunsell Consultants Asia Ltd
171	Improvement to Hong Kong Central Mid Level and High Level Areas Water Supply - Remaining Works - Investigation	1.15	MWH Hong Kong Ltd
172	Third Safety Review of Small Service Reservoirs	4.55	Black & Veatch Hong Kong Ltd
173	Feasibility Study on Development of Desalination Facilities in Hong Kong	3.00	Camp Dresser & McKee International Inc
174	Reconstruction of Catchwater Channels and Tunnels and Upgrading of Adjoining Slopes in Tai Lam Chung, Stage 1 - Design and Construction	5.20	Maunsell Consultants Asia Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
175	Replacement and Rehabilitation of Water Mains Stage 1 Phase 1B Package 1 - Hong Kong and Islands, Design and Construction	5.70	Maunsell Consultants Asia Ltd and Scott Wilson Ltd
176	Replacement and Rehabilitation of Watermains Stage 1 Phase 1B - Package 2 - New Territories North - Design and Construction	5.20	Black & Veatch Hong Kong Ltd
177	Replacement and Rehabilitation of Watermains, Stage 1 Phase 1B Package 3 - New Territories South and Kowloon - Design and Construction	8.05	MWH Hong Kong Ltd and Atkins China Ltd Joint Venture
178	Replacement and Rehabilitation of Water Mains Stage 1 Phase 2 - Investigation	3.68	Black & Veatch Hong Kong Ltd
179	Water Supply to Housing Developments at Anderson Road, near Choi Wan Road and Jordan Valley - Investigation	0.90	Scott Wilson Ltd
180	Examination and Report on the safety of Reservoirs - Sixth Formal Independent Inspection and Advisory Services	22.14	Maunsell Consultants Asia Ltd
181	Inspection of Buried Water Mains Affecting Slopes Second Five-year Cycle Inspection	11.98	Maunsell Consultants Asia Ltd and Camp Dresser & McKee International Inc Joint Venture
182	Tuen Mun No. 2 Fresh Water Service Reservoir and Associated Mainlaying - Design and Construction	2.88	Maunsell Consultants Asia Ltd
183	Second Round Engineer Inspections and Upgrading Works for WSD Slopes, 2002-2003 Programme	13.95	Maunsell Geotechnical Services Ltd
184	Consultancy for Road Traffic Impact Assessment, Marine Traffic Impact Assessment and Environmental Study for the proposed Kwai Chung Public Filling Barging Point	1.68	Scott Wilson (Hong Kong) Ltd
185	Investigation, Design and Supervision of Landslip Preventive Works on Government Slopes and Related Studies (Kowloon and the New Territories)	21.60	Maunsell Geotechnical Services Ltd
186	Investigation, Design and Supervision of Landslip Preventive Works on Government Slopes and Related Studies (Hong Kong Island and Outlying Islands)	22.75	Fugro (Hong Kong) Ltd
187	2000 and 2001 Landslide Investigation Consultancy for Hong Kong Island and Outlying Islands	32.50	Fugro Maunsell Scott Wilson Joint Venture
188	Detailed Feasibility Study for Site Formation for Schools Development at Woodside, Quarry Bay	1.60	Ove Arup & Partners Hong Kong Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
189	Environmental Improvement of Shing Mun River - Specialist Advisory Consultancy on Bioremediation Technique	2.49	Golder Associates (HK) Ltd
190	Investigation, design and supervision of Landslip Preventive Works on Government slopes (Lantau Island)	8.42	Halcrow China Ltd
191	Infrastructure for Penny's Bay Development - Engineering Design and Construction	63.00	Maunsell Consultant Asia Ltd
192	Site formation at Lung Wah Street - Design and Construction	3.68	Maunsell Consultant Asia Ltd
193	Investigation, design and supervision of Landslip Preventive Works on Government slopes and related studies (Hong Kong Island)	10.93	Mott Connell Ltd
194	Investigation, design and supervision of Landslip Preventive Works on Government slopes and related studies (Kowloon and the New Territories)	24.03	Maunsell Geotechnical Services Ltd
195	2000 and 2001 Landslide Investigation Consultancy for Kowloon and the New Territories	18.74	Halcrow China Ltd
196	Consultancy for Environmental Monitoring and Audit for Contaminated Mud Pit IV at East of Sha Chau (2000 to 2005)	8.00	Mouchel Asia Ltd
197	Supplementary Agreement to CE 54/97 for Public Works Regional Laboratories	34.80	Maunsell Consultant Asia Ltd
198	Landscape Work for Penny's Bay Development - Design and Construction	19.80	Earthasia Ltd
199	Investigation, design and supervision of Landslip Preventive Works on Government slopes and related studies (Sha Tin)	9.40	Babtie BMT Harris & Sutherland (Hong Kong Ltd
200	Stability Studies of Private Slopes in Hong Kong Island	10.62	Maunsell Geotechnical Services Ltd
201	Investigation, design and supervision of Landslip Preventive Works on Government slopes and related studies (Kowloon and the Northern New Territories)	18.00	Binnie Black & Veatch Hong Kong Ltd
202	Environmental Monitoring and Audit for Penny's Bay Reclamation Stage 1	2.15	Mouchel Asia Ltd
203	10-year extended LPM, Phase 2, Package G - Investigation, Design and Supervision of Landslip Preventive Works on Government slopes and related studies	20.00	Halcrow China Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
204	Investigation, Design and Supervision of Landslip Preventive Works on Government slopes and related studies	7.00	C M Wong and Associates Ltd
205	Natural Terrain Hazard Study for Tsing Shan Foothill Area	11.73	Maunsell Fugro Joint Venture
206	EIA of Yung Shue Wan Development, Engineering Works, Phase 2	2.00	Mouchel Asia Ltd
207	Structural Repair of Immersed Tubes of Hung Hom Cross-Harbour Tunnel	2.93	Parsons Brinckerhoff (Asia) Ltd
208	Watermain and sewerage works from Siu Ho Wan to Yam O - Design and Construction	3.10	Ove Arup & Partners Hong Kong Ltd
209	10-year extended LPM, Phase 2, Package K - Investigation, Design and Supervision of Landslip Preventive Works on Government slopes and related studies	9.15	Fugro (Hong Kong) Ltd
210	EIA for Construction of Lung Kwu Chau Jetty	2.20	Maunsell Consultant Asia Ltd
211	Pa Tau Kwu section of Chok Ko Wan Link Road - Engineering design and construction	13.22	Maunsell Consultant Asia Ltd
212	10-year Extended LPM project, Phase 2, Package M - Investigation, Design and Supervision of Landslip Preventive Works on Government slopes and related studies	18.60	Fugro (Hong Kong) Ltd
213	10-year Extended LPM project, Phase 2, Package N - Investigation, Design and Supervision of Landslip Preventive Works on Government slopes and related studies	9.20	C M Wong and Associates Ltd
214	Assessment of the Engineering and Economic Viability and Associated Impact for the Pilot Construction and Demolition Material Recycling Facility at Kai Tak	3.98	Arup Scott Wilson Joint Venture
215	Landslide Investigation for Landslide reported within Kowloon and the New Territories between 01 April and end of 2002	22.66	Maunsell Geotechnical Services Ltd
216	10-year Extended LPM project, Phase 2, Package R - Investigation, Design and Supervision of Landslip Preventive Works on Government slopes and related studies	8.95	Scott Wilson (Hong Kong) Ltd
217	10-year Extended LPM project, Phase 2, Package Q - Investigation, Design and Supervision of Landslip Preventive Works on Government slopes and related studies	15.50	Halcrow China Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
218	Feasibility Study for a long-term facility to accommodate construction and Demolition Material and Dredged Mud	7.50	Scott Wilson (Hong Kong) Ltd
219	Investigation Design and Supervision of Landslip Preventive Works on Government slopes (Phase 2, Package T)	8.60	Binnie Black & Veatch Hong Kong Ltd
220	Stability Studies of private slopes (Phase 2, Package S)	5.20	C M Wong and Associates Ltd
221	Environmental Project Office in Northeast Lantau	40.00	Mouchel Asia Ltd
222	Investigation, Design and Supervision of Landslip Preventive Works on Government slopes and related studies (Phase 2, Package U)	20.00	Halcrow China Ltd
223	Investigation, Design and Supervision of Landslip Preventive Works on Government slopes and related studies (Phase 2, Package V)	20.00	Fugro (Hong Kong) Ltd
224	Consultancy for Environmental and Traffic Impact Assessment Study for Fill Bank at Tseung Kwan O Area 137 - Investigation	1.87	CH2M Hill (China) Ltd
225	Environmental Monitoring and Audit for Reclamation and Infrastructure Works in North Tsing Yi	5.01	Maunsell Environmental Management Consultant Ltd
226	Stability Studies on Private Slopes (Phase 3, Package A)	4.50	Maunsell Geotechnical Services Ltd
227	Stability Studies on Private Slopes (Phase 3, Package B)	4.62	Maunsell Geotechnical Services Ltd
228	Consultancy for design and reconstruction of Green Island CSD Pier, Chi Ma Wan Public Pier, Sok Kwu Wan Public Pier and Tap Mun Public Pier	2.14	Mott Connell Ltd
229	Landslide mitigation works against natural terrain hazards in Tung Wan and Sha Tin Heights - Design and Construction	4.37	Maunsell Geotechnical Services Ltd
230	Landslip Preventive Works on Government Slopes (Phase 3, Package C) - Investigation, Design and Construction	8.19	Maunsell Geotechnical Services Ltd
231	Landslip Preventive Works on Government Slopes (Phase 3, Package D) - Investigation, Design and Construction	7.93	Maunsell Geotechnical Services Ltd
232	Site Formation for School Development at Aberdeen Reservoir Road, Inverness Road and Tsing Yi Area 10 - Design and Site Investigation	2.93	Binnie Black & Veatch Hong Kong Ltd

	<i>Title</i>	<i>Consultancy Fee \$M</i>	<i>Name of Consultant(s)</i>
233	Investigation of Landslides Occurring in Hong Kong Island and the Outlying Islands in 2002	17.80	Fugro (Hong Kong) Ltd
234	Landslide Mitigation Works at Pak Sha Wan and Tsing Shan Trail above Area 19 - Design and Construction	2.18	Fugro (Hong Kong) Ltd
235	Landslip Preventive Works on Government Slopes (Phase 3, Package E) - Investigation, Design and Construction	24.00	C M Wong and Associates Ltd
236	Landslip Preventive Works on Government Slopes (Phase 3, Package F) - Investigation, Design and Construction	12.00	Fugro (Hong Kong) Ltd
237	Detailed Site Selection Study for a Proposed Contaminated Mud Disposal Facility within the Airport East/East of Sha Chau Area	1.62	ERM Hong Kong Ltd
238	Site Formation for Schools Development at Woodside, Quarry Bay - Design and Construction	1.90	Ove Arup & Partners Hong Kong Ltd
239	Demolition and Decontamination Works at the Kwai Chung Incineration Plant and at the proposed Kennedy Town Comprehensive Development Area Site - Design and Construction	6.12	Mott Connell Ltd
240	Stability Studies on Private Slopes (Phase 3, Package G)	6.20	C M Wong and Associates Ltd
241	Stability Studies on Private Slopes (Phase 3, Package H)	6.60	C M Wong and Associates Ltd
242	Installation of cathodic protection system at reinforced concrete piers (Package 1)	2.05	Ove Arup & Partners Hong Kong Ltd
243	Updating of the Slope Catalogue Using Latest Topographic Plans	5.22	Maunsell Geotechnical Services Ltd
244	Landslip Preventive Works on Government Slopes (Phase 3, Package K) - Investigation, Design and Construction	8.50	Fugro (Hong Kong) Ltd
245	Landslip Preventive Works on Government Slopes (Phase 3, Package L) - Investigation, Design and Construction	7.50	Maunsell Geotechnical Services Ltd
246	Inspection and Registration of Marginally Registrable Slopes Identified from Aerial Photograph Interpretations	4.99	Maunsell Geotechnical Services Ltd
Total No. of Consultancies		246	
Total Consultancy Fee (\$M)		2,989.10	

Annex B

(B) Works Contracts

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
1	Improvements to Island Eastern Corridor Section between North Point Interchange and Sai Wan Ho	688.00	Gammon Construction Ltd
2	Kam Tin Bypass	218.60	Zhuhai Int'l Economic & Technical Coop. Corp.
3	Hung Shui Kiu Further Development - Improvement to Tin Ha Road and Tin Sum Road	81.50	China Metallurgical Construction (Group) Corp.
4	Castle Peak Road Improvement between Area 2 and Ting Kau	843.00	China State Construction Engineering (Hong Kong) Ltd
5	Castle Peak Road improvement between Sham Tseng and Ka Loon Tsuen, Tsuen Wan	764.00	Maeda Corp.
6	Route 9 - Ngong Shuen Chau Viaduct	1,538.70	China Harbour Engineering Co. (Group)
7	Castle Peak Road Improvement between Ting Kau and Sham Tseng, Tsuen Wan	963.00	China State Construction Engineering(Hong Kong) Ltd
8	Sai Sha Road Widening between Kam Ying Road and Future Trunk Road T7 Junction	111.40	Barbican Construction Co. Ltd
9	Route 9 - Advance Works	97.30	Paul Y. Construction Co. Ltd
10	Formation, Roads and Drains in Area 4C and 38A	312.01	China State Construction Engineering Corporation
11	Main Drainage Channel for Ngau Tam Mei Phase 2 - Ngau Tam Mei to Yau Mei San Tsuen Section	98.00	Shun Hing Construction Co. Ltd
12	Kau Hui Development Phase 1 - Roads and Drainage Works in Area 16, Yuen Long	119.91	Shun Hing Construction Co Ltd
13	Tseung Kwan O Development, Phase 3 Remaining Reclamation in the Town Centre Extension, Stage 2 and Associated Main Drainage Works	367.79	China Civil, Road & Bridge Joint Venture
14	Local Roads and Drainage Works at Shek Mun Area 11A, Sha Tin	126.99	China Civil Engineering Construction Corporation
15	Northern Access Road for Cyberport Development at Telegraph Bay	187.87	China Harbour Engineering Company (Group)
16	Roads and Associated Engineering Works for Hung Shui Kiu North, Phase 1	65.40	Hsin Chong Construction Co., Ltd
17	Sha Tin New Town, Stage II, Construction of Road T7 in Ma On Shan	1,386.00	China Harbour Engineering Company (Group)
18	Main drainage channels for Yuen Long and Kam Tin - Sham Chung Channel	83.37	Sun Fook Kong (Civil) Ltd
19	Main drainage channels for Yuen Long and Kam Tin Stage 2 - remainder	213.52	Sun Fook Kong (Civil) Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
20	Tseung Kwan O Development - Remaining engineering infrastructure in Tseung Kwan O Town Centre Central	108.00	Kin Shing Construction Co. Ltd
21	Advance contract for Route 5 section between Shek Wai Kok and Chai Wan Kok	80.86	China Geo-Engineering Corporation
22	Sha Tin New Town, Stage II - Site formation in Areas 34, 52 and 56A	154.18	Kin Shing Construction Co. Ltd
23	River Training for Upper River Indus - Completion of the Remaining Works between Man Kam To Road and KCRC Bridges	224.40	Sun Fook Kong (Civil) Ltd
24	Road Widening and Junction Improvement Works in Sheung Shui/Fan Ling Area	53.80	Wui Yip Civil Engineering Ltd
25	Refurbishment Works at Piers 4 to 6 and Miscellaneous Remaining Works in Central Reclamation, Phase 1	50.80	Downer Construction (HK) Ltd
26	Sha Tin New Town, Stage II – Road D15 Linking Lok Shun Path and Tai Po Road	91.50	Barbican Construction Co. Ltd
27	Tseung Kwan O Development, Phase 2- Graded Separated Interchange T1/P1/P2	365.46	China Civil Engineering Construction Corporation
28	Remaining Engineering Infrastructure Works for Pak Shek Kok Development, Package 1	308.00	Penta-Ocean Construction Co., Ltd
29	West Kowloon Reclamation remaining roadworks stage 3, Phase 1	149.00	Barbican Construction Ltd
30	Route 9 - Sha Tin Heights Tunnel and Approaches	1,073.80	China State - China Railway Joint Venture
31	Main Contract for Route 5 section between Shek Wai Kok and Chai Wan Kok	537.80	Barbican Construction Co., Ltd
32	Completion of the Remaining River Training Works for Upper River Indus between Man Kam To and San Wai	186.00	Bilfinger Berger AG
33	Upgrading of Ting Kok Road between Tai Po East Fire Station and Shuen Wan	181.45	China Road and Bridge Corporation
34	Yuen Long South Development - Road Works in Areas 13 and 14, Yuen Long	298.00	Barbican Construction Co., Ltd
35	Tin Shui Wai Further Development - Completion Contract for Remaining Works of Road D4	123.80	China Metallurgical Construction (Group) Corporation
36	Northwest New Territories Refuse Transfer Station	216.40	Swire SITA Waste Services Ltd
37	Construction of Trunk Sewers and Sewage Pumping Stations at Yuen Long South, Area 13, Area 14 and Au Tau	96.31	Welcome Construction Co. Ltd
38	Construction of Sha Tin Sewage Treatment Works Stage III Extension Phase I	424.70	Sun Fook Kong (Civil) Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
39	Construction of Sha Tin Sewage Treatment Works Stage III Extension Phase II	285.50	Leader Civil Engineering Corporation Ltd
40	Village Flood Protection for Chuk Yuen Tsuen and Ha San Wai	109.79	Ching Chit Cheung Construction Co. Ltd
41	Village Flood Protection Works for Shui Pin Wai and Ma Tin Tsuen and RPIS Drainage Improvement Works at San Hing Tsuen and Wing Ning Wai	65.85	Leader Civil Engineering Corporation Ltd
42	Pok Wai Drainage Channel	50.97	Hsin Chong Construction Co. Ltd
43	Village Flood Protection Works for Wang Chau, Mai Po Lo Wai and Mai Po San Tsuen and Drainage Improvement Works at Tan Kwai Tsuen	125.00	Ching Chit Cheung Construction Co. Ltd
44	Regulation of Shenzhen River Stage III Phase I - Reprovisioning of Border Road and Fence at Yuen Leng Chai and Man Kam To	74.80	Barbican Construction Co. Ltd
45	Construction of the San Tin Eastern Main Drainage Channel	319.00	Hsin Chong Construction Co. Ltd
46	Construction of Yuen Long Bypass Floodway	405.20	Sun Fook Kong (Civil) Ltd
47	Design, Supply and Installation of Electrical & Mechanical Equipment for Sha Tin Sewage Treatment Works Stage III Extension (Phase I E&M Works)	339.23	Biwater Man Lee Ltd
48	Design, Supply and Installation of Electrical & Mechanical Equipment for Sha Tin Sewage Treatment Works Stage III Extension (Phase II E&M Works)	148.94	The Jardine Engineering Corporation, Ltd
49	Improvement of Sewage Treatment Facilities at Hei Ling Chau Island, O Pui Shan Boy's Home and Sha Tsui Detention Centre	177.80	ATAL Engineering Ltd
50	Investigation of Sewers and Drains Affecting the Safety of Slope Features in the Catalogue of Slopes, Phase 1 – Contract A	65.37	Lam Construction Co. Ltd
51	Tolo Harbour Sewerage of Unsewered Areas Stage I Phase IIB	73.80	Guangdong Overseas Construction Corporation
52	Upgrading of Siu Ho Wan Sewage Treatment Plant (Civil Works)	157.00	China State Construction Engineering (Hong Kong) Ltd
53	Upgrading of Siu Ho Wan Sewage Treatment Plant (E&M Works)	91.38	Mitsubishi Corporation (Hong Kong) Ltd
54	Wan Chai East and North Point Sewerage - Trunk Sewers	426.39	Leighton - Kumagai Joint Venture
55	North District Sewerage Stage 1 Phase 2A - Construction of Sewerage along Sha Tau Kok Road (Lung Yeuk Tau, Ma Mei Ha and Wo Hang) and Village Sewerage in Fan Leng Lau, Kai Leng, Ng Uk Tsuen and So Kwun Po	58.14	Excel Engineering Company Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
56	Sham Tseng Sewage Pumping Station, Sewage Treatment Works and Submarine Outfall	345.60	China State-ATAL Joint Venture
57	West Kowloon Drainage Improvement Stage 2 Phase 1 - Tai Kok Tsui and Mong Kok Areas	134.29	Downer Construction (Hong Kong) Ltd
58	West Kowloon Drainage Improvement Stage 2 Phase 1 - Tsim Sha Tsui and Cheung Sha Wan	129.00	Shun Yuen Construction Company Limited
59	West Kowloon Drainage Improvement Stage 2 Phase 1 - Sham Shui Po Areas	226.46	Downer Construction (Hong Kong) Ltd
60	West Kowloon Drainage Improvement Stage 2 Phase 2 - Remaining Works Stage 3 Phase 1 - Yau Ma Tei	275.90	Shun Yuen Construction Company Ltd
61	West Kowloon Drainage Improvement Stage 2 Phase 2 - Remaining Works Stage 3 Phase 1 - Tai Kok Tsui and Sham Shui Po Areas	166.80	Downer Construction (Hong Kong) Ltd
62	West Kowloon Drainage Improvement Stage 2 Phase 1 - Tai Hang Tung Storage Scheme	285.00	China State Construction Engineering (Hong Kong) Ltd
63	West Kowloon Drainage Improvement Stage 2 Phase 1 - Kai Tak Transfer Scheme	382.04	China Harbour-Transfield JV
64	Yuen Long, Kam Tin, Ngau Tam Mei and Tin Shui Wai Drainage Improvement, Stage 1 - Bank Raising and Urban Drainage Improvement Works	169.70	Yick Hing Construction Company Ltd
65	Central, Western and Wan Chai West Interceptor and Reticulation Sewers - Lower Catchment (Phase 1 Works)	104.90	Downer Construction (Hong Kong) Ltd
66	Central, Western and Wan Chai West Interceptor and Reticulation Sewers - Lower Catchment (Phase 2A Works)	148.30	Sum Kee Construction Ltd
67	Completion Works for Wan Chai East Sewerage Pumping Station and Screening Plant	13.00	HK & Macau Scent On Engineering & Construction Ltd
68	Completion Works for Central Sewerage Pumping Station	68.80	China Nation Chemical Engineering Corporation
69	Completion of Urban Council Chai Wan Complex at Chai Wan, Hong Kong	152.80	China State Const. Eng. Corp.
70	Construction of a Primary School in Area 29, Tuen Mun, New Territories	79.78	Chee Cheung Hing & Co. Ltd
71	The Construction of a Primary School in Hung Hom Bay, Kowloon	79.00	Sun Fook Kong Construction Co., Ltd
72	Construction of a New Acute Block at Caritas Medical Centre, Sham Shui Po, Kowloon, Hong Kong	468.00	Penta-Ocean Construction Co. Ltd
73	Conversion of Existing Schools, Phase III, Package 4, Group 4	51.00	Tarzan Contractors Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
74	The Construction of a Primary School in Whampoa Garden, Hung Hom, Kowloon	70.00	Sui Chong Const. & Eng. Co. Ltd
75	Construction of a 24-classroom Primary School in Area 44, Fan Ling, New Territories	74.56	Guangdong Overseas Const Corp
76	Completion of Swimming Pool Complex, Lib. IRC & Dist. Open Space in Area 24 TKO	132.00	Kim Hung Const. & Eng. Co. Ltd
77	Conversion of Centre Street Market, Stage II	53.00	Sui Chong Const. & Eng. Co. Ltd
78	Improvement to Victoria Park Proper at Causeway Bay, Hong Kong	205.25	China Road & Bridge Corporation
79	Construction of a 24-classroom Primary School at Kin Tak Street, Yuen Long, New Territories	111.00	Techoy Construction Co. Ltd
80	Construction of Fanling Primary Health Care Centre at Jockey Club Road, New Territories	233.00	China State Const. Eng. Corp.
81	Maintenance Term Contract - Mainland Northwest and Outlying Islands(N)	94.00	China Road & Bridge Corporation
82	Construction of a 24-classroom Primary School in Sau Mau Ping Estate, Phase 9, Kwun Tong, Kowloon	69.00	Shun Shing Const. & Eng. Co. Ltd
83	Construction of a 24-classroom Primary School in Yee Shun Street, Chai Wan, Hong Kong	74.79	Cheung Hing Construction Co. Ltd
84	Construction of Science Park at Pak Shek Kok, Phase 1a, New Territories	735.95	HK Construction (Holdings) Ltd
85	Ren. to Ext. Walls of Sha Tin and Tuen Mun Town Hall Complexes, New Territories	64.85	China Harbour Engg Co. (Group)
86	Construction of Police Headquarters, Phase III at Arsenal Street, Wan Chai	2,087.36	Hip Hing Construction Co. Ltd - China State Joint Venture
87	Expansion of Kiosks and Other Facilities at Lok Ma Chau Boundary Crossing - Remaining Works	789.00	Penta-Ocean Construction Co. Ltd
88	Structural Sys. Des. & Const. of 3 Primary and a Secondary School at Po Kong Village Road, Diamond Hill, Kowloon	383.00	Shun Shing Const. & Eng. Co. Ltd
89	D&C of a Primary School at Wang Chiu Road and a Primary and Secondary School at Kai Lai Road, Kowloon Bay	247.23	China Civil Engineering Con. Corp. - The Express Builders Co. Ltd Joint Venture
90	Construction of a Fire Station cum Ambulance Depot at Area 87, Tseung Kwan O, New Territories	59.08	China Metallurgical Con. (Group) Co
91	The Construction of a Primary School in Lai Chi Kok Estate, Phase 4, Kowloon	83.00	Hopewell Construction Co. Ltd
92	The Const. of a Primary School and a Secondary School in Area 109, Tin Shui Wai, New Territories	159.75	Cheung Hing Construction Co. Ltd
93	Replacement of Cremators at the Kwai Chung Crematorium	110.68	Cheung Hing Construction Co. Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
94	Construction of Basement and Foundation for Tai Kok Tsui Complex (Phase 2)	64.00	Penta-Ocean Construction Co. Ltd
95	Construction of Two Primary School at Site 5, Sham Shui Po, West Kowloon Reclamation, Kowloon	148.29	Hopewell Construction Co. Ltd
96	Improvement Works to Lady Maclehole Holiday Village and Sai Kung Outdoor Recreation Center New Territories	54.00	Kim Hung Const. & Eng. Co. Ltd
97	Construction of a Primary School and a Secondary School in Area 12, Tai Po, New Territories	165.00	Penta-Ocean Construction Co. Ltd
98	Construction of a Primary School at Junction of Tsing King Road and Tsing Luk Street, Tsing Yi	68.80	Guangdong Overseas Const Corp
99	Construction of a Primary School in Kwai Chung Estate Redevelopment, New Territories	78.00	Hopewell Construction Co. Ltd
100	Construction of a Primary School in Area 1, Tai Po, New Territories	73.00	Hopewell Construction Co. Ltd
101	Minor Works Term Contract to Bldg & Lands & Others Properties (Contract Area 1)	289.00	Chun Wo Const. & Eng. Co. Ltd
102	Min Wks Term Contract to Bldg & Lands & Other Properties for which ASD Area 2	298.00	Woon Lee Construction Co. Ltd
103	Maintenance Term Contract for Central Peak and Mid-levels	402.22	Chinney Construction Co. Ltd
104	Maintenance TC for Maintenance and Repair of Buildings in Hong Kong West, South and Lantau	509.63	Wing Hong Contrs. Ltd
105	Maintenance TC for Maintenance and Repair of Buildings in Wan Chai (S) and Wan Chai (N)	382.05	Cheung Hing Construction Co. Ltd
106	Maintenance Term Contract for Hong Kong Island Eastern and Outlying Islands (South)	476.32	Chinney Construction Co. Ltd
107	Maintenance Term Contract for Kwun Tong, Mong Kok and Yau Ma Tei	369.82	Wing Hong Contrs. Ltd
108	Maintenance Term Contract for Kowloon City, Sai Kung and Outlying Islands (Sai Kung)	376.66	China Road & Bridge Corporation
109	Maintenance Term Contract for Tuen Mun and Yuen Long Districts	322.35	Cheung Hing Construction Co. Ltd
110	Maintenance Term Contract for Tai Po, North District and Outlying Island (North)	317.90	China Road & Bridge Corporation
111	Construction of a Fire Station cum Ambulance Depot at Area 112, Tin Shui Wai	58.70	Cheung Hing Construction Co. Ltd
112	Construction of Building 5, Science Park at Pak Shek Kok, Phase 1b, New Territories	298.50	Dickson Construction Co. Ltd
113	Cons of Castle Peak Hospital Redevelopment Ph II Stage 2 at Tsing Chung Koon	532.00	Shui On Construction Co. Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
114	Base't Const & Des & Const of Piled Foundations Bldg 7 & 8 Science Park Ph 1c	62.00	Sui Chong Const. & Eng. Co. Ltd
115	Construction of Building 4 Science Park at Pak Shek Kok Phase 1B New Territories	447.00	China State Const. Eng. Corp.
116	The Conversion and Extension to Existing Schools - Group 2 under SIP Phase IV Package 1	139.91	Yau Lee Construction Co. Ltd
117	The Conversion and Extension to Existing Schools - Group 3 under SIP Phase IV Package 1	132.11	China State Const. Eng. Corp.
118	The Conversion and Extension to Existing Schools - Group 4 under SIP Phase IV Package 1	71.82	Goldfield N & W Cons. Co. Ltd
119	Structural Sys D&C of a PS & 2 SS at Fat Tseung Street SSPo (West Kowloon Reclamation)	296.00	Chun Wo Const. & Eng. Co. Ltd
120	The Conversion and Extension to Existing Schools - Group 5 Under SIP Phase IV Package 1	75.20	Goldfield N & W Cons. Co. Ltd
121	The Conversion and Extension to Existing Schools - Group 6 under SIP Ph IV Package 1	88.00	W. Hing Construction Co. Ltd
122	Construction and Extension to Existing Aided Schools - Group 3 under SIP Phase IV Package 3	95.00	Able Engineering Co. Ltd
123	Structural Sys D&C of a PS & a SS in Area 20 & 2 SSs in Area 40 Tung Chung	343.00	Shui On Building Contractors Ltd - Shui On Const. Co. Ltd Joint Venture
124	Reprovisioning of Police Dog Unit and Force Search Unit at Sha Ling New Territories	125.00	Dickson Construction Co. Ltd
125	Construction of Indoor Recreation Centre cum Library at Area 100 Ma On Shan New Territories	205.00	Dickson Construction Co. Ltd
126	Construction of the Tai Po Complex at Area 1, Tai Po, New Territories	509.43	China State Const. Eng. Corp.
127	Conversion and Extension to Existing Aided Schools - Group 3 under SIP Phase IV, Package 2	69.05	China Road & Bridge Corporation
128	The Construction of a Primary School in Area 56 Tuen Mun New Territories	70.70	Dickson Construction Co. Ltd
129	The Construction of 2 Primary Schools in Kai Yip Road and Kai Yan Street, Kowloon Bay Kowloon	153.99	China Civil Engineering Con. Corp.
130	The Construction of 2 Primary Schools in Area 111 Tin Shui Wai New Territories	143.00	Chun Wo Const. & Eng. Co. Ltd
131	The Construction of 2 Secondary Schools at Lee On Rd Kwun Tong Kowloon	163.00	Able Engineering Co. Ltd
132	The Construction of 2 Secondary Schools at Tok Wa Wan Reclamation Kowloon	165.90	Able Engineering Co. Ltd
133	The Construction of 2 Primary Schools and 1 Secondary School in Area 36 Fan Ling New Territories	218.90	Able Engineering Co. Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
134	The Construction of a Primary School in Ma Wan Tsuen Wan	92.80	Guangdong Overseas Const Corp
135	Conversion and Extension to Existing Aided Schools-Group 4 under SIP Phase IV Package 3	109.02	Fong Wing Shing Const. Co. Ltd
136	Construction of a Primary School at Sze Mei Street, San Po Kong, Kowloon	82.70	CITIC Guo Hua Int'l Contracting (Overseas) Ltd
137	Construction of a Primary School in Lam Tin Estate Redevelopment Kwun Tong Kowloon	75.75	Chevalier (Construction) Co. Ltd
138	Conversion and Extension to Existing Aided Schools - Group 4 under SIP Phase IV, Package 2	94.29	Fong Wing Shing Const. Co. Ltd
139	Conversion and Extension to Existing Aided Schools - Group 6 under SIP Phase IV Package 3	122.00	Wan Chung Construction Co. Ltd
140	Conversion and Extension to Existing Aided Schools - Group 8 under SIP Phase IV Package 3	118.02	China Road & Bridge Corporation
141	Construction of a Fire Station cum Ambulance Depot at Braemar Hill Hong Kong	50.00	Sun Fook Kong Construction Co., Ltd
142	Conversion and Extension to Existing Aided Schools - Group 5 under SIP Phase IV Package 3	90.90	Hop Lee Construction Co.
143	Conversion and Extension to Existing Aided Schools - Group 9 under SIP Phase IV Package 3	55.90	Hop Lee Construction Co.
144	Conversion and Extension to Existing Aided Schools - Group 7 under SIP Phase IV Package 3	82.47	Sui Chong Const. & Eng. Co. Ltd
145	Construction of a Government Complex in Lee On Estate at Area 108, Ma On Shan	55.80	Dickson Construction Co. Ltd
146	Redevelopment of Hong Chi Pinehill Schools Nos. 1 and 3 at Nam Hang, Tai Po, New Territories	107.01	CITIC Guo Hua Int'l Contracting (Overseas) Ltd
147	Construction of a Primary School and Two Secondary Schools in Area 73A, Tseung Kwan O	238.60	Cheung Hing Construction Co. Ltd
148	Construction of Building 7 and 8, Hong Kong Science Park at Pak Shek Kok, Phase 1c, New Territories	571.98	Shui On Building Contractors Ltd - Shui On Const. Co. Ltd Joint Venture
149	TC for Alteration, Additions, Maintenance and Repairs for ASD (Sham Shui Po, Tsuen Wan and Kwai Tsing)	400.00	Able Engineering Co. Ltd
150	TC for Alterations, Additions, Maintenance and Repairs for ASD (Area: Wong Tai Sin and Sha Tin)	480.00	Chee Cheung Hing & Co. Ltd
151	D&C of Basement and Piled Foundations for Centre for Youth Development, Chai Wan	116.30	Gammon Skanska Ltd
152	Construction of a new Lab Bldg at Shatin Sewage Treatment Works, Sha Tin	64.37	Sun Fook Kong Construction CO., Ltd
153	Conversion and Extension to Existing Aided Schools - Group 9 under SIP Phase IV, Package 2	63.80	New City Construction Co. Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
154	Constructions of a Special School for Physically Handicapped Children at Fung Shing Street	58.30	Wah Fai Const. & Eng. Co. Ltd
155	Construction of Building 9, Hong Kong Science Park at Pak Shek Kok, Phase 1c, New Territories	314.70	Dickson Construction Co. Ltd
156	Conversion and Extension to Existing Aided Schools - Group 6 under SIP Phase IV Package 2	68.90	Hop Lee Construction Co.
157	Construction of a Reh Complex at the Junction of Tsun Wen Road and Leung Shun Street, Tuen Mun	259.30	Dickson Construction Co. Ltd
158	Conversion and Extension to Existing Aided Schools - Group 1 under SIP Final Phase, Package 5	129.00	Able Engineering Co. Ltd
159	Construction of a Welfare Complex at Lai King Headland, Kwai Tsing	163.30	Shui On Construction Co. Ltd
160	Conversion and Extension to Existing Aided Schools - Group 1 under SIP Final Phase, Package 4	99.90	Able Engineering Co. Ltd
161	Replacement of Cremators at Fu Shan Crematorium at Lower Sing Mun Road, Sha Tin	103.45	W. Hing Construction Co. Ltd
162	Conversion and Extension to Existing Schools - Group 1 under SIP Final Phase, Package 1	144.90	Able Engineering Co. Ltd
163	Conversion and Extension to Existing Aided Schools - Group 1 under SIP Final Phase, Package 13	65.75	Goldfield N & W Cons. Co. Ltd
164	Conversion and Extension to Existing Aided Schools - Group 1 under SIP Final Phase, Package 6	126.21	Fong Wing Shing Const. Co. Ltd
165	The Construction of a Secondary School in Area 36C, Sha Tin, New Territories	108.40	Dickson Construction Co. Ltd
166	Construction of Kowloon Bay Recreation Ground at Kai Lai Road, Kowloon Bay	91.51	Kim Hung Const. & Eng. Co. Ltd
167	Construction of The New Headquarters for EMSD at Kai Shing Street, Kai Tak, Kowloon	666.00	China State Const. Eng. (HK) Ltd - Sam Sung Corp. Joint Venture
168	Conversion and Extension to 5 Nos. Existing Aided Schools - Group 2 under SIP Final Phase, Pack 5	119.70	Dickson Construction Co. Ltd
169	Conversion and Extension to 4 Nos. Existing Aided Schools - Group 1 under SIP Final Phase Package 2	92.18	Dickson Construction Co. Ltd
170	Construction of the Sports Ground in Area 92, Ma On Shan (Phase II)	77.83	Wan Chung Construction Co. Ltd
171	The Construction of a Secondary School in Area 14B, Sha Tin, New Territories	98.37	Wan Chung Construction Co. Ltd
172	The Construction of Two SSs at Lai Hong Street and Hing Wah Street West, Sham Shui Po, Kowloon	167.70	China Resources Const. Co. Ltd
173	Conversion and Extension to Existing Aided Schools - Group 1 under SIP Final Phase Package 3	59.90	Hop Lee Const. Co.

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
174	Conversion and Extension to 5 Nos. Existing Aided Schools - Group 1 under SIP Final Phase Package 8	87.90	Techoy Construction Co. Ltd
175	Conversion and Extension to 5 Nos. Exist'g Aided Schools - Group 2 under SIP Final Phase Package 4	123.70	Wan Chung Construction Co. Ltd
176	Construction of Tai Kok Tsui Complex (Phase 2) at Fuk Tsun Street, Tai Kok Tsui, Kowloon	315.00	China State Const. Eng. (HK) Ltd
177	Construction of a 24-classroom Primary School at San Ha Street, Chai Wan	74.80	Penta-Ocean Construction Co. Ltd
178	Remodelling of Tang Shiu Kin Hospital into an Ambulatory Care Centre	179.81	Yau Lee Construction Co. Ltd
179	Conversion and Extension to 5 Nos. Existing Aided Schools Group 1 under SIP Final Phase Package 14	117.98	Unistress Bldg. Construction Ltd
180	Conversion and Extension to 7 Nos. Existing Aided Schools - Group 2 under SIP Final Phase Package 3	137.34	Dickson Construction Co. Ltd
181	Conversion and Extension to 7 Nos. Existing Aided Schools Group 3 under SIP Final Phase Package 1	204.82	Wan Chung Construction Co. Ltd
182	Conversion and Extension to 5 Nos. Existing Aided Schools Group 1 under SIP Final Phase Package 10	89.38	Wan Chung Construction Co. Ltd
183	Conversion and Extension to 5 Nos. Existing Aided Schools Group 2 under SIP Final Phase Package 2	95.49	Wah Seng General Contractors Ltd
184	Construction of a Fire Station with Ambulance Depot and Police Post at Penny's Bay, Lantau	159.99	Gammon Skanska Ltd
185	D&C of New Territories South Regional Police Headquarters and Operational Base at Tsuen Wan, New Territories	626.71	Hip Hing Construction Co. Ltd
186	Construction of Building 6, Hong Kong Science Park at Pak Shek Kok, Phase 1c, New Territories	333.00	China State Const. Eng. (HK) Ltd
187	Construction of a 24-classroom Primary School at Hing Ping Road, Tuen Mun, New Territories	83.90	Able Engineering Co. Ltd
188	The Construction of a 36-classroom Primary School in Area 65 Tseung Kwan O	109.00	Sun Fook Kong Construction CO., Ltd
189	The Construction of a Primary School and Two Secondary Schools in Area 13, Tseung Kwan O	227.80	Able Engineering Co. Ltd
190	Conversion and Extension to 4 Nos. Existing Aided Schools Group 1 under SIP Final Phase Package 7	84.19	Fong Wing Shing Const. Co. Ltd
191	Conversion and Extension to 6 Nos. Existing Aided Schools Group 2 under SIP Final Phase Package 6	147.70	Dickson Construction Co. Ltd
192	Construction of Immigration Serv Training School and Perowne Immigration Centre at Castle Peak Road	413.24	Cheung Hing Construction Co. Ltd
193	Conversion and Extension to 6 Nos. Existing Aided Schools Group 3 under SIP Final Phase Package 6	168.79	Cheung Hing Construction Co. Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
194	Term Contract for D&C of Minor Works to Government and Subvented Properties (C&W, S & Lantau)	405.61	Fook Lee Const. Co. Ltd
195	Term Contract for D&C of Minor Works to Government and Subvented Properties (W, E & Outlying Is(S))	411.80	Cheung Hing Construction Co. Ltd
196	Term Contract for D&C of Minor Works to Government and Subvented Properties (KT, YTM, KC, SK, WTS)	372.80	Cheung Hing Construction Co. Ltd
197	Term Contract for D&C of Minor Works to Government and Subvented Properties (SSP, TW, KT, TM, YL, TP)	367.50	Able Engineering Co. Ltd
198	Replacement of Tunnel Lighting System in Lion Rock Tunnel	53.85	The General Electric Co. of Hong Kong Ltd
199	Replacement of Traffic Control and Surveillance System for the Aberdeen Tunnel	76.54	Siemens Ltd
200	Term Contract for Supply, Delivery, Installation, to Testing, Commissioning,	188.33	(A) Sun-Tech Business Systems Ltd
202	Warranty and Maintenance of Multi-media Learning Centre for the Quality Education Funds	219.56 238.29	(B) System-Pro Computers Ltd (C) Legend Expert Systems Ltd
203	Replacement/upgrading of Vessel Traffic Services System for Marine Department	158.45	HITT Holland Institute of Traffic Technology BV
204	Supply, Delivery, Installation, Testing, Commissioning and Warranty of the Fixed X-Ray Vehicle Inspection System for Lok Ma Chau Boundary Crossing	113.81	The Jardine Engineering Corporation Ltd
205	Reconstruction of Catchwater Channels and Upgrading of Adjoining Priority Slopes on Hong Kong Island and Lantau Island	162.80	Excel Engineering Company Ltd
206	Term Contract for Waterworks; District K - Kowloon (Contract Period 1 September 2002 to 31 August 2005)	508.90	Chun Wo Construction and Engineering Company Ltd
207	Term Contract for Waterworks; District L - Lantau and Outlying Islands (Contract Period 1 September 2002 to 31 August 2005)	87.60	Ming Hing Waterworks Engineering Company Ltd
208	Construction of Sheung Wong Yi Au No. 2 Fresh Water Service Reservoir and Associated Mainlaying	50.97	Kwan On Construction Company Ltd
209	Water Supply to South East Kowloon Development, Stage 1; Uprating of Tai Wan Salt Water Pumping Station and Associated Mainlaying	115.30	Wo Hing Construction Company Ltd
210	Water Supply to South East Kowloon Development, Stage 1; Construction of Diamond Hill No. 2 Fresh Water Service Reservoir and Laying of Fresh Water and Salt Water Mains	212.70	Nishimatsu Construction Company, Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
211	Mainlaying for Extension of North Point Low Level Salt Water Supply System	65.20	Downer Construction (Hong Kong) Ltd
212	Infrastructure for Penny's Bay Development, Package 1; Construction of Yam O Tuk Fresh Water Service Reservoir and Associated Works	137.80	Chun Wo Construction and Engineering Company Ltd
213	Mainlaying between Au Tau Treatment Works and Yuen Long Town	56.80	Yick Hing Construction Company Ltd
214	Term Contract for Waterworks - District No. 1 - Hong Kong Island and Ap Lei Chau	457.30	Chun Wo Construction and Engineering Company Ltd
215	Term Contract for Waterworks - District No. 5 - Mainland North East	485.80	Gammon Skanska Ltd
216	Term Contract for Waterworks - District No. 6 - Mainland North West	659.80	Wo Hing Construction Company Ltd
217	Water Supply to New Development in Yau Tong Area - Construction of Yau Tong No. 2 Fresh Water Service Reservoir	120.00	Lam Construction Company Ltd
218	Maintenance Dredging (2000 – 2001)	70.00	China Harbour Engineering Company (Group)
219	10-year Extended LPM Project, Ground Investigation and Landslip Preventive Works for slopes in Hong Kong Island South, Kowloon and the New Territories – Batch A	55.90	Hintak Construction Co Ltd
220	Ground Investigation – Marine Works	63.46	Gammon Shanska Ltd
221	10-year Extended LPM Project, Ground Investigation and Landslip Preventive Works for slopes along Busy Road in Hong Kong Island – Batch A	71.10	Hong Kong Construction (Civil Engineering) Ltd
222	Landslip Preventive Works for Slopes along Clear Water Bay Road and Beacon Hill Catchwater	65.50	Kin Shing Construction Co Ltd
223	Landslip Preventive Works for Slopes along Hiram's Highway and Tai Mong Tsai Road	55.50	Hintak Construction Co Ltd
224	Penny's Bay Reclamation Stage 1	3,977.07	HAM-HK Construction Joint Venture
225	Construction of roads and drains to serve the housing development in Area 56, Tuen Mun	148.30	China State Construction Engineering (HK) Ltd
226	Pak Shek Kok Reclamation for Public Filling, Remaining Works	73.50	Kumagai Gumi Co Ltd
227	Tuen Mun Area 38 Reclamation, Stage 2	168.65	Penta-Ocean Construction Co Ltd
228	10-year Extended LPM Project GI Works and LPM works for slopes in Hong Kong Island Kowloon and Outlying Islands	96.40	Enpack (Hong Kong) Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
229	10-year Extended LPM Project GI Works and LPM works for slopes in Kowloon and the New Territories and Outlying Islands	87.20	Enpack (Hong Kong) Ltd
230	10-year Extended LPM Project GI Works and LPM works for slopes in Hong Kong Island Kowloon and the New Territories	75.40	Kwan On Construction Co Ltd
231	10-year Extended LPM Project GI Works and LPM works for slopes in Hong Kong Island Kowloon and the New Territories	55.00	Man Wah New Concepts Engineering Ltd
232	10-year Extended LPM Project, Phase 1, Package A - LPM Works for Slopes in Hong Kong Island	71.15	Yick Hing Construction Co Ltd
233	Field sampling and Laboratory testing for contaminated Mud Pit IV at East of Sha Chau	58.86	Lam Geotechnics Ltd
234	10-year Extended LPM Project, Phase 1, Package H - LPM Works for Slopes in Hong Kong Island, Kowloon and the New Territories	65.50	Geotech Engineering Ltd
235	10-year Extended LPM Project, Phase 2, Package B - LPM Works to Slopes in Kowloon and the New Territories	56.00	China Geo-Engineering Corporation
236	Management and Capping of Contaminated Mud Pit IV at East of Sha Chau - Phase II	155.51	HAM-DI Joint Venture
237	10-year Extended LPM Project, Phase 2, Package D - LPM Works for Slopes in Kowloon and the Northern New Territories	56.00	Fuk Shing Construction Co Ltd
238	Site Formation at Lung Wah Street	91.00	Paul Y Construction Co Ltd
239	Infrastructure for Penny's Bay development, Contract 1	2,087.34	China State Construction Engineering (HK) Ltd
240	Development near Choi Wan Road and Jordan Valley	1,338.00	China State Construction Engineering (HK) Ltd
241	10-year Extended LPM Project, Phase 2, Package A - LPM Works for Slopes on Lantau Island	64.30	Shun Yuen Construction Co Ltd
242	10-year Extended LPM Project, Phase 1, Package G - LPM Works for Slopes in Sha Tin	79.50	Marshall-Karson Construction and Engineers Ltd
243	Maintenance Repairs to Seawalls, Piers and other Port Works (2002 to 2004)	66.00	China Harbour Engineering Company (Group)
244	10-year Extended LPM Project, Phase 2, Package G - LPM Works for Slopes and Retaining Walls in Lantau, Peng Chau, Hei Ling Chau, Cheung Chau and Lamma Island	67.14	Fuk Shing Construction Co Ltd
245	Maintenance Dredging (2002 to 2005)	96.00	Nishimatsu Construction Co Ltd
246	Reclamation Works in North Tsing Yi	99.89	Gammon Shanska Ltd
247	10-year Extended LPM Project, Phase 2, Package C - LPM Works for Slopes in Hong Kong Island	97.99	Carrier Construction Ltd

	<i>Title</i>	<i>Contract Sum \$M</i>	<i>Name of Contractor(s)</i>
248	Reclamation for Ma Liu Shui Interchange and Reprovisioning of Existing Pier	89.29	Zhuhai International Economic
249	Maintenance and Repairs to Franchised and Licensed Ferry Piers (2002 to 2005)	76.00	China Harbour Engineering Company (Group)
250	10-year Extended LPM Project, Phase 2, Package B - LPM Works to Slopes in Kowloon and the New Territories	76.13	Yick Hing Construction Co Ltd
251	10-year Extended LPM Project, Phase 1, Package M - LPM Works for Slopes in Kowloon and the New Territories	88.84	Kwan On Construction Co Ltd
252	10-year Extended LPM Project, Phase 2, Package F - LPM Works for Slopes in Sha Tin	80.85	Kwan On Construction Co Ltd
253	10-year Extended LPM Project, Phase 1, Package L - LPM Works for Slopes in Hong Kong Island	82.98	Barbician Construction Co Ltd
254	Water Mains and Sewerage Works from Siu Ho Wan to Yam O	65.80	Gammon Shanska Ltd
255	Infrastructure for Penny's Bay development, Contract 2	1,381.97	China State Construction Engineering (HK) Ltd
256	10-year Extended LPM Project, Phase 2, Package K - LPM Works for Slopes in Kwun Tong, Wong Tai Sin and Sai Kung	82.87	China Geo-Engineering Corporation
257	Roads and Drains in Sai Kung Area 4	65.28	China Geo-Engineering Corporation
258	Fill Bank at Tseung Kwan O Area 137	96.00	Paul Y - CCECC Joint Venture
259	10-year Extended LPM Project, Phase 1, Package M, Batch D - LPM Works for Slopes in Kowloon and the New Territories	52.19	Rankine Engineering Co Ltd
260	Penny's Bay Public Pier	169.30	CHEC-CWE Joint Venture
	Total No. of Contracts	260	
	Total Contract Sum (\$M)	61,555.60	

DR DAVID CHU (in Cantonese): *Madam President, as shown by the relevant information, the value of the project consultancy agreements awarded by the Government was quite enormous. For this reason, many professionals have expressed the view that it was very difficult for medium-sized firms in Hong Kong to participate in the projects. May I ask the Secretary whether the current practice has led to any monopolizing phenomenon?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Madam President, since our annual total works expenditure is very enormous, we will, as far as the relevant policies permit, try as much as possible to divide every contract into several smaller ones. When deciding whether to do so, the Government will consider several factors, including feasibility, transfer of works, convenience of works management, access, land supplies and the environmental impacts of various other factors (such as drainage), so as to ensure the quality and economic efficiency of the project concerned.

Dr David CHU asked whether there had been any monopolizing phenomenon. As mentioned in my main reply, our procurement policy is always based on the principles of transparency, open and fair competition and public accountability, the aim being to ensure value for money. For this reason, there should not be any monopoly under our selection system. In our final assessment of technical proposals and tenders for contracts, the ones with the highest scores in terms of quality, performance and quoted prices will be selected.

Be it the selection process or our handling of tenders, there are strict rules governing them. No preference will be given to any consultant or contractor, and in case any selection team member sees any conflict of interest, he or she is required to make a declaration. Under the selection system for contractors, an overall assessment will be made, using a 60:40 weighting on tender prices and technical evaluation/performance index ratings. Therefore, under this formula, the selection is very fair.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, do project consultancy agreements and construction contracts contain any provisions on technology transfer? If not, why?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Madam President, project design and implementation will invariably involves technical elements. Technology transfer will always be involved in the implementation of consultancy advice and construction works. It may thus be rather difficult for us to specify in the relevant contracts how and what types of technology should be transferred. In the case of a consultancy

report, for example, the technical analysis and observations made by the consultant are all the knowledge belonging to the Government. But if the intellectual property concerned is already patented, we will have to conduct further negotiations with the consultant. Therefore, the conditions to be set down will have to depend on the circumstances of individual works.

DR LUI MING-WAH (in Cantonese): *Madam President, according to the information of the Government, all of these contracts which are worth \$65 billion in total have been awarded to foreign firms operating in Hong Kong. May I ask the Government whether it will draw up any policy whereby the firms owned by Hong Kong people — whether large or medium one — can also be benefitted and thus train up local personnel?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, according to Dr LUI Ming-wah, the \$3 billion project consultancy agreements were awarded to some so-called foreign firms. But the fact is that these foreign firms have all set up their offices in Hong Kong and their employees are mostly local people. The only thing is that their original, foreign names are retained. I know of several large firms which used to be based in Australia or London, but they have all switched to Hong Kong as their major base. They now employ several thousand local graduates, engineers and various types of management personnel. Therefore, if I am asked whether these firms are foreign or local ones, I would say we will have to classify them on the basis of the staff they employ.

Moreover, we also encourage small firms to participate in public works, and this can create more business opportunities for them. It is quite easy to divide firms into large and small ones. But we do not just allow large firms to take part in our tenders; we have also required that only small firms employing no more than 10 professional staff can bid for a minor consultancy contract worth less than \$4 million. Large firms are not allowed to bid for a minor consultancy contract worth less than \$4 million.

For the purpose of awarding consultancy agreements not involving landscaping design and building surveying, non-specialist consultants are divided into two categories on the basis of their sizes. Firms belonging to the

first category can bid for consultancy agreements belonging to their category, that is, agreements each worth \$150 million or above. Consultants of the second category can bid for agreements each involving a construction project worth less than \$150 million.

Currently, the first category consists of 60 consultants that can bid for agreements involving large-scale construction works such as building fittings, structural engineering and supplies surveying. For the second category, there are 40 small-scale consultants. We have divided these consultants into separate categories in the hope that there are equal opportunities for all in winning government contracts.

MISS CHOY SO-YUK (in Cantonese): *Madam President, the main reply of the Government shows that there were some 900 projects. But over half of the contracts were won by the 10 or so consultants concerned. In respect of consultancy agreements, will the Secretary please tell us the number of consultants which are approved by the Government? Why was it that as much as 70% to 80% of the contracts were won by just six or seven firms? How many consultants are on the approved list of the Government?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, I guess Miss CHOY So-yuk actually wishes to ask whether the Government has drawn up any list of approved consultants and also how many firms are on this list. The fact is that consultants are not required to undergo any approval procedures. They may just submit their information to various government departments, that is, they have to do some sort of self-introduction. Through their self-introduction, government departments will be able to know which of them are from overseas or the Mainland, or which of them have set up offices in Hong Kong by recruiting local professionals. Once we noted their professional competence and know that they possess the relevant experience, we will put their names in a register. The register is accessible to all members of the public. We will not require the firms concerned to undergo any qualifying test, nor will we try to test them in any way. When we publish a Gazette notice on seeking consultancy services, these firms can indicate their interest. This is in itself a screening process. Actually, every firm stands a chance, because as long as it is short-listed, it can bid for a contract. We do not record the number of consultants.

MISS CHOY SO-YUK (in Cantonese): *Madam President, the Secretary has not told us why 70% to 80% of the contracts are awarded to just six or seven firms. Will the Secretary please give us a reason?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Madam President, a consultancy firm is made up of technical professionals belonging to different fields. In our Bureau, some staff are professionals belonging to the relevant fields such as transport works. There are of course many other fields such as finance and economics where consultancy services are required, but all this will be outside the portfolio of our Bureau. As for Miss CHOY's question on why there were always those six to seven firms, I would say that this might be due to the fact that they were found to be better qualified during the screening process. It is only natural that we will select only the best consultants in the screening process. Firms which are not so experienced may first have to gain more experience through minor projects or co-operation with private-sector organizations before they can be qualified to win larger consultancy contracts from the Government.

DR RAYMOND HO (in Cantonese): *Madam President, during the pre-qualification stage for large-scale works agreements, the Government will very often ask the firms concerned to state the number of projects worth, say, \$1 billion or \$2 billion, which they have handled in the past. Will this lead to some kind of monopoly? I mean, is it true that only very few firms could be qualified to enter the pre-qualification stage?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Madam President, there are different requirements for the tender processes of different consultancy projects. In the case of the Tsing Ma Crossing, a special project, for example, we must commission a consultant with relevant past experience instead of hiring a new consultant which knows nothing and which, in a way, uses our project as an experiment. I think Members can understand this point. But this does not mean that large firms are allowed to monopolize all government contracts. I think projects like this kind often have to be undertaken in the form of partnership. The successful bidder will have to seek the assistance of professional consultants with local

experience to supplement its foreign technologies. For many projects, we encourage the adoption of this practice because apart from looking to these firms for technological experience and state of the art technologies, they can co-operate with experienced local professionals.

DR RAYMOND HO (in Cantonese): *Madam President, I put my question very clearly just now. It is about agreements for large-scale work projects, not consultancy agreements.*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, is Dr Raymond HO referring to contractors? We also conduct international tender exercises. By "international", it is meant that contractors from all over the world, including those from the Mainland, are allowed to take part. I believe that all my colleagues have been working very hard throughout to ensure wide participation. Our statistics show that there has been no monopoly as such. We can submit some information to Dr Raymond HO later on to let him know that the awarding of contracts has been very reasonable. (Appendix I)

DR RAYMOND HO (in Cantonese): *Madam President, what I was talking about is that during the pre-qualification stage of agreements for some large-scale projects, the Government will very often ask the firms concerned to state the number of projects worth, say, \$1 billion or \$2 billion which they handled in the past. This in effect means that very few firms will be qualified to actually put in bid. This was the supplementary question I asked just now.*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, Dr Raymond HO asks why prior experience of handling \$1 billion projects should be required. As I mentioned a moment ago, we must commission contractors with the experience of handling such large-scale projects, because only they are capable of meeting the works standards we require. But this does not mean that they can do it all alone, because their co-operation with contractors with local experience is also counted in the computation of technical evaluation scores.

PRESIDENT (in Cantonese): The Council has spent more than 20 minutes on this question. Although many Members are still waiting to ask their supplementary questions, I can no longer allow them to continue to do so.

PRESIDENT (in Cantonese): Second question.

Incidents of Hong Kong Being Unfairly Treated by Overseas Authorities

2. **MR MA FUNG-KWOK** (in Cantonese): *Madam President, the outbreak of atypical pneumonia in Hong Kong has resulted in local jewellery and watch traders being barred from participating in the World Jewellery & Watch Fair held in Switzerland early last month, and the Malaysian Government imposing entry restrictions on Hong Kong residents at one time. In this connection, will the Government inform this Council:*

- (a) *of the reasons for the Hong Kong Special Administrative Region (SAR) Government not requesting the Central People's Government to take up the above matters with the Swiss and Malaysian Governments through diplomatic channels;*
- (b) *whether it knows if the Central People's Government has taken the matters up with the Governments of the two countries at the diplomatic level; if it has, of the details; and*
- (c) *whether it will consider seeking the assistance of the Central People's Government at diplomatic level when Hong Kong people or Hong Kong are unfairly treated in the future by overseas authorities in such matters as relating to commerce and trade as well as entry into and exit from their territories; and of the criteria adopted for deciding whether or not to seek such assistance?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President,

- (a) Under the decree issued by the Swiss Government in response to the atypical pneumonia outbreak in Hong Kong, exhibitors at the

World Jewellery & Watch Fair 2003 held in Basel/Zurich were prohibited from "employing" any site staff who had visited mainland China, Hong Kong, Singapore and Vietnam after 1 March. According to the principle of "one country, two systems", the SAR Government has a high degree of autonomy in matters relating to trade relationships with other economies. Since the Fair was a commercial and trade activity, the SAR Government has dealt with the matter on its own in accordance with the Basic Law without seeking diplomatic mediation from the Central People's Government. Upon learning of the Swiss Decree, I immediately called in the Swiss Consul-General and wrote to the Minister of Economic Affairs and the Swiss President expressing the dissatisfaction of the SAR Government over the ban. At the Commerce and Industry Panel special meeting held on 15 April 2003, the Government fully briefed Members on our process of handling this matter.

Upon learning the cancellation of visa-free treatment and the temporary freeze on the issue of visa to Hong Kong residents by the Malaysian authorities, the Immigration Department and the Security Bureau took up the case immediately by expressing deep concern to the Malaysian Consul-General, explaining that effective measures had already been taken by the Government to contain the spread of atypical pneumonia, and urging the Malaysian authorities to lift the visa restrictions. The Malaysian Government eventually responded positively by confirming that the above travel restrictions were to be lifted from April 18 and that our residents arriving in Malaysia would be subject to medical screening only.

- (b) The SAR Government has not requested the Central People's Government to take up the matter diplomatically with both the Swiss and Malaysian Governments concerning the World Jewellery & Watch Fair 2003 and the temporary travel restrictions imposed on Hong Kong residents by the Malaysian authorities respectively. However, we understand that the Central People's Government, upon learning about the travel restrictions, took the initiative to raise concerns about the issue with the Malaysian authorities.
- (c) If Hong Kong people or Hong Kong are unfairly treated in the future by overseas authorities in matters relating to trade and

commerce, the SAR Government will deal with the case on its own with regard to the case itself and in accordance with the Basic Law. As regards immigration and visa requirements imposed by foreign countries on Hong Kong residents, it is the established practice of the SAR Government to liaise directly with the relevant consulates in Hong Kong, their ambassadors to Beijing or the immigration authorities concerned with a view to seeking clarifications and resolving the problem through consultation. If there are any practical needs, for example, in a case in which a Hong Kong resident is in distress overseas, or for matters involving a country which does not have an official representation in Hong Kong, we do not rule out the need to obtain views or assistance from the Central People's Government. In general, however, we consider it appropriate for the SAR Government to conduct these external affairs on its own in accordance with the arrangements set out in Article 13 and Chapter VII of the Basic Law.

MR MA FUNG-KWOK (in Cantonese): *Madam President, the Secretary points out in part (b) of his main reply that, the Government understands that "the Central People's Government, upon learning about the travel restrictions, took the initiative to raise concerns about the issue with the Malaysian authorities." But the SAR Government has not requested the Central People's Government for assistance. In this connection, I would like to ask the Secretary, how did the Ministry of Foreign Affairs of the Central People's Government learn about the travel restrictions? In fact, I think it is a good thing for the Central People's Government to have taken the initiative to show its concern. Besides, I would like to further understand how did the Central People's Government take the initiative to raise concerns with the Malaysian authorities? Did the Ministry of Foreign Affairs raise concerns with the Malaysian Ambassador to Beijing, or did the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in Hong Kong raise concerns with the Malaysian Consulate in Hong Kong?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, the Malaysian incident was handled by the Security Bureau. I would like to ask the Secretary for Security to answer this supplementary question.

SECRETARY FOR SECURITY (in Cantonese): Madam President, the Malaysian travel restrictions also affected the people from mainland China. Therefore, the Ministry of Foreign Affairs of our country learned about this immediately. Besides, we had also contacted the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in Hong Kong. Of course, we acted according to our established practice; that is, first, the Immigration Department and I took up the matter with the Malaysian Consulate in Hong Kong. As we understand, the Ministry of Foreign Affairs had also taken up the matter with the Malaysian Government through its own channel. As for what the channel actually is, I do not have the information at hand at this moment.

MR IP KWOK-HIM (in Cantonese): *Madam President, the Secretary mentions in part (a) of his main reply that the SAR Government had immediately called in the Swiss Consul-General and wrote to the Minister of Economic Affairs and the Swiss President. I would like to ask, in view of their present responses, what follow-up action the SAR government would take as the next step?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, after making the relevant contact, we still had not been able to arrive at a satisfactory resolution of the incident. However, the whole delegation of several hundred participating representatives had returned to Hong Kong and that watch fair was over. As for our next step, we have followed up the incident through various channels. Firstly, we have formally lodged claims through the lawyers. This will require our further follow-up actions in this regard. Secondly, we have formally requested Switzerland to explain why it should take this course of action through the follow-up channel (the Dispute Settlement Mechanism is the mechanism for mediating disputes) of the World Trade Organization (WTO). Besides, we shall also continue discussing with the exhibitors on what should we do as our next step. Meanwhile, we have advanced some money to the exhibitors to cover their losses incurred in participating in this watch fair, with ceiling set at 30% or \$20,000. This would help to alleviate the economic losses incurred by the exhibitors.

MS EMILY LAU (in Cantonese): *Madam President, in the main reply, the Secretary mentions that, under the principles of "one country, two systems", the*

SAR enjoys a high degree of autonomy in its external trade relations. Therefore, according to the Basic Law, we have to handle this matter on our own. I strongly agree to this point. I would like to ask the Secretary, if we insist on doing this, or on the contrary, if we insist on not doing this; instead, we complain to our "Mother" on all matters in a crying tone that we have been bullied, what will happen? Will that cast an impact on our autonomy under the "one country, two systems"? Now, it seems that the United States is not allowing us to participate in another exhibition. If we handle the incident with the same approach, will the Secretary think that it is effective and will it be able to help the business sector of Hong Kong?

PRESIDENT (in Cantonese): Ms LAU, I do not quite understand your supplementary question. Does your question assume that: If the SAR Government seeks assistance from the Central People's Government, what consequences will it bring?

MS EMILY LAU (in Cantonese): *Madam President, it is because the Secretary has mentioned a high degree of autonomy. Madam President, in fact, this is the same with every legislator. We have to ask a question with an "if", with a view to asking the SAR Government why it did not raise the question with the Central People's Government. Therefore, I cannot think of how I can ask the question without using the word "if". After the SAR Government has consulted the Central People's Government, will it bring about an impact on the principle of "one country, two systems", will it affect our autonomy, thereby even further affecting how foreign countries will interpret the entire arrangements under "one country, two systems"? Madam President, I hope you can allow the Secretary to answer the question in relation to the situation of the United States.*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, under the "one country, two systems", the SAR Government enjoys a high degree of autonomy in its external trade relations. If we have to seek assistance from the Central People's Government whenever we come across anything relating to our external trade relations, then I think it will bring about some impact on the "high degree of autonomy" under "one country, two systems". Therefore, we have explicitly said that we did not take the initiative of making any request. However, we did inform the Central

People's Government of this incident. As for whether the Central People's Government had taken any action after we informed them of the incident, we do not have detailed information in this regard. The supplementary question raised by Ms Emily LAU mentions that, according to a press report of today, the organizer of a jewellery fair to be held in the United States is making some requests on Hong Kong exhibitors who are ready to participate in it. Regarding this fair, we are in the process of learning about its details. Initially, it is an incident in which private enterprises are dealing with private enterprises. The organizer is a non-government organization. But we are also closely monitoring the development of the incident. The jewellery industry is an important industry in Hong Kong. We certainly do not wish to see it subject to unreasonable and unnecessary special arrangements. We are making the contacts, and are most willing to disclose further information once it is available.

DR LUI MING-WAH (in Cantonese): *Madam President, the incident in which the organizer of the World Jewellery & Watch Fair prohibited Hong Kong exhibitors from participating in the Fair had dealt a great blow to the industries of Hong Kong. However, the organizer banning Hong Kong from the Fair is a private enterprise which has no relation with the Government. I would like to ask the Secretary, as the SAR Government had already written to the Swiss Government and its President, and had called in the Swiss Consul-General in Hong Kong, I would like to know what is their response and what is the result?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, during the whole incident, I had personally called up the Swiss Minister of Commerce and had listened to his explanation of the special arrangements in this Fair. In the special meeting of the Panel on Commerce and Industry, we had also given a detailed account of what they said at that time. We think that their explanation was not reasonable, hence not acceptable. However, that was just a trade fair, which is not a long-standing trade dispute, and also, the Fair is already over. The Hong Kong exhibitors decided to leave the Fair in one accord after learning that they had to undergo some very unreasonable physical check-up, and the organizer had also made some very unreasonable requests on certain time arrangements. Eventually they returned to Hong Kong. Regarding the follow-ups on the incident, as in the reply I gave in response to the supplementary question raised by Mr IP Kwok-him, we shall follow this up through different channels. However, it is

very unfortunate that we still do not have a reasonable way of resolving the incident.

MS EMILY LAU (in Cantonese): *Madam President, I wish to follow up on the supplementary question which I just raised with the Secretary. The Secretary has answered that, if we have to seek assistance from Beijing, it will deal a great blow to the implementation of the principle of "one country, two systems". I wish ask again, if we really do that, what consequences will it bring? How would our other trading partners interpret the overall arrangements? What kind of damage Hong Kong will suffer?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, according to the Basic Law, all external trade relations are within the autonomy of the SAR Government. If we seek help from the Central People's Government all the time, I believe it will definitely affect the principles of "high degree of autonomy" and "one country, two systems". However, I also disagree with some people who say that we will be at a disadvantage if we have to deal with some major countries on our own as the strength of Hong Kong alone is too flimsy. Hong Kong is one of the 146 member countries of WTO. We enjoy the same rights as the other 145 member countries. Besides, in the trading world, Hong Kong enjoys a high reputation. Therefore, many of our trading partners attach great significance to our opinions. Also, we have hitherto pursued the principle of free trade. Very often, we are able to fight on an equal footing for the rights we are entitled to if we have the justifications. I think this is the most appropriate practice, and we shall do the same in future.

PRESIDENT (in Cantonese): Third question.

Export and Re-export Trade Affected by Outbreak of Epidemic

3. **MR HUI CHEUNG-CHING** (in Cantonese): *Madam President, as Hong Kong's export and re-export trade has been adversely affected by the local atypical pneumonia outbreak, will the Government inform this Council of the measures to:*

- (a) *assist those Hong Kong businessmen who had enrolled in overseas marketing activities but were suddenly disqualified by the overseas authorities on grounds of preventing the spread of the epidemic, in claiming damages from the relevant authorities;*
- (b) *persuade overseas authorities to allow Hong Kong businessmen who are certified as not infected to participate in marketing activities held in their countries, and persuade overseas businessmen to keep coming to Hong Kong to participate in marketing activities here; and*
- (c) *protect Hong Kong's exports and re-exports from exclusion by overseas countries because of the outbreak of the local epidemic?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President,

- (a) We understand that, so far, among the overseas trade fairs with the involvement of Hong Kong Trade Development Council (TDC) and those which business organizations have informed us of, the World Jewellery and Watch Fair held in Switzerland from 3 to 10 April 2003 was the only large overseas exhibition which has rejected the participation of Hong Kong businessmen due to the local atypical pneumonia outbreak. The TDC is now following up on the case through legal means with a view to claiming damages against the Swiss authorities and trade fair organizer. For other smaller trade fairs not organized by the TDC, we may not have the relevant information.
- (b) We have taken proactive steps and made use of various channels, especially through our overseas Economic and Trade Offices (ETOs), to brief the foreign government officials, media and other overseas communities on our latest efforts in combating the epidemic. We aim to update them with accurate information so that overseas authorities and exhibition organizers would not impose unnecessary restrictions on our exhibitors, and overseas businessmen would continue to participate in marketing activities here.

We from time to time explain to foreign consuls and business representatives in Hong Kong the existing situation and the progress of our control measures. Apart from enhancing communication to address the concern of the overseas governments as well as that of their business organizations and the media over the local outbreak, we have been making efforts to collect information on overseas trade fairs in which our businessmen are likely to participate in the next few months. Through our ETOs and the TDC's overseas offices, we have been in close touch with overseas governments and trade fair organizers to look out for new restrictions on Hong Kong visitors and exhibitors, and disseminate the latest information to the prospective exhibitors in Hong Kong through the relevant business organizations.

The TDC has also introduced a series of measures to persuade overseas businessmen to keep up their marketing activities in Hong Kong. For example, in the consolidated event of Houseware Fair and Gifts & Premium Fair held between 28 April and 1 May, the TDC implemented a series of stringent sanitary measures in consultation with the Department of Health to reassure overseas businessmen of their visit to Hong Kong. The advice of the Department was played up, pointing out that joining the event would not expose them to a higher risk of infection as long as they take the necessary precaution for themselves.

Besides, the TDC has also joined hands with airlines, hotels, restaurants and retail outlets to offer a wide range of discounts to overseas buyers in order to attract more business visits.

- (c) The Trade and Industry Department has issued trade circulars to Hong Kong exporters, informing them of the Advisory of the World Health Organization (WHO), that is, there is no epidemiological information to suggest that contacts with goods, products or animals shipped from the atypical pneumonia affected areas have been the source of infection in humans. Therefore, documents, letters, samples, goods or cargoes from Hong Kong do not pose a risk to public health. Hong Kong exporters may bring the circulars to the attention of their local and overseas partners to allay their concerns as and when necessary. To protect Hong

Kong's exports and re-exports from exclusion by overseas countries, our ETOs and the TDC's overseas offices have also taken the initiative to clarify with the relevant authorities and organizations that samples and cargoes from Hong Kong do not pose health risks.

MR HUI CHEUNG-CHING (in Cantonese): *Madam President, as far as I understand it, although Hong Kong exhibitors are allowed to participate in a jewellery fair held in Las Vegas, their stalls are housed in a separate tent. In an international fashion exhibition to be held next Tuesday, participants from Hong Kong will similarly be isolated and segregated. This is going to seriously affect the orders to be received by Hong Kong businessmen. For instance, segregated Hong Kong people will be perceived by buyers as "out of bounds to the living". Can the Government take up the matter with the relevant countries to persuade them to allow Hong Kong exhibitors to, after undergoing health check in Hong Kong, determine the location of their stalls by drawing lots, without having to be isolated in a certain place during the exhibition period?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, we have been paying close attention to the jewellery fair held in Las Vegas. Until the end of last week, we were still keeping close touch with the organizer and no special measures had been introduced. It was only until this morning that we were informed that a special measure had been introduced. We consider the measure unreasonable and unnecessary. As such, we will pay close attention to the matter and demand reasonable arrangements be made.

Mr Patrick LUK, Chairman of the Hong Kong Jewelry Manufacturers' Association, once contacted me and he has adopted a proactive and pragmatic approach by listening to the views of various members taking part in the exhibition before deciding on the next move. We will surely handle this matter bearing in mind the mentality of "sitting in the same boat", and fight for our legitimate rights and interests with a proactive, pragmatic and positive attitude.

Since the occurrence of the incident in Basel, Switzerland, we have been paying close attention to each and every upcoming external exhibition and have

fought for legitimate participation opportunities for Hong Kong. It is found that the ways of handling differ from exhibition to exhibition. For instance, in a jewellery fair held in Dubai from 22 April to 26 April, 50 Hong Kong exhibitors took part and no special arrangement was required. In an eye-glass fair recently completed in Milan between 2 May and 5 May, thanks to constant and close liaison between our ETOs and the organizer, as well as the dissemination of the latest and most reliable information about Hong Kong, things had gone on smoothly. Hong Kong exhibitors also took part in another recently concluded food fair held in Chicago, the United States, between 4 May and 6 May and, through close liaison maintained by our ETOs, not a single incident has happened.

As for the fashion exhibition mentioned by Mr HUI earlier which is to be held in Paris between 13 May and 15 May, the organizer has advised Hong Kong exhibitors to take body temperature every day in the presence of a doctor so that medical consultation can be immediately sought when necessary. Up till now, the exhibitors should still be allowed to take part in the exhibition. We will closely watch the exhibitions held in every part of the world, while ETOs will pay close attention and disseminate the latest and most reliable information on a daily basis. Actually, our representative in San Francisco has made a personal visit to the venue where the Las Vegas exhibition is going to be held to examine the relevant arrangements. It is now up to the exhibitors themselves to decide whether or not they will participate in the exhibition.

MR HENRY WU (in Cantonese): *Madam President, in part (b) of the main reply, the Secretary mentioned ways adopted by the Government to persuade overseas businessmen to continue to participate in marketing activities here. Clearly, we see that the TDC has made a lot of efforts, particularly in joining hands with the business sector such as hotels, airlines, restaurants and so on, in the hope of accomplishing its task. The Secretary has particularly pointed out in the main reply that a lot of efforts were made in staging the Houseware Fair and Gifts & Premium Fair between 28 April and 1 May. Will the Secretary inform this Council of the results achieved after offering so many concessions to overseas buyers to attract them to Hong Kong? As I understand, the response to the event was not particularly enthusiastic. After completing its review, will the Government offer more concessions to a bid to attract these overseas buyers to negotiate business in Hong Kong in future?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, we used to hold separate fairs for houseware and gifts, but they were consolidated into one event this time. According to past figures, the two fairs combined would attract approximately 5 000 exhibitors and 80 000 visitors. After the merging of the two fairs, only 468 exhibitors chose to take part in the event in April, while the remaining 3 000 or so opted for July. If we calculate on the basis of this ratio, approximately 10% of 5 000 exhibitors have taken part in this event. Likewise, if we calculate on the basis of 80 000 buyers registered in the past, it will be considered proportional if we manage to attract approximately 8 000, or 10% of the buyers, to the event this time. The fair held in April has eventually attracted 13 335 buyers and 1 288 of whom were flown in from abroad. The result was therefore better than anticipated. Even exhibitors considered the situation better than they had expected. Of course, we did not see buyers pouring in the stalls to negotiate business as before, but the response to the event was on the whole pretty good. Many of the 460 exhibitors indicated that they would like to return in July. Once the travel advisory against Hong Kong by the WHO is removed, we will vigorously publicize and promote several large-scale exhibitions in an effort to attract more buyers to Hong Kong so as to enable exhibitors to recover some of the orders they have lost because of their failure to take part in this event.

MR HENRY WU (in Cantonese): *Madam President, the Secretary has not answered my supplementary question concerning concessions. My questions are: Do the concessions offered by the TDC in conjunction with hotels, restaurants and retail outlets work out? Will more concessions of this sort be offered in future to attract more people to Hong Kong?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, if we look at the figures alone, the measures introduced by the TDC for exhibitions and a series of concessions offered in conjunction with airlines, hotels, restaurants and shops have no doubt attracted a number of buyers. I believe one of the reasons for the higher-than-expected buyer turnout is the attractiveness of those concessions. However, I believe buyers will not come to Hong Kong purely because of the concessions. They come here because the exhibition is of definite help to their business by offering them a good chance of purchasing novel products.

MR JAMES TIEN (in Cantonese): *Madam President, in part (b) of the main reply, the Secretary referred to the participation of overseas businessmen in our marketing activities. I was told that many exhibitors had decided not to come to Hong Kong because of the misconception that air travel was extremely risky. Furthermore, there was fear that they would be put into 10-day confinement after their return to their own countries by air. I wonder if it has occurred to the TDC and the Government that, given a lot of information has been obtained from airlines, they should deliver to the public the message that there were no cases confirming the likelihood of passengers travelling by plane to be infected. Are there any channels available for the Government to deliver such a message to foreign governments and exhibitors to give them reassurance regarding their visit to Hong Kong?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, the dissemination of information to the outside world is believably an integral part of our efforts in combating atypical pneumonia. Through a wide range of channels, we have not only disseminated accurate and the latest information to the people of Hong Kong, but also disseminated the latest information to foreign consuls and businessmen in Hong Kong. Our 11 ETOs outside Hong Kong provide another very important channel through which we can constantly take the proactive step of disseminating the latest information to overseas media, businessmen, politicians, government officials and people from various sectors.

As for the safety of air travel, should we reassure travellers of the safety of travelling by plane by publicizing that it is extremely safe to do so? Though I do not have at hand any information that shows that no one has ever been infected because of travelling by plane, I have confidence in the current measures. In a video-conference held between the Secretary, Dr YEOH Eng-kiong, and WHO representatives yesterday, the representatives expressed satisfaction with the fact that there were currently no reported cases of infected persons exporting from Hong Kong, and I consider this a vital point. On the one hand, we have to continue with our campaign to enable the people of Hong Kong to take part in exhibitions or conduct business in overseas countries, on the other, we have to understand that some companies might not want to meet people from Hong Kong for fear that they might carry the virus around. Against this background, we must disseminate the latest information, bring the situation under control and, most importantly, persuade the WHO to remove its travel advisory against Hong Kong. I believe these goals must be achieved for the best results.

PRESIDENT (in Cantonese): This Council has spent more than 19 minutes on this question. The last supplementary question.

MRS SOPHIE LEUNG (in Cantonese): *Madam President, I am very pleased to hear the Secretary say that in the exhibitions held in different parts of the world, some countries have adopted different strategies, but many have still chosen to take things calmly. This being an extraordinary period, perhaps some atypical measures and methods should also be adopted. If we just keep on praising ourselves, other people might say that we are "singing our praises".*

PRESIDENT (in Cantonese): Mrs LEUNG, please put your supplementary direct.

MRS SOPHIE LEUNG (in Cantonese): *Madam President, I wonder if we can write to international trade organizations and have the letter copied to the WHO to let them know that in a number of exhibitions held in different parts of the world, not only have Hong Kong exhibitors taken part in overseas exhibitions, overseas exhibitors have also come to Hong Kong to take part in local exhibitions. All parties have got along very well and found the arrangement very acceptable. Such being the case, should we continue allowing members of trade bodies to resort to self-expansion or making sweeping generalizations with a view to imposing various restrictions on Hong Kong businessmen? Will it be better for them to come forward and express their views than for us to make constant publicity efforts?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, as regards the question of whether we can strive for the WHO to, in relation to the hygiene problem, adopt a "broad-brush" approach to call on the remaining 145 members — with Hong Kong being among the 146 members — to lift restrictions on Hong Kong, we must understand that some measures are taken to protect their own citizens on hygiene grounds. In dealing with certain matters, all we can do is to do our utmost to strive for reasonable treatment, though our efforts do not necessarily pay off. This is because the measures taken in different places with respect to hygiene problems are out of the control of the WHO. All governments are

duty-bound to preserve the sanitation and safety of their own citizens. An all-embracing approach is now being taken in handling future large-scale activities in a collective manner. Likewise, a specific, proactive, positive and aggressive approach is adopted towards individual activities to enable Hong Kong exhibitors to be treated fairly and reasonably. It is our belief that getting in touch with the relevant organizations in such a specific and proactive manner can best protect our interests in trade and commerce.

PRESIDENT (in Cantonese): Fourth question.

Enforcement of Legislation Against Spitting

4. **MR FREDERICK FUNG** (in Cantonese): *Madam President, will the Government inform this Council, since the Fixed Penalty (Public Cleanliness Offences) Ordinance (Cap. 570) came into operation in June last year:*

- (a) *of the number of fixed penalty notices (notices) issued to persons who committed spitting offences in public housing estates (PHEs) each month, and the percentage of this number in the total number of notices issued in respect of spitting;*
- (b) *as the cleansing works in most PHEs are now undertaken by private contractors, whether the public officers specified in the above Ordinance have carried out their duties to enforce the Ordinance in those PHEs where the cleansing works are assigned to private contractors; if they have, of the number of notices issued by them in such PHEs each month; if not, the reasons for that; and*
- (c) *whether the staff of private contractors responsible for the cleansing works in PHEs have been authorized to enforce the Ordinance; if so, of the details; if not, whether the authorities will consider authorizing them to do so?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, my reply to the three-part question is as follows:

- (a) Since the implementation of the Fixed Penalty (Public Cleanliness Offences) Ordinance (Cap. 570) in June 2002, the Housing Department (HD) has in the past 10 months issued 65 notices in respect of spitting offences in PHEs, representing 4% of the territory-wide total. Breakdown by month is at the Annex.
- (b) Despite that cleansing work of the Housing Authority's PHEs has been outsourced, the HD has established seven two-member inspection teams to enforce the Fixed Penalty (Public Cleanliness Offences) Ordinance in all PHEs by issuing notices to offenders. During this period, the HD has issued 14 notices for offences in PHEs managed by private property management companies.
- (c) Section 43 of the Interpretation and General Clauses Ordinance (Cap. 1) restricts the delegation of statutory powers to public officers only. It is therefore legally untenable for the HD to entrust its statutory powers to outsourced companies for enforcing the law against spitting.

Annex

Number of Notices issued in respect of Spitting

<i>Month</i>	<i>Territory-wide Total</i>	<i>PHEs No. of Notices Issued</i>	<i>% of Total</i>
<i>2002</i>			
June	96	0	0%
July	140	4	3%
August	192	4	2%
September	151	1	1%
October	194	6	3%
November	189	9	5%
December	197	11	6%
<i>2003</i>			
January	242	8	3%
February	148	7	5%
March	244	15	6%
Total	1 793	65	4%

MR FREDERICK FUNG (in Cantonese): *Madam President, in respect of the number of notices in the Annex to the main reply of the Secretary, the territory-wide total is 27 times the number of notices issued in PHEs but the number of PHEs in the territory only accounts for one third of the number of private buildings, therefore, it is highly disproportionate. On the basis of the figures in the Annex, is it that there are too few officers carrying out their duties in PHEs or that PHEs are very clean? I can provide the Secretary with some information. On 19 April, the Government mobilized us to cleanse PHEs and I assisted in the cleansing work in two PHEs on that day. I went to three buildings led by some residents and members of the Mutual Aid Committee and found that there were stains from spitting on both sides of the lifts and spitting by people in parks and crowded places. I wish to ask the Secretary why*

PRESIDENT (in Cantonese): Mr FUNG, you have already raised your supplementary question and other Members are still waiting to raise their questions. Secretary, please reply.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, after the implementation of the relevant Ordinance in June last year, as I have said in my main reply, we have established inspection teams to carry out inspection and prosecution duties in PHEs. However, from the figures we find that the performance of the inspection teams has initially been very poor. I have looked up the records of meetings and I have noted that in January this year, the Panel on Food Safety and Environmental Hygiene of the Legislative Council pointed out when it discussed the progress of the Clean Hong Kong Programme that the HD has issued a relatively low number of notices and it has not taken enforcement actions effectively. I fully agree and accept that the HD must step up and improve the relevant enforcement actions at once.

I am very grateful to Mr Frederick FUNG for raising this question for an oral answer, giving me an opportunity to pay attention to the relevant problem. In fact, we receive the relevant figures each month and I am really sorry that I should have noticed the situation before, but in fact, I have not. This question raised for oral answer by Mr FUNG makes us pay attention to the problem. I have asked the Director of Housing to expeditiously conduct a comprehensive review on the arrangements for enforcement and frequency in carry out duties of the existing inspection teams, and to pay closer attention to black spots for

spitting such as shopping centres and markets as well as places such as lifts as Mr FUNG has just mentioned. It should ask the housing managers in various districts to closely monitor the progress of enforcement by front-line authorized officers and their performance to enhance the effectiveness and deterring effects of enforcement actions.

In fact, before answering this question, I inspected PHEs yesterday to understand the work of front-line officers but I cannot accept their explanations. Therefore, as I have just said, I have asked the Director of Housing to make expeditious improvements in this respect. I hope that we can have better achievement after the review. I am really sorry for our very unsatisfactory performance in this respect.

MR FRED LI (in Cantonese): *Madam President, I was Chairman of the Bills Committee for scrutinizing the Bill and I am also Chairman of the Panel on Food Safety and Environmental Hygiene, and in fact, two years ago, we have already warned the HD about ineffective enforcement, and the situation can also be seen from the reply today. I appreciate the attitude of the Secretary very much. I wish to raise the supplementary question that the Food and Environmental Hygiene Department (FEHD) has listened to the advice of this Council and, in the wake of the atypical pneumonia problem, it no longer issues notices to persons who committed spitting offences but issues court summons instead, which require them to appear in court and be punished heavily with a fine of more than \$600 to make people more alert. Can the Secretary also ask colleagues in the HD to complement the actions of the FEHD and consider issuing court summons instead of issuing notices to persons who committed spitting offences?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, I would like to thank Mr Fred LI for agreeing with what we do and we hope that we can rectify whatever mistakes we have. We have actually taken coupling actions in various housing estates in the past month because of the outbreak of the atypical pneumonia epidemic, for instance, we have carried out large-scale cleansing operations. We pay much attention to the initiative of the households in the housing estates and we hope that the households can participate in the cleansing actions within the housing estates. We have advised the residents against spitting and hope that they will

understand that spitting would cause the spread of diseases and public panic. We will accept Mr Fred LI's suggestion in the hope that our work will be more effective. Besides issuing notices to persons who committed spitting offences, we may issue court summons and by making use of the deterring effect of the Court to arouse public concern about the problem, advise the public not to commit such offences.

MS EMILY LAU (in Cantonese): *Madam President, I wish to follow up the problems of ineffective enforcement by and very poor performance of the officers of the HD as mentioned by the Secretary. The Secretary has said that he especially inspected PHEs yesterday in connection with this question. I hope that the Secretary would not inspect PHEs only when problems have been found and I hope that he would inspect PHEs more frequently. The Secretary has just said that he could not accept the officers' explanations. Can the Secretary brief us about the explanations given by the officers concerned and whether he would take disciplinary actions against those officers who have ineffectively enforced the law and performed very badly?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, many Members would know that I frequently inspect the various housing estates, and I did not inspect housing estates for the first time because of this issue. Because I want to understand this issue better, I specially inspected PHEs yesterday.

One of the answers given to me by the officers concerned is that they need to know the name of a person who committed a spitting offence when they issue a notice to him and they will ask the person concerned to produce his identity card. However, the persons who committed spitting offences are very often unwilling to produce their identity cards. The officers have given me the explanations that they need to seek assistance from the police under such circumstances, that is, they have to call up the police station, wait for policemen to arrive and appear in court in future. I think that these explanations are unacceptable. In this regard, after the Director of Housing has considered the improvements that can be made, if there is evidence to prove dereliction of duty on the part of an officer, we will follow the normal procedures and handle the case suitably on the basis of the situation uncovered.

MR FREDERICK FUNG (in Cantonese): *Madam President, I have just said that there is a 2:1 ratio between PHEs and private buildings. As the Secretary has mentioned in part (b) of his main reply, the HD has only established seven two-member inspection teams, that is, there are only 14 officers, does the Secretary know whether or not the FEHD only have 21 officers responsible for the prosecution of persons who committed spitting offences in private buildings? If the FEHD has 200 officers responsible for the duty while the HD only has 14 officers, is the latter number too small and is it necessary to increase the number of officers according to a ratio similar to the 2:1 ratio?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): *Madam President, I do not have information on the number of officers in the FEHD responsible for the duty. I personally think that the number of officers in the HD responsible for carrying out the duty is not small, and there are 14 officers divided into seven teams. Actually, an inspection team will inspect each housing estate every two to three weeks on average. They carry out their duties in various housing estates every day, for instance, if each officer issues one notice each day, he will have issued at least 14 notices each week and a few hundred notices each month. Thus, I cannot accept the point that the number of officers will affect their performance. Nevertheless, I need to acquire detailed knowledge of the situation. At present, I should not make an assumption about whether they will encounter problems when they carry out their duties and I think that it is more appropriate for me to wait until the Director of Housing has made an in-depth investigation and submitted a report before considering how to fit in the remedy to the case.*

MR HENRY WU (in Cantonese): *Madam President, I also wish to follow up the situation just mentioned by the Secretary. The figures in the Annex show that only 65 notices have been issued in PHEs within nine months, and each team only issues one notice each month on average. In that case, I wish to ask the Secretary, now that the officers concerned are so incompetent, what methods does he have to improve their competency? Mr Frederick FUNG has just suggested increasing manpower but the Secretary has said that he will not do so. Yet, given the fact that an officer responsible for carrying out the duty only issues one notice each month, will the Secretary consider the number of notices issued excessively small?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, on the basis of the available figures, I must say that their performance is very poor indeed. Of course, I should not maintain that they have not encountered difficulties at all when carrying out their duties on the basis of my initial understanding yesterday. I also understand that these duties are fairly obnoxious and these officers have encountered definite difficulties. Nevertheless, since that is part of their duties, if officers have encountered difficulties when carrying out their duties, the management has the responsibility of solving the problems they faced for them. In any case, as I have just said, we do not find the relatively low number of prosecutions acceptable. I hope we can find a way to fit in the remedy to the case and improve the performance of officers in this respect.

MR FRED LI (in Cantonese): *Madam President, among 65 cases in PHEs, only 14 cases involve PHEs using outsourced services. If I have not remembered wrongly, the number of PHEs using outsourced services accounts for a half of the total number of PHEs in the territory. I think that the biggest problem with PHEs using outsourced services is that the management personnel concerned do not have the right to issue notices to persons who committed spitting offences. Would the Secretary inform this Council how to solve the problem that the management personnel of PHEs using outsourced services do not have the right to prosecute, resulting in a relatively low number of prosecutions, and how improvements can be made?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, as far as I understand it, at present, five out of the seven inspection teams are responsible for inspecting the PHEs we manage and the other two teams are responsible for PHEs using outsourced services, and that is the ratio. Therefore, besides taking the ratio into consideration, we will also make targeted remedies on the basis of the question just raised by Mr Fred LI. However, as I have just said, we must wait until the Director of Housing has conducted an investigation before deciding upon the course of action to be taken. To fit the remedy to the case as I have said, we have to understand the problems encountered by the officers carrying out the duties before making improvements to the relevant arrangements.

PRESIDENT (in Cantonese): This Council has spent 16 minutes on this question. Last supplementary question.

MS EMILY LAU (in Cantonese): *Madam President, can the Secretary tell us when the seven two-member inspection teams started carrying out their duties? These teams have only issued 14 notices so far. There are two persons in each of the seven teams, that is, each person has only issued one notice on average. If the inspection teams have been in operation for nine months, each person has only issued one notice within nine months. I think that the Audit Commission should take a look at the situation because the number is really astonishing. Madam President, if each officer carrying out the duty has only issued one notice within months, we will have to ask what these officers have done when they are on duty. There are 14 officers but they have only issued 14 notices, that is, each officer has only issued one notice during these months. How can this be explained? Madam President, I am not asking you but the Secretary for an explanation.*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, Ms Emily LAU has some misunderstanding about the figure, but her argument is correct in any case, (*laughter*) because the number is relatively low indeed. As I have just said, five out of the seven inspection teams are responsible for inspecting the PHEs we manage and the other two teams are responsible for inspecting PHEs that are not managed by us. No matter how we calculate it, even if each officer carrying out the duty has issued three notices rather than one notice each month, the number is still relatively low, and I must admit that I cannot accept that. Hence, I am grateful to Members for raising this question to allow us to pay attention to the situation as well as to the problems of management and arrangement involved. I hereby promise Members that, in this regard, we will try our best to improve the practices that are unanimously considered as unacceptable.

PRESIDENT (in Cantonese): Fifth question.

Containing Spread of Diseases Through Soil Stacks

5. **MR WONG SING-CHI** (in Cantonese): *Madam President, according to the "Main Findings of an Investigation into the Outbreak of Severe Acute*

Respiratory Syndrome (SARS) at Amoy Gardens" released by the Department of Health, each block of Amoy Gardens has eight vertical soil stacks for collecting effluent from the same numbered units on all floors. The soil stack is connected to the water closets, the basins, the bathtubs and the bathroom floor drains. Recent studies have shown that coronavirus exists in the stools of many patients with SARS, where it can survive for longer periods than on ordinary surfaces. Furthermore, it has been reported that soil stacks in old buildings are made of iron pipes, where bacteria can breed easily. In this connection, will the Government inform this Council whether:

- (a) it has statistics on the number of residential buildings in Hong Kong with soil stacks design similar to that in Amoy Gardens; if it has, of the percentage of such buildings in all residential buildings in the territory;*
- (b) it has considered amending the legislation to require separate discharge of effluent and stools in the future design of soil stacks for residential buildings, in order to reduce the spreading of bacteria and viruses; if it has, of the timetable for amending the legislation; if not, the reasons for that; and*
- (c) it has considered asking owners or owners' corporations of old buildings to replace soil stacks made of iron pipes; if it has, of the timetable for the replacement; if not, the reasons for that?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese):
Madam President, the deduction of the Government's investigation is that the outbreak of SARS at Block E, Amoy Gardens was the result of a combination of possible factors. It was not triggered by any one single factor.

Under the Buildings Ordinance, both "two-pipe" and "one-pipe" designs are acceptable drainage system designs. The former allows foul and waste water to be disposed through two separate pipes, while the latter discharges all effluent through the same pipe. In any case, there should be no pollution of the living environment or sanitary nuisance as long as a drainage system, whether of "one-pipe" or "two-pipe" design, has been installed in compliance with the standards specified by the Buildings Ordinance and is kept in good maintenance and repair. Similarly, no pollution would be resulted whether the pipes are UPVC pipes or cast iron pipes, if they are properly installed and maintained.

The replies to the three parts of the question are as follows.

- (a) The drainage system in Amoy Gardens adopts the "one-pipe" design. Since both the "one-pipe" and "two-pipe" designs are in line with the requirements of the Buildings Ordinance, we do not keep separate statistics for each of them. Therefore, we do not have the number or percentage of buildings categorized according to the drainage system design.
- (b) As I have pointed out above, there should be no pollution of the living environment or sanitary nuisance as long as the drainage systems, whether of the "one-pipe" or "two-pipe" design, are installed according to the requirements of the Buildings Ordinance and are properly maintained and repaired. Therefore, our foremost task is to abide by the relevant legislation and to ensure timely and proper maintenance of the drainage systems. At present, it is not necessary to amend the legislation solely because of the current concern.
- (c) The use of cast iron pipes is in order if it meets the requirements of the Buildings Ordinance and is up to the relevant standards of design and installation. If properly maintained, cast iron pipes can normally last for 15 years or more. Provided that the pipes comply with the stipulated standards, it is difficult to generalize the need and time for their replacement, whatever materials they are made of. Much depends on their actual conditions. Therefore, there is no need for the Government to stipulate a fixed timetable for the compulsory replacement of pipes.

MR WONG SING-CHI (in Cantonese): *Madam President, the Secretary said in the main reply that it is actually not so important as to whether the drainage system is of "one-pipe" or "two-pipe" design, and that it is most important for the pipes to be properly maintained and repaired. I am aware that the Buildings Department has issued guidelines to many buildings last month asking them to check their pipes. I would like to know what has been achieved after the guidelines were issued. What measures has the Government in place to ensure that all high-risk buildings will carry out repair and maintenance works?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, please allow me to explain this in detail, for this is an issue of public concern. I would like to provide some background information.

As I pointed out in the main reply, the deduction of the Government's investigation was that the collective infection among residents of Block E, Amoy Gardens was the result of an incidental combination of a number of factors, and it was not triggered by any one single factor. So, we must bear in mind this background when handling this issue concerning soil stacks or the drainage system.

Overall speaking, the drainage system design as stipulated in the Buildings Ordinance is sound and proper. Please do not think that there are any defects in the design. The design is safe and is not flawed in any way. In fact, Hong Kong has adopted this standard for over 30 years. As far as we know, the same system and standard are also adopted in many other advanced countries. For this reason, we consider it unnecessary to make amendments to the relevant design and standard.

With regard to repairs and maintenance, Mr WONG Sing-chi asked what we have done. The problem being exposed by this incident mainly concerns the U-trap, the installation of which to the drainage system is statutorily stipulated. The purpose is to fill the U-trap with water in order to prevent the reflux of air, and this is very important. Now we all know that we must pour diluted bleach solution by mixing one part of bleach to 99 parts of water into the U-trap every day, and such an action can effectively prevent the reflux of air. We must not pour undiluted bleach into the U-trap, for this is unnecessary and may damage the pipes. We have discussed this with many people in the industry and they think that this will not be of any problem. As the way of living of people nowadays is different from that in the past, in that most people will clean the floor by mopping instead of flushing it with water, no water is poured into the U-trap. The industry has proposed that instead of relying on floor-washing, the U-trap can be filled with water in other ways, such as by connecting with the U-trap of the wash basin that is used every day to serve the same purpose. While there are these suggestions, it does not mean that the stipulation is flawed, just that the proposed design can more easily serve the purpose. When there are these suggestions, we will consider adopting them as alternatives for drainage system design, but there is no need to amend the

legislation. All we have to do is to implement it by way of practice notes for authorized persons or registered structural engineers, and this can enable them to carry out these works in a simpler way.

As for inspection and repairs, since the outbreak of atypical pneumonia, we have conducted systematic inspections of the drainage systems of buildings, particularly buildings with confirmed cases of residents being infected with atypical pneumonia. We have conducted preliminary inspections of the drainage systems of these buildings and have not found any obvious seepage or leakage at the soil stacks of these buildings. However, to ensure the safety of residents, we have contacted the relevant property management companies, owners' corporations and mutual aid committees, asking them to conduct more thorough inspection. As Mr WONG Sing-chi said earlier, we have issued guidelines to them informing them of the correct way of handling this issue and things that they must pay attention to. Forms have also been distributed to them requiring them to fill in what facilities are found to be in good shape, what are damaged, what requires repairs and what they are prepared to do when repairs are required, the relevant timetable, and so on. They are required to provide this information, so that we can review the relevant progress.

For private buildings where no owners' corporation is set up and no management company is engaged, the Buildings Department has also conducted preliminary inspections of the drainage systems of these buildings. There are about 12 000 buildings of this sort. Some 4 600 buildings have been inspected by the end of April, and it is expected that all the inspection work will be completed within the next couple of weeks, that is, by the end of June. Among the 4 600 buildings already inspected by us, about 500 buildings require repairs and follow-up actions to their sewage pipes. We have issued orders requiring these buildings to carry out repair works. As at the end of April, there were about 70 cases in which the conditions were found to be deplorable, that is, cases that we sometimes see on television with defective drainage systems where water is consistently leaking out, which is not hygienic at all. We have issued repair orders to the relevant owners, and for the six cases in which the conditions were extremely urgent and breach of regulations was serious, we have carried out the necessary repair works for them. As repair works for these cases could brook no delay, we have therefore completed some repair works for them. While the works have not yet been fully completed, we have already started the works and will recover the costs involved from the owners after the completion of the works.

As regards public housing, the Housing Department has carried out a lot of work and formulated measures in the short, medium and long term. As Members may have known, the Director of Housing has set up a 500-member special works group to carry out special repair works for tenants in respect of leakage of the sewage pipes. Since the establishment of this special works group, the Housing Department has received about 4 000 reports and successfully conducted inspection and urgent repairs for 3 500 households within 24 hours after the report was lodged. These are relatively simple or minor repair works, such as rusting pipes and in these cases, the special works group will scrape the rust off and repaint the pipes. Regarding medium-term measures, we will conduct condition surveys and assessment of the soil stacks in all housing estates. Since some problems cannot be detected by naked eyes, more detailed works are required. If replacement of pipes is necessary, we will carry out the works immediately. Many members of the industry and residents have made lots of suggestions to us on the design. In the long term, we will take follow-up actions in this regard.

This is the progress of the work that we have carried out in respect of public and private housing in the wake of the atypical pneumonia incident. Certainly, we have no room for complacency. We will make ongoing efforts to complete all unfinished works within the designated timeframe.

PRESIDENT (in Cantonese): Members, as there are eight Members waiting in line to ask their supplementaries, I hope that you will be as concise as possible when asking your questions, so that more Members can have the opportunity to ask their questions.

MR CHAN KWOK-KEUNG (in Cantonese): *Madam President, the Secretary said that repairs and maintenance are very important. At present, many residents have made alterations to the drainage pipes on their own. If these alterations are not in compliance with the stipulations, what penalty will be imposed on them as a form of punishment?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, it depends on the extent of the alteration works, and many are just minor alterations. Unless the pipes are broken, otherwise, the

alterations may not necessarily result in any damage. However, we are concerned that recently, some people have made alterations to divide a flat into several independent units. As each of these independent units is equipped with water-closet fitment, the alterations involved are more extensive in scale. We are more concerned about these cases. When we take action, we will look at the damage caused by such alterations and the rectification works required. This is the main area that we must follow up.

MR LAU PING-CHEUNG (in Cantonese): *Madam President, the Secretary said earlier that the Government has done something in respect of the conditions at public housing estates. However, I visited some public housing units this morning and found that the design is not in compliance with the stipulations of the Buildings Ordinance. That is, not every sanitary fitment is connected to a trap, but private buildings are required to connect each sanitary fitment to a trap. Many public housing units have one trap only. If these units are to be put on sale in future through the Tenants Purchase Scheme, they will become private housing and will then breach the Buildings Ordinance. What will the Secretary do to deal with this problem?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, as Members may recall, we have stated that the Tenants Purchase Scheme would cease after putting on sale flats in the last phase. Before these flats are put on sale, we will have, as usual and at the requests of tenants, rectified the damage or any breaches of the Buildings Ordinance. For this reason, we have to postpone the date of the sale of flats in one or two housing estates that we intend to put on sale. We must also pay attention to the design and minor facilities. I am not sure whether or not the sale of these flats has to be postponed due to problems in this area. But from the information that I have obtained, we must carry out more rectification works than expected. The information up my sleeves cannot confirm whether that is the case. But I can provide a written answer to Mr LAU Ping-cheung. (Appendix II)

MR LAU PING-CHEUNG (in Cantonese): *Madam President, the main point of my question to the Secretary is whether a trap will be installed for each sanitary fitment in these public housing units as required.*

PRESIDENT (in Cantonese): Mr LAU, please sit down. I think the Secretary has already answered your supplementary question.

MR ALBERT HO (in Cantonese): *Madam President, had there not been an incident of collective infection really taking place at Amoy Gardens, everyone would consider such an incident downright far-fetching. Now that this has actually happened; the Government has conducted studies and published a report. To put it simply, my understanding is that the virus spread to other flats of the building from the stools of a highly infectious patient through the sewage disposal system. If this simple explanation of mine is correct, and if the design at Amoy Gardens is similar to that at other buildings in Hong Kong and all the designs are up to standard and if their repairs and maintenance are not particularly poor, then I think it is necessary for the Secretary to give us a very clear answer to this question today: How can the other buildings prevent the recurrence of the Amoy Gardens incident? However, the Secretary has not given us an answer. Does the Secretary also have misgivings about this report on Amoy Gardens? The Secretary mentioned some incidental factors. What are the incidental factors that do not exist in other housing estates? Why were other citizens of Hong Kong luckier in that they were spared from the bad luck of the residents of Amoy Gardens? On what basis did the Secretary made such remarks? What are the incidental factors?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, I did not take part in the investigation into the Amoy Gardens incident, but I have read the report. As I made it clear in the main reply earlier on, the report showed that the outbreak was the result of the combination of a number of factors as a matter of coincidence. According to my understanding of the conclusion drawn in the report, any of these factors, if exists independently, will not lead to such an outbreak. So, as I said earlier, it is very important to understand this background. The drainage system is not the only means of transmission. Instead, it is a matter of coincidence that the drainage system became one of the causes. But it must combine with other factors to cause the outbreak. So, even though the same design is found at other places or buildings, the outcome will not be the same if the other factors do not exist. It appears that the report should not be leading us to draw a conclusion that buildings with the same drainage system as that of Amoy Gardens will become potentially dangerous. I think Members must accept this

point. As for the other factors for transmission, the report has also mentioned other modes of transmission, such as close contacts between persons, which has nothing to do with the drainage system.

We feel that it is most important to ensure that the design of the drainage system is in order and safe. That said, we must not lower our guard. We must ensure that the repairs and maintenance of the system is up to standard. Any loophole in the repair and maintenance works may open up chances for a combination with other factors, which may lead to misfortunes. To ensure that this does not happen, repairs and maintenance must be carried out properly. That is why I stressed earlier the need to carry out repairs and maintenance properly. What we can do after this incident is to check and inspect the other buildings. As I said just now, we will carry out repair works immediately if unacceptable conditions are detected. But such cases are rare. For cases with obvious defects, we have already done what we can possibly do.

MR ALBERT HO (in Cantonese): *I beg your pardon, Madam President. The Secretary did not answer what are the incidental factors that do not exist in other buildings. The Secretary has not responded this point at all.*

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

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, I have nothing to add. However, I must reiterate that this outbreak was the result of a combination of factors. If we can ensure that the drainage system is properly repaired and maintained, we can already root out any problem that may arise in this regard.

PRESIDENT (in Cantonese): We have spent more than 22 minutes on this question. The last supplementary question.

MR NG LEUNG-SING (in Cantonese): *Madam President, part (c) of the main reply mentioned cast iron pipes, which I believe are still found in a batch of*

buildings now. The Government said that there is not a fixed timetable for the replacement of such pipes and that it will depend on the maintenance of such pipes. I would like to ask the Secretary this: Have the authorities actively checked these pipes and ordered their replacement immediately if their conditions are found to be undesirable? What is the relevant mechanism?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, normally, the owners of each and every building are responsible for the repairs and maintenance of their own buildings. Insofar as this area of work is concerned, what has been done is utterly inadequate. So, we will consider later what steps should be taken to enhance public awareness on proper repairs and maintenance of buildings. The working group led by the Chief Secretary for Administration will also make proposals in this regard.

As for Mr NG Leung-sing's supplementary question, cast iron pipes can normally last for about 15 years. Towards the end of the life expectancy of such pipes, owners should conduct inspections to see if there is leakage or damage at the pipes. If defects are found, owners must take actions under the existing law. Otherwise, we can ask them to carry out repairs under the relevant legislation.

PRESIDENT (in Cantonese): Last oral question.

Resurvey for Old Schedule Lots in New Territories

6. **MR LAU PING-CHEUNG** (in Cantonese): *Madam President, it is learnt that, between 1898 and 1904, the Government carried out a systematic land survey in the New Territories and demarcation district plans were drawn up for the land. As such plans were produced at a scale of 16 inches or 32 inches to 1 mile (that is, 1:3 960 or 1:1 980), they are rather sketchy and incomplete by modern day standards, resulting in unclear land boundaries which have often led to disputes over land titles. In this connection, will the Government inform this Council whether it plans to resurvey the 210 000 old schedule lots in the New Territories based on the current standards; if so, of the commencement date of the survey, and how long it will take to complete the work; if not, the reasons for that?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, there are over 210 000 private lots in the New Territories held under the Block Government Leases. These lots are known as old schedule lots. These old schedule lots were surveyed one hundred years ago using graphical survey method for the purpose of recording ownership and related taxation purposes. To resurvey the boundaries of these large number of lots in accordance with the present survey standards will require huge resources and considerable time. According to an estimate by the Hong Kong Institute of Surveyors, such a resurvey will cost about \$1.9 billion in a timeframe of 10 years.

Land boundary disputes among private parties are normally resolved through mutual agreement. If agreement cannot be reached, either party can take the matter to court for a determination. Where the land boundary dispute involves government land, the Government will resolve the matter with the concerned party. Indeed, there is a dedicated team within the Lands Department tasked to deal with complex cases as and when they arise.

Given the Government's current financial stringency, there are no additional resources for undertaking a resurvey of all the old schedule lots. The Lands Department will continue to resolve individual land boundary disputes as and when they arise during the course of its work, such as land resumption for infrastructure projects. In the longer run, if further redeployment of resources are possible or additional resources are made available, the Lands Department will consider undertaking more resurvey of the old schedule lots or out-sourcing some of such work.

MR LAU PING-CHEUNG (in Cantonese): *Madam President, before I ask my supplementary question, I wish to declare an interest first. I am a member of the Hong Kong Institute of Surveyors. But as I am not engaged in this type of work, I will not gain any benefit, whether or not the Government agrees on this.*

Unclear land boundaries are actually a perennial problem in Hong Kong. Now, the situation is that as cases of unclear boundaries accumulate, "missing lots" are resulted under some circumstances, that is, there are lots that are shown on the plan but do not exist in reality. May I ask the Secretary how such situation would be handled?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, it is actually inappropriate for the term to be rendered as "遺失地段". Rendering "missing" as "遺失" means that the lots have disappeared, but the fact is that these lots still exist. The so-called "missing lots" refer to those lots of which the plan or evidence showing their boundaries and locations are missing, thus making it difficult to confirm their boundaries and locations. Under such circumstance, we consider it more appropriate to describe these lots as "已失圖據地段". On the number of such cases involving "missing lots", we do not have a definite answer, because it is only when the files of these lots are examined for the purpose of land transactions or for other reasons then the Government will know whether the plan or evidence showing their boundaries and locations still exists. Indeed, we are unable, and do not have the manpower resources, to check the statistics of these 210 000 old schedule lots one by one.

Having said that, however, we still can resolve the problem even when such situation arises. As I said in the main reply earlier on, land boundary disputes among private parties can be resolved by mutual agreement. If mutual agreement cannot be reached, the case can be taken to court for a determination. If the Government is involved in such disputes, as I said earlier, the Government has a dedicated team to deal with these cases. However, this team has very little manpower resources, and there is only one such team. With such manpower resources, this team can handle about 300 lots each year. Therefore, we are far behind and cannot possibly catch up with the need, because based on the manpower resources of this team and its current pace of work, it will take 700 years to complete a resurvey of 210 000 old schedule lots.

MR LAU WONG-FAT (in Cantonese): *Madam President, has the Government made any detailed assessment of the difficulties and problems involved in the redemarcation of the 210 000 old schedule lots? Will the Heung Yee Kuk be consulted before a decision is made?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, as I said earlier, the Government does not know whether this problem exists and the exact number of such cases. It is because we would not know the details until there is a need to open the files. In our daily work, cases directly related to the New Territories are mostly cases of small house applications, and it is only when the files of these cases are opened then we will discover that the land boundaries or the relevant information of some of these

lots are incomplete. But there have not been many such cases and most are of a minor nature and can be resolved rather easily. For the more complex cases, as I said just now, within the Lands Department there is a dedicated team which can handle about 300 such cases a year. This team can cope with the current workload arising from this problem.

At present, the Government does not have any plan to legislate in this regard. As I said earlier, given that not many disputes have arisen from this problem, we still manage to cope with the present unsatisfactory situation. So, the Government has no plan to enact legislation for the time being. If legislation is an option for consideration someday, we will certainly consult the Heung Yee Kuk.

DR RAYMOND HO (in Cantonese): *Madam President, to avoid land boundary disputes between the Government and private parties, can the Government, before it actually commence the development of a new district or a large-scale project, say, a railway project, spend some time in surveying the district or area in order to avoid such disputes in future?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, I am very grateful to Dr HO for this question, as it gives me an opportunity to further explain this. We are now mainly discussing old schedule lots, products of the Block Government Leases a century ago. As the conditions at that time were primitive and unsophisticated and were not as convenient as the present, it was therefore impossible to meet the high standards nowadays. These are old schedule lots under the Block Government Leases, whereas Dr HO was referring to the new schedule lots, or lots that may be affected by large-scale projects. Certainly, we will establish the land boundaries using the latest scientific methodology, and the relevant information on land boundaries will be expressly stated in the land lease for all necessary procedures to base on. We have started to substantially upgrade the requirements for new schedule lots in this regard. Moreover, our records are gradually becoming more complete. While the number of lots kept in our record is still very small now, which accounts for less than 10% of the total number, we hope that our record will accumulate as time goes by. Some years later, as I said just now, if we found that the time is appropriate and when there is a need, we will consider whether legislation should be made. As for the issue raised by Mr LAU earlier, we will also deal with it appropriately then.

DR RAYMOND HO (in Cantonese): *Madam President, I wish to ask another supplementary question. Will the Secretary tell us how many cases there are in which the Government was involved in disputes with private parties over unclear land boundaries resulting ultimately in proceedings in court? And, in how many of these cases did the Government win in the proceedings?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): *Madam President, I did try to obtain the relevant information but regrettably, I did not get such information. I had asked for the reasons and they conjectured that it is because firstly, there have not been many such cases; and secondly, in most cases the Government have been able to resolve the problem through other means. For example, as I also mentioned earlier, the Government does have some resources to deal with these cases. My apology to the Member for not being able to give him a satisfactory answer.*

PRESIDENT (in Cantonese): *Oral question time ends here.*

WRITTEN ANSWERS TO QUESTIONS

Nurturing a Reading Culture Among Children

7. **MRS SOPHIE LEUNG** (in Chinese): *Madam President, it has been reported that a reading literacy study conducted among students from 35 countries and regions reveals that Hong Kong children top the list in reading literacy at the time of admission to Primary One, but rank 14th when they are in Primary Four. In this connection, will the Government inform this Council whether:*

- (a) *it has conducted a comprehensive assessment of the reading literacy of primary and secondary school students at different stages of schooling; if so, of the assessment results; if not, the reasons for that;*
- (b) *it has assessed the effectiveness of the measures adopted to nurture a reading culture among children; and*

- (c) *it has formulated objective indicators for assessing children's reading literacy on a regular basis; if so, of the details of such indicators; if not, the reasons for that?*

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

- (a) For two decades, the Government has been assessing students' language skills (Listening, Speaking, Reading and Writing) at different learning stages annually through the Hong Kong Attainment Tests which are norm-referenced and curriculum-based. The results generated reflected what they have learnt. One of the assessed language skills is reading, and the following is a summary of students' general performance in reading in recent years.

Chinese Language:

Junior primary students demonstrated fair competency in reading as compared with the other language skills. Senior primary students displayed strong capability in recognizing words.

English Language:

Among the four skills, junior primary students are relatively strong in reading for information. Senior primary students are relatively weak in reading comprehension.

In December 2001, the Government also launched a survey on students' reading habits. In the survey, students were found to read more books at earlier learning stages, but more electronic information at later stages. Primary students tended to be reading for knowledge enrichment, while secondary students reading for leisure.

With the curriculum reform in place in 2002, the Curriculum Development Council is developing a set of descriptors, which has made reference to other international literacy standards. The

reading ability study quoted by the press, which is conducted in the mother tongue of the students and is curriculum-free, would complement information for reference of local standards, and help us in providing informed-measures to improve students' reading ability in Hong Kong.

- (b) Recognizing that nurturing a reading culture is a continuous process, the Government has set up a task force on reading strategy in May 2002 to develop and implement relevant action plan for promoting a reading culture in schools, so as to align with the key task of Reading to Learn in the education reform. An evaluation framework has also been formulated to collect data from various sources, including research and school development projects. The evaluation schedule will soon be drawn up and data collected will help map out subsequent plans.
- (c) Aligning with the curriculum reform, the Curriculum Development Council is developing sets of basic competencies for assessing students' achievements in Chinese and English languages including reading skills. These would be used for the student programme of Basic Competency Assessment as an additional tool to complement the school internal assessment for all primary schools in June 2003. The system assessment of Basic Competency Assessment will be launched in 2004 to monitor territory-wide standard at Primary Three. It would be extended to Primary Six and Secondary Three in 2005 and 2006 respectively.

Private Services of Hospital Authority

8. **MR NG LEUNG-SING** (in Chinese): *Madam President, regarding the "private services" provided by the Hospital Authority (HA), will the Government inform this Council:*

- (a) *of the expenditure on and manpower deployed to provide such services, and the percentages of such figures in the respective totals, as well as the relevant income to expenditure ratio, in each of the past five years;*

- (b) *of the number of attendances of such services by "non-eligible" persons (NEPs), as classified by the HA, and the related expenditure in each of the past five years, together with the percentages of such figures in the respective totals; and*
- (c) *whether it has assessed if it is essential for the HA to provide such services; if it has, of the detailed results of the assessment; if such services or some of them are assessed to be essential, of the detailed justifications and whether the relevant authorities will impose different levels of charges according to the eligibility or otherwise of the patients?*

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

- (a) Provision of medical services for public and private patients share the same team of healthcare workers and most of the hospital facilities. As such, information on the cost and manpower deployed in the provision of medical services to private patients in public hospitals is not readily available. The income received from private patients (including inpatients and outpatients) for the four years from 1999-2000 to 2002-03 is listed below.

<i>Year</i>	<i>Income (in \$ million)</i>
1999-2000	54.7
2000-01	62.2
2001-02	65.0
2002-03 (estimate)	74.4

Information for 1998-99 is not readily available as the information system in place at that time did not capture such statistics.

- (b) The number of NEPs using private inpatient facilities and expressed as a percentage of the total number of patients using such facilities is listed below:

<i>Year</i>	<i>No. of cases</i>	<i>Percentage</i>
1999-2000	580	5.7%
2000-01	479	4.7%
2001-02	638	4.9%
2002-03 (estimate)	702	5.9%

Information on NEPs using private outpatient facilities is not readily available.

- (c) Provision of private inpatient and outpatient facilities offers patients of public hospitals with an alternative service choice, which by established policy, is charged at a rate at least equal to the cost of providing such services. By way of reference, the HA operates less than 400 private service inpatient beds, out of a total of 29 288 hospital inpatient beds, and private services accounted for less than 1% of its specialist outpatient attendances in 2001-02. Arising from the restructuring of fees and charges for public health care services, effective from 1 April 2003 the HA charges market rates for private services, which should at least equal the full cost of providing such services. Unlike public services where there is a need to differentiate eligible persons (EPs) from NEPs to ensure that heavily subsidized public healthcare services should not be diverted to non-Hong Kong residents and visitors at the expense of Hong Kong residents, no public subsidy is involved in the provision of medical services to private patients which are charged at the market rates. As such, there is no need to charge EPs and NEPs at different rates for use of private services of the HA.

Immigration Service Standing Orders

9. **MS CYD HO** (in Chinese): *Madam President, under section 9 of the Immigration Service Ordinance (Cap. 331), the Director of Immigration may make Immigration Service Standing Orders (ISSOs) but such standing orders are not released to the public. In this connection, will the Government inform this Council:*

- (a) *of the number of applications received each year for inspecting the standing orders since the implementation of the Code on Access to*

Information (the Code), and the respective numbers of such applications which were fully, partly and not accepted as well as the number of withdrawn applications, together with the authorities' justifications for partly or not accepting such applications;

- (b) as legal proceedings have been instituted by members of the public who were aggrieved by the decisions made by the authorities under the standing orders, but even the Court was not aware of the contents of the standing orders, whether the authorities have assessed if the practice of not publishing the standing orders complies with the provisions stipulated in the Basic Law and the Hong Kong Bill of Rights Ordinance (Cap. 383) which safeguard the public's right to fair hearing before the Court; if it has, of the assessment results; if not, the reasons for that; and*
- (c) given that from 1997 onwards, the public can have access to the police general orders made by the Commissioner of Police under section 46 of the Police Force Ordinance (Cap. 232), whether the authorities have considered, by reference to the police practice, allowing public to have access to the standing orders; if they have, of the outcome of their consideration; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) Since the implementation of the Code in 1996 the Immigration Department has received four requests for access to the ISSOs. These requests were dealt with individually in accordance with the Code. Where disclosure of the information in the ISSOs would harm or prejudice, for example, the administration of nationality, registration of persons or immigration matters or the prevention, investigation and detection of crime and offences, these requests have been refused under paragraphs 2.5(b) and 2.6(e) of the Code.

In relation to the administration of nationality, registration of persons or immigration matters in which the requesting parties were interested, the Immigration Department provided written summaries of its policies and practices, leaflets and notices.

- (b) The ISSOs are made by the Director of Immigration under section 9 of the Immigration Service Ordinance (Cap. 331) for, amongst other things, the control, direction and information of the Immigration Service. Should the ISSOs be the subject matter of legal proceedings decisive of an individual's civil rights and obligations or criminal liability, the content of the relevant ISSO will be the subject of argument and interpretation in a public hearing and published in a judgement made public, as required by Article 10 of the Hong Kong Bill of Rights Ordinance (Cap. 383), which implements Article 14(1) of the International Covenant on Civil and Political Rights. A litigant will not therefore be deprived of a fair hearing.
- (c) It is our considered view that the existing practice of dealing with requests for access to the ISSOs on an individual basis in accordance with the Code is appropriate.

Encouraging Students Studying Abroad to Return to Live and Work in Hong Kong

10. **MR LEUNG FU-WAH** (in Chinese): *Madam President, according to the Report of the Task Force on Population Policy released in February this year, the Government will encourage young people of Hong Kong families who are receiving education overseas to return to live and work in Hong Kong. Concerning the implementation of the initiative, will the Government inform this Council:*

- (a) *of the bureau, department or official responsible for co-ordinating the implementation of the initiative;*
- (b) *whether it will specifically target at those students who are furthering their studies in certain countries, places or disciplines;*
- (c) *whether specific measures have been devised; if so, of the details of these measures and the implementation schedule; if not, the reasons for that;*

- (d) *of the specific duties to be performed by the Economic and Trade Offices (ETOs) set up overseas to support the implementation of the initiative; and*
- (e) *whether it has assessed if the initiative is, in terms of the approach and the goal, consistent with the Financial Secretary's previous advocacy that local students should be encouraged to work in the Mainland; if it is, of the rationale?*

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): Madam President,

- (a) A number of bureaux have a part to play in taking forward the recommendation of encouraging Hong Kong people educated overseas to return to live and work here. They include the Commerce, Industry and Technology Bureau, the Education and Manpower Bureau, and the Economic Development and Labour Bureau. The Hong Kong ETOs overseas under the Commerce, Industry and Technology Bureau serve as a point of contact for our students educated overseas. They help to disseminate information on employment opportunities in Hong Kong and organize activities to attract the return of Hong Kong people. The Education and Manpower Bureau, responsible for overseeing manpower policies in Hong Kong, assists in providing the general manpower information in Hong Kong to the ETOs for dissemination to our people educated overseas. The Economic Development and Labour Bureau, with responsibility for labour matters, provides information on job vacancies that are suitable for Hong Kong people educated overseas to the ETOs. For the pursuance of this recommendation in the Report of the Task Force, discussion has started amongst the relevant bureaux to co-ordinate their efforts and develop a coherent strategy.
- (b) We welcome all Hong Kong people educated overseas of all disciplines to return to live and work here. For the sake of efficiency and cost-effectiveness, our efforts would focus on the countries which are popular among Hong Kong people for overseas education and where we have ETOs such as the United States, the

United Kingdom, Canada and Australia. The main objective of our activities is to provide Hong Kong people educated overseas with up-to-date information on Hong Kong, in particular a better understanding on the local job market, the new opportunities opening up as a result of further integration with the Pearl River Delta Region, and the continuously improving living conditions here.

- (c) Apart from the activities mentioned above, the Government, as the largest employer in Hong Kong, has always strived to provide a good working environment and challenging jobs with a view to attracting suitable Hong Kong talents overseas who meet the respective qualification requirements to join the Hong Kong Civil Service so as to build up a dynamic, visionary and knowledge-based Civil Service. In this regard, we have put in place a system of recognizing the qualification of non-Hong Kong degrees or courses as part of our civil service appointment policy.
- (d) The ETOs overseas have been maintaining regular contact with Hong Kong students studying in their host countries with a view to encouraging them to return to Hong Kong upon completion of their studies. They have from time to time organized briefings and gatherings for Hong Kong students, such as briefings by visiting senior officials from Hong Kong and video conferences with Hong Kong employers to bring the students up-to-date on the latest developments and employment opportunities in Hong Kong. The ETOs will continue to take up this role and organize appropriate activities.
- (e) The vision of Hong Kong, as articulated by the Commission on Strategic Development in its Report in 2000, is "The implementation of Hong Kong's long-term vision should also be guided by a number of overarching goals, including enhancing income and living standards for all members of society; ensuring that Hong Kong becomes the most attractive major city in Asia in which to live and work; developing a socially cohesive and stable society that recognizes that the community's diversity strengthens its cosmopolitan outlook; contributing to the modernization of China while also supporting Hong Kong's long-term development".

Following from this, the key objective of Hong Kong's population policy is to secure and nurture a population which sustains our development as a knowledge-based economy. We believe that encouraging the return of Hong Kong people educated overseas who have diversified exposure and experience can help to improve the overall quality of our population to meet our vision of Hong Kong as a knowledge-based economy and a world-class city.

Hong Kong's relationship with the Mainland is a key element of its competitive positioning and complements its vision of becoming Asia's World City. There are numerous joint opportunity for Hong Kong and other cities in the Mainland, in particular the Pearl River Delta Region. To maximize mutual benefits, great emphasis will need to be placed on collaboration and co-operation. Encouraging local students to work in the Mainland would enable them to gain exposure and experience as well as network in the Mainland. This would benefit the local market when they return in the same way as the return of Hong Kong people educated overseas. At the same time, for those employees who are displaced in the process of Hong Kong's evolution to a knowledge-based economy, working in the Mainland would be an additional option.

Resurfacing of North Point Section of Island Eastern Corridor

11. **MISS CHOY SO-YUK** (in Chinese): *Madam President, I have received complaints from the public that when resurfacing the North Point section of the Island Eastern Corridor (IEC) with low-noise material recently, the Administration has only carried out resurfacing works in the road sections adjacent to areas which are sparsely populated and do not have noise problems. However, for the parts of the IEC adjacent to densely populated areas such as the Provident Centre, City Garden and Harbour Heights, the Administration has not carried out any resurfacing works. In this connection, will the Government inform this Council:*

- (a) *whether it will resurface the entire North Point section of the IEC; if it will, of the details; if not, the reasons for that;*

- (b) *of the criteria for determining the priority of resurfacing different sections of the IEC and whether they include the population density of the areas in the vicinity of the road sections concerned; and*
- (c) *of the costs of resurfacing the North Point section of the IEC?*

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

- (a) The entire North Point section of the IEC, including the parts adjacent to the Provident Centre, City Garden and Harbour Heights, has been resurfaced with low-noise material. The complainants could be referring to the road-widening project now being carried out on the part of the IEC between the North Point Interchange and Sai Wan Ho. Low-noise material will be applied to that widened section of the IEC.
- (b) When the IEC was resurfaced with low-noise material, priorities were given to those sections where a higher number of dwellings would benefit.
- (c) The cost of resurfacing the North Point section of the IEC was \$7.2 million.

Estate Agencies Displaying Recommended or Test Counter-offer Prices for Residential Properties

12. **MR ALBERT CHAN** (in Chinese): *Madam President, I have received complaints from members of the public that many real estate agencies display on their shop windows, leaflets and newspaper advertisements the "recommended counter-offer prices" or "test counter-offer prices" for the residential properties put up for sale, without indicating whether they have been commissioned by the owners concerned to sell their properties. In this connection, will the Government inform this Council whether it knows:*

- (a) *the total number of such complaints received by the Estate Agents Authority (EAA) since January last year; and*

- (b) *whether the EAA has assessed if estate agents' practice of displaying recommended or test counter-offer prices contravenes section 9(3) of the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation (Cap. 511, sub. leg.), which stipulates that a licensed estate agent shall not advertise a residential property at a price or on terms different from that instructed by the owner concerned; if the outcome of the assessment is in the affirmative, of the measures taken by the EAA to curb such practice to safeguard property owners' interests; if the outcome is in the negative, of the rationale for that?*

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

- (a) Between January last year and March this year, the EAA received 20 complaints about estate agents advertising flats at prices or rentals different from those instructed by the owners.
- (b) Under section 9(3) of the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation, an estate agent shall not advertise a residential property at a price or rental different from that instructed by the owner concerned. It would be in violation of the provision if estate agents display on their shop windows, leaflets and newspaper advertisements any "recommended counter-offer prices" or "counter-offer prices which may be tried" without the authorization or consent of the owners. The EAA, which is responsible for enforcing the regulation, has time and again issued circulars to remind estate agents that it is a violation to list in advertisements other prices, be they "recommended counter-offer prices" or "counter-offer prices which may be tried", without the owners' consent.

After thorough investigations into the 20 cases, the EAA took the following actions in respect of eight substantiated cases: advice was given to all eight offenders, and six of them promptly took remedial actions (such as publishing the prices agreed by owners); warnings were issued to the two offenders who failed to rectify the situation. In the two warning cases, one offender took remedial

action afterwards; the other offender, who did not take any remedial action despite the warning, subsequently received a reprimand from the EAA. The latter offender is lodging an appeal to the Appeal Panel under the Estate Agents Ordinance. As regards the 12 unsubstantiated cases, the estate agents concerned were generally able to give an explanation, such as providing proof of the owner's consent to quote other prices for advertising purposes.

During day-to-day shop inspections, EAA staff would examine flat advertisements and records of flats offered for sale by owners. From time to time, the EAA would also conduct random checks on print advertisements to verify compliance with the instructions of owners, particularly whether the prices agreed by owners have been advertised. If suspected cases of violation are found, the EAA would take follow-up action immediately.

The EAA monitors closely the situation of violation of advertising requirements by estate agents and is now considering imposing heavier penalties, such as fines, suspension of licence, and so on. Meanwhile, the EAA will strengthen training for estate agents to enhance their professionalism and help them cultivate their trade ethics.

Malpractices in Providing External Telecommunications

13. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, it is learnt that for several years, some external telecommunications services (ETS) operators have been providing ETS not through the numbers specified under the numbering plan allocated by the Office of the Telecommunications Authority (OFTA), in order to evade the payment of local access fees and universal service contribution fees to fixed telecommunications network services (FTNS) operators. Instead, these ETS operators provide the relevant services through the following practices: (1) international direct dialling (IDD) calls from other places are connected to the switch of local ETS operators and then forwarded directly or indirectly through local telephone numbers (but not those specified under the numbering plan) to the call recipients in the local telephone network; or (2) ETS from Hong Kong to other places are provided through access numbers other than those specified under the numbering plan. Since such practices contravene the terms and conditions of the relevant telecommunication*

licences, the Telecommunications Authority (TA) has imposed fines on the operators concerned under section 36C of the Telecommunications Ordinance (TO) (Cap. 106). Such practices also render FTNS operators unable to distinguish whether these calls are IDD calls and charge the relevant ETS operators local access fees and universal service contribution fees. Moreover, the lower service fees charged by ETS operators adopting such practices have exerted competition pressure on other ETS operators who abide by the terms and conditions of the relevant telecommunication licences. In this connection, will the Government inform this Council:

- (a) of the number of cases the authorities handled in the past three years relating to the provision of ETS through the above practices, the sources of these cases (such as reports received, complaints from consumers or other ETS operators, and investigations initiated by the authorities concerned), how the authorities handled these cases, the progress of these cases, the number of cases in which a fine was imposed, and the amounts of fines involved;*
- (b) whether it has assessed the impact of such practices on the business of FTNS operators and other ETS operators, as well as the economic losses they suffered; if it has, of the assessment results;*
- (c) whether it has drawn up measures to actively monitor the telecommunications services operators' compliance with the relevant terms and conditions of the telecommunication licences; if it has, of the details of these measures; and*
- (d) whether it has drawn up measures to strengthen co-operation with the telecommunications regulatory bodies and telecommunications services operators in other places to tackle the problem of ETS operators providing ETS through the above practices; and whether it has considered criminalizing such practices?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese), Madam President:

- (a) For the past three years, the OFTA has processed 27 cases in relation to the use of non-compliant access numbers for offering outgoing or incoming ETS calls in contravention of the licence

conditions for paying the required local access charge (LAC) and Universal Service Contribution (USC). These cases were all lodged with the OFTA by the general public, local FTNS operators, ETS operators and telecommunications regulatory agencies in other places.

Once a case is received, the OFTA will identify the ETS licensee concerned and conduct investigation. If breach of licence conditions is established, the licensee will be instructed to stop using the non-compliant numbers for offering ETS. At the same time, a financial penalty under section 36C of the TO will be imposed, and a direction to settle the unpaid LAC and USC with the local FTNS operators under section 36B of the TO will be issued.

Of the 27 cases, 15 are found to have breached the relevant licence conditions. The TA has imposed financial penalties ranging from \$35,000 to \$100,000, depending on the facts of the cases and the nature and seriousness of the breaches. The other 12 outstanding cases are still under investigation.

- (b) While it is difficult to assess the impact of the breaches on the local FTNS operators and the other competing ETS operators, it is important that the OFTA takes prompt and effective regulatory action to deter future non-compliance as mentioned in (a).

If the licensees fail to comply with the TA's direction, the TA may impose further penalties in accordance with the TO. Under section 36C of the TO, the TA may impose an increasing financial penalty where the licensee fails to comply with any licence conditions of an amount not exceeding \$200,000 for the first occasion, \$500,000 for the second occasion and \$1 million for any subsequent occasion. In the event of a very serious breach of licence condition, the TA may also cancel, withdraw or suspend the licence up to a period of 12 months under section 34(4) of the TO.

- (c) It would be difficult and indeed ineffective for the OFTA to monitor actively the use of telephone numbers for provision of ETS which involves day-to-day operation of the local FTNS operators

and ETS operators. The industry and consumers are in much better position to do so and forward to the OFTA information regarding non-compliance. The OFTA has actively investigated cases lodged with it, and taken appropriate regulatory action as set out in (a) and (b) above. It will continue to do so to ensure compliance of the relevant licence conditions.

- (d) The OFTA has been working closely with the overseas telecommunications regulatory agencies in combating the use of non-compliant access numbers for offering ETS calls. As can be seen in (a) above, some of the cases were lodged with the OFTA by the overseas agencies.

The punishment prescribed for breaches of the relevant licence conditions in the TO is commensurate with their nature and seriousness. We do not think it appropriate or necessary to criminalize such breaches.

Provision of Advertising Spaces at Footbridges

14. **DR RAYMOND HO** (in Chinese): *Madam President, it has been reported that the Government plans to refurbish the O'Brien Road Footbridge in Wan Chai, and earmark advertising spaces at the footbridge for lease, with a view to raising government revenue. In this connection, will the Government inform this Council:*

- (a) *of the details and estimated expenditure of the above project;*
- (b) *of the estimated annual revenue from leasing such advertising spaces; and*
- (c) *whether it has provided advertising spaces at other footbridges for lease, so as to generate additional revenue for the Government; if it has, of the amount of revenue from the lease of such advertising spaces in the past year; if not, whether works similar to those for the O'Brien Road Footbridge will be carried out for other footbridges?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President,

- (a) The scope of the proposed refurbishment of O'Brien Road Footbridge in Wan Chai includes the provision of the following:
 - (i) aluminium cladding to the external surface of the roof beam and bridge bottom;
 - (ii) advertising space between the aluminium cladding panels in the roof beam;
 - (iii) lighting troughs to replace the existing fluorescent lights on the ceiling;
 - (iv) floor tiles including tactile tiles for the visually impaired along the walking corridor;
 - (v) new parapets to replace the old ones; and
 - (vi) green planting.

The cost of the project is estimated to be \$14.7 million. The detailed design is being finalized.

- (b) We plan to use the advertising space on the O'Brien Road Footbridge for the display of information of public interest. However, we are also considering the possibility of using some of the space for commercial advertising. The revenue that may be generated from leasing the advertising space will depend on the amount of space available and market response at the time. As the project will not be complete until end 2004 the earliest, we do not have an estimated annual revenue at the moment.
- (c) We have not provided space for commercial advertising on other footbridges. However, we would consider the possibility of reserving such space when new footbridges are built or existing footbridges are reconstructed or renovated having regard to the following factors:

- (i) road safety;
- (ii) structural integrity;
- (iii) pedestrian traffic flow capacity;
- (iv) aesthetic consideration;
- (v) potential advertisement revenue; and
- (vi) content of the advertisement (for example, tobacco advertising which is against the Government's anti-smoking policy would not be considered).

We would also take into account the experience we have with the O'Brien Road Footbridge refurbishment project.

Traffic Safety of Public Light Buses

15. **MR LAU KONG-WAH** (in Chinese): *Madam President, regarding the traffic safety of public light buses (PLBs), will the Government inform this Council:*

- (a) *of the number of enforcement actions mounted by the police against PLBs speeding, along the Kwai Chung section of Castle Peak Road in each of the past three years, and the number of prosecutions consequently instituted against PLB drivers for speeding; and*
- (b) *whether it will consider expediting the implementation of the plans to fit seat belts to rear seats and install speed display devices inside PLBs?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Chinese): Madam President, the number of enforcement operations mounted by the police on all speeding vehicles along the Kwai Chung section of Castle Peak Road in 2000, 2001 and 2002 were 34, 76 and 81 respectively. The number of prosecutions instituted against PLBs throughout the territory for

speeding in 2000, 2001 and 2002 were 1 555, 1 499 and 1 812 respectively. The police do not maintain statistics on the breakdown of speeding cases by location.

The Road Traffic (Construction and Maintenance of Vehicles) (Amendment) (No. 2) Regulation 2002 and the Road Traffic (Safety Equipment) (Amendment) Regulation 2002 which extend the seat belt requirement to cover the rear seats of public light buses were passed by the Legislative Council on 20 November 2002. These Regulations also require the installation of high-back seats to provide further protection to passengers. It is our intention to bring the two Regulations into operation in August 2004. The proposed commencement date has taken into account the views of the trade and vehicle manufacturers to allow sufficient lead time for the production of required safety equipment.

The programme for installing speed display devices on green minibuses providing overnight services commenced in August 2002. The programme was completed in mid-April 2003. The Transport Department will shortly conduct a review on the effectiveness of the scheme and consider whether and how to extend it to other PLBs.

Professional Grade Officers Employed on Non-civil Service Contract Terms

16. **MR LAU PING-CHEUNG** (in Chinese): *Madam President, regarding the professional grade officers employed by government departments on non-civil service contract (NCSC) terms, will the Government inform this Council:*

- (a) *of the numbers of officers in each professional grade who were employed on NCSC terms in each of the departments concerned, as at the end of each of the past three years;*
- (b) *of the average percentage point by which the salary of NCSC officers of each professional grade is lower than the mid-point salary of civil servants of comparable ranks or with similar responsibilities;*
- (c) *whether the salaries of NCSC officers with the same entry professional qualifications employed by different departments are comparable; if not, of the differences in their salaries; and*

- (d) *whether guidelines have been issued to Heads of Departments (HoDs) stipulating that the salaries of NCSC officers should be pitched at levels comparable to those of civil servants of comparable ranks or with similar responsibilities; if so, of the details of the guidelines concerned; if not, the reasons for that?*

SECRETARY FOR THE CIVIL SERVICE (in Chinese): Madam President, the Non-Civil Service Contract Staff Scheme (NCSC Staff Scheme) is a standing scheme introduced in 1999 to enable HoDs to employ staff on fixed-term contracts outside the Civil Service to meet service needs which are short-term, part-time or under review. HoDs have full discretion to decide in the employment of NCSC staff in view of their departments' operational needs. They also have full discretion to determine the employment package subject to the guiding principles that the terms and conditions for NCSC staff should be no less favourable than those provided for under the Employment Ordinance where applicable and no more favourable than civil servants in comparable civil service ranks.

Against the above background, my replies to the question are as follows:

- (a) HoDs have full authority to employ NCSC staff in accordance with their departments' specific operational needs. We only collect snapshot statistics from departments on the total number of NCSC staff employed, their range of salaries and contract duration as at 30 June and 31 December every year for reference. At present, we have not defined what constitutes "professional grade" NCSC staff nor have ready information on the number of such staff. In view of the time constraint, we can only collect and provide the statistics as at 31 December 2002. In defining "professional grade" NCSC staff, we have made reference to civil service grades which require membership of a professional institution or equivalent. Details are now set out at Annex A.
- (b) Please refer to Annex B for details.
- (c) The salaries of NCSC officers with the same entry professional qualifications employed by different departments are in general comparable. The differences in salaries for certain categories of

professional staff are slightly greater since there are different streams within those categories and the duties vary greatly among different streams. For example, structural engineers, telecommunications engineers, electrical and mechanical engineers all belong to the category of "engineer". However, they perform completely different duties. HoDs may therefore offer different salaries to these officers having regard to the nature of the duties and the employment market of that particular stream. The range of average monthly salary of professional NCSC staff are set out at Annex C.

- (d) The objective of the NCSC Staff Scheme is to provide HoDs with flexibility to engage staff outside the civil service establishment in an efficient manner to meet service needs which are short-term, part-time or under review. In line with this objective, we have issued guidelines to HoDs that they have the discretion to decide on the appropriate level of pay to be offered to the NCSC staff, having regard to the employment market, recruitment situation for the type of jobs concerned, and the pay offered to civil servants of comparable ranks. However, the pay so offered should not exceed the mid-point salaries of comparable civil service ranks.

Annex A

Professional NCSC staff by departments (position as at 31 December 2002)

<i>Bureau/Department/Office</i>	<i>Categories of NCSC jobs which require membership of a professional institution or equivalent</i>	<i>No. of NCSC staff *</i>
Agriculture, Fisheries and Conservation Department	Veterinary Officer	2
	Senior Veterinary Officer	1
Architectural Services Department	Assistant Architect	1
	Architect	3
	Assistant Engineer	2
	Landscape Architect	2
	Assistant Surveyor	6
	Surveyor	8

<i>Bureau/Department/Office</i>	<i>Categories of NCSC jobs which require membership of a professional institution or equivalent</i>	<i>No. of NCSC staff *</i>
Audit Commission	Auditor	4
	Senior Auditor	1
Buildings Department	Engineer	46
	Surveyor	70
Civil Engineering Department	Architect	2
	Assistant Engineer	10
	Engineer	18
Civil Service Bureau	Senior Insurance Officer	1
Companies Registry	Counsel	1
Department of Justice	Counsel	15
	Senior Counsel	4
Drainage Services Department	Assistant Engineer	13
	Engineer	9
Economic Development and Labour Bureau	Senior Town Planner	1
Education and Manpower Bureau	Architect	2
	Engineer	1
	Surveyor	1
Electrical and Mechanical Services Department	Assistant Engineer	15
	Engineer	32
Environmental Protection Department	Senior Counsel	1
Food and Environmental Hygiene Department	Engineer	1
	Veterinary Officer	2
Department of Health	Dental Officer	5
	Medical and Health Officer	50
	Medical and Health Officer (part-time)	16
Highways Department	Landscape Architect	1
	Assistant Engineer	16
	Engineer	42

<i>Bureau/Department/Office</i>	<i>Categories of NCSC jobs which require membership of a professional institution or equivalent</i>	<i>No. of NCSC staff *</i>
Home Affairs Department	Engineer	1
Hong Kong Police Force	Engineer	3
Innovation and Technology Commission	Engineer Treasury Accountant	5 1
Intellectual Property Department	Treasury Accountant	1
Lands Department	Counsel Engineer Assistant Surveyor Surveyor	2 5 4 7
Legal Aid Department	Counsel	5
Leisure and Cultural Services Department	Engineer	1
Office of The Telecommunications Authority	Counsel Engineer	1 2
Official Receiver's Office	Counsel	1
Planning Department	Landscape Architect Assistant Town Planner	1 1
Radio Television Hong Kong	Engineer	1
Territory Development Department	Engineer	4
Transport Department	Counsel Assistant Engineer Engineer Human Resource Consultant**	1 7 6 1
Water Supplies Department	Engineer Management Accountant**	5 1

Note:

* Number of staff employed reflects the position as at 31 December 2002 only.

** These jobs have no comparable civil service ranks.

Annex B

Comparison between the average salary of professional NCSC staff
and the mid-point salary of comparable civil service ranks
(position as at 31 December 2002)

<i>Categories of NCSC jobs which require membership of a professional institution or equivalent</i>		<i>(a) Mid-point salary of comparable civil service rank (HK\$)</i>	<i>(b) Average monthly salary of NCSC staff (HK\$)</i>	<i>Percentage difference (a-b)/(a) x 100%</i>
Architect	Assistant Architect	23,335	19,055	-18.34%
	Architect	55,195	34,226	-37.99%
Auditor	Auditor	52,705	32,000	-39.28%
	Senior Auditor	82,390	79,000	-4.11%
Counsel	Counsel	55,195	39,866	-27.77%
	Senior Counsel	82,390	78,537	-4.68%
Dental Officer	Dental Officer	52,705	33,991	-35.51%
Engineer	Assistant Engineer	23,335	18,969	-18.71%
	Engineer	55,195	38,423	-30.39%
Insurance Officer	Senior Insurance Officer	82,390	76,485	-7.17%
Landscape Architect	Landscape Architect	52,705	39,124	-25.77%
Medical and Health Officer	Medical and Health Officer	57,730	36,454	-36.85%
	Medical and Health Officer (part-time)*	N/A	208/per hour	N/A
Surveyor	Assistant Surveyor	23,335	18,615	-20.23%
	Surveyor	52,705	33,597	-36.25%
Town Planner	Assistant Town Planner	23,335	18,000	-22.86%
	Senior Town Planner	82,390	72,000	-12.61%
Treasury Accountant	Treasury Accountant	52,705	31,500	-40.23%
Veterinary Officer	Veterinary Officer	52,705	47,065	-10.70%
	Senior Veterinary Officer	82,390	59,260	-28.07%

Note:

* The hourly rate is for the employment of part-time staff. Their working hours fluctuate every month.

Annex C

Average monthly salary range of professional NCSC staff
(position as at 31 December 2002)

<i>Categories of NCSC jobs which require membership of a professional institution or equivalent</i>		<i>Average monthly salary range of these NCSC staff in different departments (HK\$)</i>
Architect	Architect	32,285 to 35,837
Counsel	Counsel	32,500 to 47,970
	Senior Counsel	76,485 to 79,050
Engineer	Assistant Engineer	18,280 to 20,100
	Engineer	35,285 to 49,170
Landscape Architect	Landscape Architect	30,785 to 42,405
Surveyor	Assistant Surveyor	18,140 to 19,055
	Surveyor	32,190 to 45,960
Treasury Accountant	Treasury Accountant	30,000 to 33,000
Veterinary Officer	Veterinary Officer	41,610 to 52,520

Note:

Above figures exclude professional NCSC staff who are only employed by one department.

International Events Fund

17. **MR FREDERICK FUNG** (in Chinese): *Madam President, the Government established the International Events Fund (IEF) in 1998 to provide financial support for staging international events in Hong Kong. In this connection, will the Government inform this Council of:*

- (a) *the current balance of the IEF;*

- (b) *the names of the events which the IEF has supported so far, the amounts and types of financial support given to these events, and the names of their organizers; among such events, those which were not held as scheduled and the reasons for that, as well as the events the organizers of which failed to meet their contractual obligations to repay the loans provided by the IEF and the outstanding amounts involved; and*
- (c) *the details of the mechanism adopted by the relevant authorities to recover the debts from the event organizers concerned; and whether the effectiveness of the mechanism has been reviewed?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Chinese): Madam President,

- (a) An independent IEF Steering Committee comprising members from the Government, the Legislative Council, business and the tourism industry vets all applications and approves the amount and terms for each successful application. In assessing applications, priority considerations are given to events which:
 - are exclusive to Hong Kong or, in the case of a regional tour, start the tour in Hong Kong (or in exceptional cases where a tour ends in Hong Kong);
 - attract international media (including TV) coverage;
 - are regular events, or are events that have the potential for development into annual events;
 - in the case of regular events, carry the words "Hong Kong" in the event title;
 - take place over a period of days or months rather than being an one-off or one to two-days events (except where the event has the potential to attract audiences in excess of 10 000);

- take place at a time of year which fits the Hong Kong tourism business cycle;
- are events which, in the opinion of the Hong Kong Tourism Board (HKTb), the IEF's manager, and the IEF Steering Committee meet the IEF funding objectives; and
- are organized by organizers who will observe and comply with such terms and conditions as may be determined by the HKTb and the IEF Steering Committee.

The IEF's loan principal has been kept at HK\$100 million since its establishment. Shortfall as a result of bad debt has been fully provided for by the HKTb.

- (b) Twelve events have so far been funded with IEF loans, of which eight have fully repaid the loans, while repayments for the remaining four are still outstanding. Details of these cases are at Annexes 1 and 2. In addition, 24 applications had been rejected and another 12 applications had been withdrawn.
- (c) The HKTb has taken action to pursue outstanding debts. As soon as repayment of a debt looks doubtful, the HKTb arranges to meet the debtor concerned to ascertain their debt repayment status. Demand letters are sent where required and follow-up meetings are called regularly. Depending on the circumstances of each case, action has been taken to petition for the winding up of the company concerned or the case has been reported to the police for investigation into possible criminality.

In this connection, winding up orders have been sought and awarded in three cases. These are now in the hands of the Official Receiver's Office. For cases reported to the police, their investigations have not found sufficient evidence for criminal charge to be laid.

The HKTb has reviewed the mechanism for debt recovery and has taken measures to minimize the possibility of bad debt.

IEF

Eight IEF-funded events which have made full repayment:

<i>Event/Organizer</i>	<i>Event Date</i>
1. Action Asia Foundation Limited	29 November 1998
Samsung Action Asia Challenge organized by Action Asia Foundation Limited	
Loan Amount: \$175,000	
2. "A Sentimental Journey" stage production organized by Spring-Time Stage Production Limited	10 March to 16 May, 21 May to 7 June, 12 to 21 June 1999
Loan Amount: \$4,000,000	
3. The Manulife Cup South China (HK) vs Manchester United (UK) organized by Proevents Management Limited	24 July 1999
Loan Amount: \$4,000,000	
4. HK Action EXPO - Asia '99 organized by AXA Limited	15 to 18 October 1999
Loan Amount: \$500,000	
5. The Cable & Wireless HKT Number One Partners presents: Air Supply Valentine Concert 2000 organized by Wolfman Jack Entertainment (HK) Limited	18 and 19 February 2000
Loan Amount: \$500,000	

<i>Event/Organizer</i>	<i>Event Date</i>
6. Interactive Digital & Electronic Entertainment Expo 2001 organized by Interactive Development (HK) Company Limited	18 to 21 January 2001
Loan Amount: \$200,000	
7. The Legendary Peter, Paul & Mary Live in Hong Kong 2001 organized by Wolfman Jack Entertainment (HK) Limited	9 to 11 March 2001
Loan Amount: \$500,000	
8. "Jubilee 2003" stage production organized by Spring-Time Stage Production Limited	13 December 2002 to 9 February 2003
Loan Amount: \$4,000,000	

Annex 2

IEF

Four events with loans outstanding:

	<i>Event/Organizer</i>	<i>Loan amount</i>	<i>Loan in default</i>
1.	Celine Dion in Hong Kong Concert organized by Arena Group Limited	\$4,000,000	\$1,759,075
2.	Hong Kong Formula 1 Powerboat Grand Prix organized by Grand Prix International Limited	\$1,000,000	\$1,000,000
3.	Spirit of Flight Exhibition organized by Air Exhibits International Far East Limited	\$7,800,000	\$7,800,000
4.	The Power Slam-Latrell Sprewell's Dragons vs Tim Hardaway's Eagles organized by Grand United Investment Limited	\$2,000,000	\$1,886,000

Note: The HKTb has taken action to seek recovery of the outstanding loans.

Nuisance Caused by Wild Monkeys in Sha Tin

18. **MISS CHOY SO-YUK** (in Chinese): *Madam President, it has been reported that cases of wild monkeys causing nuisance to the public in Sha Tin have increased recently, and some of the monkeys even blatantly snatch food from people's hands and intrude into the homes of local residents, thereby posing a safety hazard to the community. In this connection, will the Government inform this Council:*

- (a) *of the number of wild monkeys in Sha Tin; whether there is a trend in the increase in the number of these monkeys over the past three years; and of the number of complaints about these monkeys received by the authorities during the same period;*
- (b) *whether it plans to contain the number of wild monkeys, such as by performing sterilizations on them; if it has, of the details of such plans; if not, the reasons for that; and*
- (c) *whether it has measures to regularly monitor the health conditions of the wild monkeys, with a view to preventing them from transmitting diseases to the public?*

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

- (a) According to the Agriculture, Fisheries and Conservation Department (AFCD)'s estimation, there are currently about 30 wild monkeys in Sha Tin inhabiting in the woodlands close to the residential areas at Tai Wai. This group has been increasing at the same natural growth rate of 5% to 7% a year as the other wild monkey populations in Hong Kong. In the past three years, the AFCD received 114 reports/complaints (27 in 2000, 29 in 2001 and 58 in 2002) about sightings of monkeys or nuisances caused by them in the residential areas near the woodlands in Tai Wai.
- (b) To contain the growth of wild monkeys in Hong Kong, the AFCD has been conducting a contraception trial on the animals since March 2002. So far, 20 female monkeys and 17 male monkeys in

Kam Shan Country Park have been treated with contraceptive injections. To assess the effectiveness and impact of the contraceptive measure, the AFCD is monitoring these monkeys and their family groups to see whether there are changes in their fertility status, social structure and behavioural patterns. Pending the results of the trial, the AFCD will examine the feasibility of implementing a large-scale contraceptive programme to cover all wild monkey populations in Hong Kong.

- (c) The AFCD has been monitoring the health conditions of wild monkeys in country parks and carrying out disease surveillance as necessary. So far there has been no sign of infectious disease among the wild monkey populations in Hong Kong.

Mainlanders Receiving Methadone Treatment in Hong Kong

19. **DR RAYMOND HO** (in Chinese): *Madam President, it has been reported that the low price of methadone in Hong Kong had attracted many mainlanders to cross the border for drug treatment in the past, resulting in abuse of the local medical services. Upon the revision of medical fees on 1 April this year, the charge on methadone treatment has also been increased accordingly. In this connection, will the Government inform this Council:*

- (a) *of the respective number of mainlanders who received methadone treatment and the total number of treatments they received over the past three years;*
- (b) *whether, prior to the revision of medical fees, non-local people taking methadone were required to produce proof of identity for the authority to check their eligibility for receiving methadone treatment; and*
- (c) *whether it has assessed if the number of mainlanders who cross the border to receive methadone treatment will decrease upon the revision of medical fees; if assessments have been made, of the details of the assessment results; if the results indicate that there will be a reduction in the number of these mainlanders, of the estimated savings in the expenditure on purchasing methadone?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) Over the past three years, that is, 2000, 2001 and 2002, there were a total of 231 mainlanders who had sought and received treatment at the methadone clinics in Hong Kong.

At the present moment, the Department of Health has not kept separate records on the attendance of this group of clients patronizing our methadone clinics. One of the indicators used by the Department to monitor the usage of methadone treatment services is the average effective registration of the Methadone Treatment Programme (MTP), that is, the number of patients who have attended the methadone clinics at least once during the last 28 days. It was revealed that the average monthly effective registration of mainlanders in 2002 was 61, representing 0.6% of the overall average monthly effective registration of 9 758.

- (b) The MTP in Hong Kong adopts an open-door policy and services are provided to patients irrespective of sex, age, ethnic origin, religion or nationality. Methadone treatment will be administered to opiate drug dependent persons who do not have life-threatening medical conditions.

Prior to the implementation of the new fee charging policy for public health care services, non-Hong Kong residents attending the methadone clinics were required to produce proofs of identity, such as passports or Two-way Permits, for verification and registration by the staff of the methadone clinics before they were given methadone treatment. This procedure remains unchanged after the implementation of the new fee charging policy on 1 April this year.

- (c) Following up on the recommendations made by the Task Force on Population Policy in February 2003, the Department of Health introduced a full-cost recovery fee for the use of public health care services for non-Hong Kong residents, including Two-way Permit holders and other visitors with effect from 1 April 2003. Under the new policy, all non-Hong Kong residents are required to pay a fee of HK\$23 for each attendance at a methadone clinic.

Taking into account that the fee charging policy on Two-way Permit holders and other visitors has only been implemented for about a month, and during this time Hong Kong is faced with the problem of atypical pneumonia which affects business and other travels, it is difficult at the present stage to assess whether the number of mainlanders coming to Hong Kong to receive methadone treatment will decrease. It is worth mentioning that over the past two years, that is 2001 and 2002, the average effective registration of mainlanders constituted less than 1% of the overall average effective registration of the MTP. Nevertheless, the Narcotics Division of the Security Bureau and the Department of Health will closely monitor the situation of non-Hong Kong residents (including mainlanders) patronizing the methadone treatment services and report this to the Action Committee Against Narcotics on a regular basis to ensure alignment with the existing drug treatment and rehabilitation policy.

Opening up of Service Sector of Guangdong Province to Hong Kong

20. **MR LAU KONG-WAH** (in Chinese): *Madam President, regarding the strengthening of co-operation between the service sector in Hong Kong and its counterpart in Guangdong Province following our country's accession to the World Trade Organization (WTO), will the Government inform this Council whether it has studied the possibility of seeking an earlier opening up of the service sector of Guangdong Province to Hong Kong; if it has, of the study results; and whether the authorities will take the initiative to communicate with the Guangdong Provincial Government regarding the opening up of its service sector to Hong Kong; if they will not, the reasons for that?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese): Madam President, the economic and trade relation between Hong Kong and the Mainland, in particular the Guangdong Province, has all along been very close. With China joining the WTO and progressively liberalizing its trade regime, the Government of the Hong Kong Special Administrative Region (SAR) has stepped up efforts to promote economic and trade co-operation between the two places, so that Hong Kong businessmen can take the opportunity to expand into the mainland market.

The SAR Government is having discussion with the Central People's Government on the establishment of the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA) with a view to seeking advanced liberalization of the mainland market to Hong Kong businesses. The CEPA covers three areas: reducing and removing tariffs and other restrictive trade measures, further liberalization of the services market, as well as trade and investment facilitation. Through CEPA, the Government aims to seek better market access for Hong Kong's products and services in the Mainland, including the Guangdong Province.

We note that there are proposals from organizations in Hong Kong that the Government should seek consultations with Guangdong Provincial Government direct on advanced liberalization of services sectors in the province. However, given that matters relating to market access are centrally co-ordinated in the Mainland, and that the discussions on CEPA have been led by the Central People's Government's Ministry of Commerce (formerly Ministry of Foreign Trade and Economic Cooperation), the Government has not approached, and has no plan to approach, individual local authorities on CEPA and services liberalization.

Notwithstanding the above, the SAR Government has been maintaining close liaison with the Guangdong Provincial Government, with a view to assisting and facilitating Hong Kong businesses in expanding into the mainland market, including the Guangdong market. For example, through the Professional Services Development Assistance Scheme, the Commerce, Industry and Technology Bureau provides financial support to professional bodies in promoting cross-boundary professional services in the Mainland. The Bureau, together with the Trade and Industry Department, has also set up a consultation mechanism with the Guangdong Provincial Government to discuss issues of common concern to Hong Kong businesses which have set up manufacturing plants in Guangdong, for instance labour regulations in the Mainland. Moreover, the Guangdong Economic and Trade Office of the SAR Government, through its close liaison with all levels of governments in Guangdong and their relevant trade and economic departments, has been assisting Hong Kong businesses in collecting first-hand trade and commercial information. All of the above helps Hong Kong business develop in the Mainland.

BILLS**First Reading of Bill**

PRESIDENT (in Cantonese): Bill: First Reading.

MERCHANT SHIPPING (LIABILITY AND COMPENSATION FOR OIL POLLUTION) (AMENDMENT) BILL 2003

CLERK (in Cantonese): Merchant Shipping (Liability and Compensation for Oil Pollution) (Amendment) Bill 2003.

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.

MERCHANT SHIPPING (LIABILITY AND COMPENSATION FOR OIL POLLUTION) (AMENDMENT) BILL 2003

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, I move that the Merchant Shipping (Liability and Compensation for Oil Pollution) (Amendment) Bill 2003 be read the Second time.

The Bill seeks to give effect to amendments to the 1992 International Convention on Civil Liability for Oil Pollution Damage and the 1992 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage adopted by the International Maritime Organization. The amendments increase shipowners' liability and the amount of compensation payable by the 1992 International Oil Pollution Compensation Fund for oil pollution.

As the amendments will be binding on Hong Kong, there is a need for us to amend the relevant domestic legislation, namely, the Merchant Shipping (Liability and Compensation for Oil Pollution) Ordinance. When the Bill comes into effect, shipowners of Hong Kong registered vessels who have taken out insurance to cover the increased liability for oil pollution caused by their tankers can obtain "Civil Liability Convention" certificates issued by the Director of Marine, so that their tankers can enter ports of other contracting parties.

Madam President, the Bill is supported by the local shipping industry and is essential to maintaining Hong Kong's status as an international shipping centre. With these words, I recommend the Bill to this Council for early passage into law.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Merchant Shipping (Liability and Compensation for Oil Pollution) (Amendment) Bill 2003 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 Occupational Deafness (Compensation) (Amendment) Bill 2002.

OCCUPATIONAL DEAFNESS (COMPENSATION) (AMENDMENT) BILL 2002

Resumption of debate on Second Reading which was moved on 17 April 2002

PRESIDENT (in Cantonese): Dr LO Wing-lok, Chairman of the Bills Committee on the above Bill, will now address the Council on the Committee's Report.

DR LO WING-LOK (in Cantonese): Madam President, I shall first address the Council on the deliberations of the Bills Committee on Occupational Deafness (Compensation) (Amendment) Bill 2002 in my capacity as its Chairman.

At the House Committee meeting on 26 April 2002, Members agreed to form a Bills Committee to study the Bill. The Bills Committee has held six meetings with the Administration and met with representatives of 12 labour, employer and professional organizations. It has also considered written submissions from six organizations.

The Bill seeks to amend the Occupational Deafness (Compensation) (Amendment) Ordinance to introduce six improvements, including making provision for reimbursement of expenses incurred in purchasing, repairing and replacing hearing assistive devices and adding four new specified noisy occupations.

Under the Occupational Deaf Compensation Scheme, an occupation is designated as a "noisy occupation" if the mean daily personal noise exposure over a continuous period of eight hours reaches 90 dB(A) or above. At present, there are 25 specified noisy occupations in Schedule 3 of the Ordinance.

The Administration proposes that the list of specified noisy occupations should be expanded to include:

- First, slaughterhouse employees working wholly or mainly in the vicinity of a place where the electric stunning of pigs for the purpose of slaughter takes place;
- Second, mahjong parlour workers employed wholly or mainly to play mahjong;
- Third, bartenders and waiters working near the dancing area in discotheques; and
- Fourth, disc jockeys working in discotheques.

A member has asked the Administration to consider expanding the scope of protection to cover all employees working in mahjong parlours instead of only those employed wholly or mainly to play mahjong.

The Administration has pointed out that the Occupational Hygiene Division of the Labour Department has conducted noise assessments in 10 mahjong parlours to measure the daily personal noise exposure of attendants, substitute players and cashiers in mahjong parlours. Based on the formula adopted for calculating noise exposure, the mean daily personal noise exposures for substitute players, attendants and cashiers are 91 dB(A), 88 dB(A) and 86 dB(A) respectively.

The Administration has explained that a 3 dB-reduction of noise level is equivalent to a 50% reduction of sound intensity. Therefore, attendants are subject to only half the sound intensity to which substitute players are exposed. Since the difference in the mean daily personal noise exposures between the cashiers and substitute players is 5 dB(A), cashiers are exposed to sound intensity which is less than half of that of substitute players.

As the mean daily personal noise exposures of attendants and cashiers are 88 dB(A) and 86 dB(A) respectively, the Administration has no plan to expand the scope of protection to cover posts other than those playing mahjong as their major duty inside the parlour.

Some member consider that adopting 90 dB(A) as the level in determining the list of specified noisy occupations is not entirely satisfactory and flexibility should be allowed. They consider that all the three categories of posts in mahjong parlours should be included.

Members have asked the Administration to provide information on the daily noise exposures of waiters, bartenders and cashiers.

The Administration has informed members that the results of noise assessments conducted in 15 discotheques show that the mean daily personal noise exposure for waiters and bartenders is 91 dB(A), that is, higher than the threshold of 90 dB(A), while that for cashiers is 82 dB(A).

Some members have pointed out that the drafting of new paragraph (zb) of Schedule 3 "work wholly or mainly in the immediate vicinity of the dancing area of a place commonly known as a 'discotheque'" is not able to clearly indicate which categories of employees are included. Members have also asked the Administration to consider adding a definition of "discotheque".

As suggested by the Bills Committee, the Administration has agreed to add a definition of "discotheque" to clause 3 of the Bill. The Administration has also proposed Committee stage amendments to paragraphs (z), (za), (zb) and (zc) of Schedule 3 to more clearly reflect the legislative intent of adding four noisy occupations.

A majority of members present at the last meeting of the Bills Committee, including Ms Cyd HO, Mr LEE Cheuk-yan, Mr CHAN Kwok-keung, Ms LI Fung-ying and Mr Andrew CHENG, have voted in support of the Committee stage amendments to be moved by the Bills Committee to widen the scope of protection to cover all categories of employees who work wholly or mainly in the immediate vicinity of a pig slaughterhouse, in a mahjong parlour or a discotheque.

Mr Kenneth TING has voiced objection to the proposed Committee stage amendments to be moved by the Bills Committee as they will deviate from the current mechanism of designating a work process as a specified noisy occupation. He considers that the agreed benchmark of 90 dB(A) should be respected and not be lightly changed.

The Administration has also stated its opposition to the proposed Committee stage amendments to be moved by the Bills Committee. The Administration has pointed out that the Labour Advisory Board (LAB) has endorsed the Administration's proposal to add the noisy occupations based on the mean daily noise exposure level at 90 dB(A) collected in the noise surveys of the Labour Department. The Committee stage amendments in question will not only deviate from the current standard of designating a job process as a noisy occupation, but will also extend the coverage under the Ordinance to job processes/occupations the mean daily personal noise exposure level of which is below 90 dB(A). I think the Secretary for Economic Development and Labour will give a more detailed account of the Administration's position later on at this meeting.

Some members have expressed concern that other noisy job processes/occupations are not included in the scope of protection.

Some members have expressed concern that kitchen workers in Chinese restaurants who work near cooking stoves with blower fan, maintenance workers at air-conditioning/ventilation plant rooms and sales persons in retail

outlets of electrical appliances and CDs/records are also exposed to high noise levels. The Administration has informed members that based on noise surveys conducted recently, the mean daily personal exposures for the occupations concerned are 84 dB(A), 87.6 dB(A) and 74 dB(A) respectively. As they are below the exposure threshold of 90 dB(A), they should not be included in the list of specified noisy occupations.

Some members of the Bills Committee have suggested that the scope of compensation for occupational deafness should be expanded to cover all industries so that an employee would be entitled to compensation, if he is certified by qualified audiologists or medical specialists to be suffering from occupational deafness.

The Administration has pointed out that sensorineural hearing loss can be caused by a number of factors including noise, old age, medication and diseases. Hearing tests can diagnose sensorineural hearing loss but cannot identify its cause. Although the doctor may in his diagnosis attribute the cause of deafness to the occupation of his patient by eliminating all other causes, yet it is impossible for him to make a straightforward diagnosis that the case is one of occupational deafness.

In the absence of data on the noise levels in individual workplaces, the examining doctors can only rely on their knowledge to decide on whether certain occupations are noisy or not. As different doctors may have different perceptions of a noisy occupation, and the public have virtually no idea as to how individual doctors define a noisy occupation, it would be difficult, if not impossible, to have a homogeneous standard if the judgement were to be left to individual doctors. As the situation will likely lead to disputes and incidents of inequity, the Administration considers it more desirable to list out the specified noisy occupations for the sake of transparency and consistency.

As to the suggestion by some members that resources be allocated to provide or conduct pre-employment and post-employment hearing tests for workers engaged in noisy occupations, the Administration has pointed out that provision of such tests should be the responsibility of individual employers. Since the Scheme is set up with the principal aim of providing compensation for employees who suffer from deafness due to exposure to noise in the work environment, the Administration considers that the Occupational Deafness Compensation Board (ODCB) should not take over the employers' responsibility in this regard.

Another concern of the Bills Committee is the ceiling of reimbursable expenses connected with hearing assistive devices. The Administration proposes to provide reimbursement of expenses incurred in purchasing, repairing and replacing hearing assistive devices to claimants who were successful in obtaining compensation for permanent incapacity under the Ordinance. The Administration proposes to set the ceilings of reimbursement at \$6,000 for the initial purchase of hearing assistive devices and at \$15,000 in aggregate for the purchase and maintenance of hearing assistive devices and for expenses reasonably incurred in such purchase and maintenance.

To ensure the proper use of resources, the Administration proposes that the hearing aids must be purchased on the recommendation of qualified professionals in order to make sure that the applicant will benefit from the appropriate device that suits his need.

Since the payments will be in the form of reimbursement of actual expenses and the acquisition of such devices requires professional recommendation and guidance, some members have requested the Administration to remove the ceilings of the reimbursable amount. Some other members are of the opinion that the ceilings should be raised. Views supporting the reimbursement ceilings proposed in the Bill have also been expressed.

In the light of members' views, the Administration has consulted the LAB on the proposed ceilings. LAB members consider that the more expensive hearing aids might not be the most suitable ones for individual applicants. Furthermore, the reimbursement of expenses for hearing assistive devices will be a new item under the Ordinance and will be the collective liability of all employers, irrespective of trade and industry. The LAB maintains that the reimbursement ceilings must be retained.

Taking into consideration the views expressed by audiologists, the majority of LAB members agree to raise the reimbursable ceiling for the initial purchase from \$6,000 to \$9,000 and the aggregate amount of reimbursement per applicant from \$15,000 to \$18,000.

Taking the advice of the LAB, the Administration will propose a Committee stage amendment to raise the reimbursement ceiling for the initial purchase to \$9,000 and the overall ceiling per person to \$18,000. The Administration has also pointed out that as a matter of fact, apart from the

reimbursement ceiling for the initial purchase and the overall ceiling per applicant, there is no restriction on the amount of reimbursement to the applicant in each year.

The Bills Committee has also expressed concern about the Labour Department's enforcement and education efforts on noise control in the workplace.

Members note that the general duties provision of the Occupational Safety and Health Ordinance (Cap. 509) stipulates the responsibilities of employers and employees to ensure safety and health at work through, *inter alia*, the prevention of noise-induced hearing loss. They also note that Hong Kong has followed the practice of most countries in adopting 90 dB(A) as the level in the control of noise at work.

With respect to enforcement, Occupational Safety Officers of the Labour Department regularly conduct inspections to workplaces all over the territory to enforce the legislation. In 2002, the Labour Department issued 80 written warnings, 24 improvement notices and took out four prosecutions for breaches of the statutory requirement.

In respect of education efforts, the Labour Department has collaborated with the ODCB and other occupational safety and health organizations in organizing a large number of promotional projects and activities on prevention of occupational deafness, including exhibitions, talks and site visits to selected trades.

Later on, I shall move the above-mentioned Committee stage amendments on behalf of the Bills Committee to widen the scope of protection to cover all categories of employees who work wholly or mainly in the immediate vicinity of a pig slaughterhouse, in a mahjong parlour or a discotheque.

I am now going to express my personal views on the Bill as follows.

I very much respect the concern expressed by members of the Bills Committee for workers. I think it is only proper for them, as representatives of the labour sector and the people, to fight for better protection and interests for workers. However, as a medical doctor, I would respect empirical scientific evidence instead. I am of the view that the surveys conducted by the

relevant occupational health professionals are very scientific, and they can measure the personal noise exposures of the workers concerned very objectively. That is why I think that the Government's legislative intent is correct. For these reasons, though I am going to move the relevant Committee stage amendments on behalf of the Bills Committee, I will not vote for them. Thank you, Madam President.

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

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, many health care personnel have been infected by the Severe Acute Respiratory Syndrome virus these days, and many people have offered assistance to the infected and in particular, paid tribute to medical personnel. Actually, besides medical personnel, many other employees have also sustained physical injuries in the course of their work, and they too are in need of assistance from the society. Workers who suffer from occupational deafness, that is, the subjects of the Occupational Deafness (Compensation) (Amendment) Bill 2002 under scrutiny today, are an example. It is hoped that while treasuring our health care personnel, Members can also show concern about other workers who have sustained physical injuries in their work.

The background to the Bill is that last year, in a bid to deal with the financial crisis faced by the Employees Compensation Assistance Scheme (ECAS) resulting from the closures of two insurance companies, the Government decided to reduce the levy rate of 2.3% on the insurance premium payable under the Occupational Deafness Compensation Scheme (ODCS) by 1.1%, so as to enable the levy rate of ECAS to be increased correspondingly. At that time, the Government undertook to review the ODCS for improvements.

Civic organizations of course welcome this government undertaking and any possible improvements. Unfortunately, the improvements put forward by the Government are far from being able to satisfy people's demands. That is why many civic bodies, especially labour organizations, are still extremely discontented. To begin with, they maintain that the financial crisis faced by the ECAS was caused by business failures of the insurance companies on their own account and thus workers suffering from occupational deafness should not be made victims. This is just like robbing Peter to help John, something which is absolutely unfair to workers suffering from occupational deafness.

In the past, the Government imposed various restrictions and offered very small amounts of assistance on the excuse that the ODCS might run into a deficit. As the financial position of the ODCS has slightly improved now, it should really increase the scope and amounts of assistance. Unfortunately, however, the Government has instead chosen to be so generous at the expense of workers suffering from occupational deafness. It has decided to shift part of the levy to the ECAS, leading to a corresponding decrease in the financial resources of the ODCS. As a result, it is able to cling to the excuse of financial uncertainties and turn down people's request for a substantial improvement to the ODCS. Both workers suffering from occupational deafness and I find this very disappointing and regrettable.

As a matter of fact, what the Bill proposes are simply some old improvement proposals, contained in the review report published five years ago, but left unimplemented so far. Admittedly, from the standpoint of today, implementation though belated is better than nothing at all, and this is only what one is forced to say when there is no alternative. The fact remains that the contents of the Bill are certainly far from being able to meet people's aspirations.

Civic organizations maintain that eligibility should first be extended to workers of all industries. As long as a worker can produce medical certification that he has sustained deafness as a result of performing a particular task, he should be eligible to apply; eligibility should not be restricted to any specific industries. In fact, such a restriction is not found in Singapore, the United States and Australia. Regrettably, the Government has ignored the people's request and turned down the relevant proposal, insisting on adding the four specified occupations only. Even when the Bills Committee requested to widen the scope of protection to cover all categories of employees who work in the workplaces concerned, the Government still opposed firmly. This shows that the Government is simply not sincere in improving the ODCS.

The disputes on the expansion or otherwise of the scope of protection are centered around the definition of a noisy occupation. The Government has all along emphasized that an occupation should be designated as a noisy occupation only if the mean daily personal noise exposure of the employees engaged in it reaches 90 dB(A) or above over a continuous period of eight hours. But the Government's avowed adoption of international standards is precisely what makes the definition unable to meet international standards. Madam President, why do I say so? Because as pointed out by Prof Ignatius YU of the

Department of Community and Family Medicine of The Chinese University of Hong Kong, overseas research has shown that 80 dB(A) can already lead to deafness. Therefore, why must the Government choose 90 dB(A) instead of 80 dB(A)? Why does it not choose to provide better protection to employees?

Besides, the so-called mean daily personal noise exposure is also open to question. Suppose an employee is engaged in an occupation that exposes him to a noise level of 90 dB(A) for just several hours a day and the noise exposure during the rest of the day is below this specified standard, with the result that the mean daily noise exposure is below 90 dB(A), can one always say for sure that the employee's sense of hearing will definitely not be impaired? Actually, many workers have said that even a short exposure to an extremely high level of noises can already cause impairment to the sense of hearing. Therefore, workers are really very disappointed that the Government has failed even to address this problem in the amendments it puts forward this time. During the scrutiny of the Bill, the trade union representatives of slaughter house pig-drivers said that the loud noise they were exposed to in the course of pig-driving every day had caused great impairment to them. Although they were not exposed to the noises the whole day long, their exposure to them during the period of pig-driving, albeit very short, had produced a huge impact on them. Unfortunately, the scope of protection does not cover pig-drivers. I thus cannot help asking our government officials how they would actually look at the protection for workers exposed to high noise levels in their jobs.

In addition, some also point out that even if one of a person's ears can meet the criteria on compensation, the failure of the other to do so will render the person totally ineligible for any compensation. I have mentioned this to the Secretary many times, literally for months and years. To have one deaf ear is already bad enough, so why is it that a person cannot receive any compensation just because the other ear of his is just in slightly better condition? Has it ever occurred to the Secretary that a worker working in a noisy workplace may plug one of his ears and use the other one for the purpose of communication? Has it ever occurred to the Secretary that the ear which is plugged may thus hear a bit better? But this cannot change the fact that his sense of hearing has been impaired, that he is all the same under very heavy pressure, and thus has to face lots of inconvenience in life. Regrettably, they will remain unprotected under the relevant ordinance. I have raised this point repeatedly and hope that the Secretary can reconsider the possibility of offering the same protection to a worker having one impaired ear. Would the Secretary reconsider this possibility?

Restrictions under the ODCS are not to be limited to types of occupations. There are also restrictions in respect of service requirement. A claimant must have worked in any of the specified noisy occupations for at least 10 years or in any of the "more noisy" occupations for at least five years before he can be presumed to be suffering from occupational deafness and exempt from proving the cause of his deafness. However, as pointed out by Prof Ignatius YU, whom I referred to a moment ago, foreign countries have come up with evidence which can prove that workers with less than five years of service may also sustain occupational deafness. Furthermore, such a restriction is not found in Singapore, Australia and the United States, so why must Hong Kong adopt it? As I mentioned a moment ago, since they want to adopt the relevant international standards, why do they not follow the standards in this respect?

What is more, the current maximum level of loss of earning capacity caused by occupational deafness is maintained at 60% under the Bill. There is no relaxation, much to the disappointment of many workers and relevant organizations. We cannot help asking, "Why is it that while the deafness caused by other occupational injuries can be assessed as resulting in a 100% loss of earning capacity, the same cannot be the case with occupational deafness?" People suffering from occupational deafness will still face lots of communication barriers even when they wear assistive hearing devices, and lots of such people have thus lost their jobs. Therefore, I maintain that the Government should give some more thoughts to this and see whether it is possible to raise the 60% ceiling in order to offer more compensation to workers. If the Government does not do so, we will continue to feel that it is trying to discriminate against workers suffering from occupational deafness.

Apart from laying down various restrictions in respect of eligibility and amounts of compensation, the Government is also very mean in regard to the subsidies for hearing assistive devices. It is only after the repeated requests of some Bills Committee members that the Government has finally agreed to raise the ceilings of reimbursement from \$6,000 to \$ 9,000 for the initial purchase of hearing assistive devices, and from \$15,000 to \$18,000 in aggregate for the maintenance of hearing assistive devices and other related expenses. This is an improvement, but basically it is still unable to satisfy practical needs. As pointed out by some organizations, a hearing assistive device of just acceptable quality in the market will already cost \$9,000, and those with a higher quality will each cost \$12,000 or \$13,000. Such hearing assistive devices will become very difficult to repair after being used for three to five years. That is why as

far as the ODCS is concerned, we cannot assume that once after purchasing a hearing assistive device, a deaf person can then use it for the rest of his life. As a matter of fact, it is necessary to replace hearing assistive devices, and in case of replacement, the amount available will not be sufficient at all. Therefore, we maintain that it is necessary to raise the ceiling. An organization proposed to increase the amount for purchasing hearing assistive devices to \$20,000 or \$25,000, on the assumption that a deaf person would need to purchase two such devices in 10 years. As expected, ultimately the Government has neither taken this up nor respond to this request of the people.

Madam President, there are really too many areas in the ODCS where improvements are called for. Even if the amendment today is passed, resulting in some improvements, one should not think that this is the end of it. I hope that the Government can launch in-depth discussions on and make improvements to the above-mentioned issues as soon as possible, so as to provide more compensation to those workers who once contributed to the economic well-being of Hong Kong. We do not wish to see any discrimination against these workers, and hope that government officials can look sincerely into their situation. We also hope that the Government will not listen to people's views selectively, will not suffer from selective deafness, turning a deaf ear to the people's demands and totally ignoring those workers who have once made so much contributions to society.

Madam President, finally, let me state that I will support the amendment, but I still hope that the Government can make further amendments on the basis of the proposals I have raised. I so submit.

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, the Occupational Deafness (Compensation) (Amendment) Bill 2002 seeks to add four new specified noisy occupations, namely, substitute players in mahjong parlours, disc jockeys working in discotheques, bartenders and waiters and workers responsible for the electric stunning of pigs in slaughterhouses. This proposal has been drawn up in accordance with the procedures of the existing mechanism, that is, it is preceded by the noise assessments conducted by the Occupational Hygiene Division in possible noisy workplaces. This has been a time-tested principle upheld by the Government, but regrettably, the amendments proposed by the Government this time around still cannot achieve the most desirable effects and provide the most extensive protection.

The amendments moved by the Bills Committee on Occupational Deafness (Compensation) (Amendment) Bill 2002 seek to extend the scope of protection to all the employees working in each and every workplace. From the standpoint of the Government, it cannot possibly accept the amendment. We appreciate its standpoint because the amendment is a departure from the Government's long-held principle. But I do not think that the Government should be worried at all, the reason being that personal noise exposure has to reach 90 dB(A) or above for long periods, so it will not be that easy for anyone to obtain compensation and the fund will not be used up so easily.

The employment situation of Hong Kong workers is not optimistic at all. In particular, at this time when the economic prospects of Hong Kong continue to be so uncertain, many employees may have to take up several jobs or accept wage reduction. An employee working in a mahjong parlour may have to take up several posts, having to perform the duties of an attendant and a substitute player all at the same time, so it is really difficult to define his duties clearly. What is more, the various types of employees working in a mahjong parlour, with the exception of cleaning workers stationed permanently in toilets, are in fact exposed to more or less the same levels of noises in the course of their work. If only a limited number of occupations such as substitute players in mahjong parlours, workers responsible for the stunning of pigs in slaughterhouses and disc jockeys working in discotheques are added to scope of the Occupational Deafness Compensation Scheme, the Government may likely fail to provide adequate protection to the employees working in the relevant premises. That is why we are of the view that the amendments of the Government this time around are far from being satisfactory. The Democratic Alliance for Betterment of Hong Kong can appreciate the good intention of the Government and we know they have been working hard, but we will instead support the more gratifying Committee stage amendments. Therefore, we will support the amendments to be moved by the Bills Committee. Thank you, Madam President.

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

MR ANDREW CHENG (in Cantonese): Madam President, I agree to the view expressed by Mr YEUNG Yiu-chung on behalf of the Democratic Alliance for Betterment of Hong Kong (DAB) — the amendments are more gratifying. Madam President, I understand that this is just the resumption of debate on

Second Reading, so I will try not to repeat the remarks I made now at the Committee stage later on. But my remarks are mainly intended to support the resumption of debate on Second Reading and also the amendments to be moved by Dr LO Wing-lok on behalf of the Bills Committee.

Basically, in my speech, I wish to emphasize that apart from thinking that the amendments of the Government are not entirely gratifying as mentioned by Mr YEUNG Yiu-chung, I also do not agree with Dr LO Wing-lok, who, as the representative of the medical sector, says that the Government's present decision is based on an objective measurement of noise exposures. I hope that Members can understand the reasons for my disagreement. Some Bills Committee members have in fact made enquiries with the Labour Department and the Economic Development and Labour Bureau on the measurement of mean personal noise exposures.

Madam President, with your indulgence, I wish to say a few words in particular on the personal noise exposures for workers engaged in various occupations in mahjong parlours and discotheques. I am speaking according to the records of the Legislative Council Secretariat. It is pointed out in the paper submitted by the Labour Department that the Occupational Hygiene Division has conducted noise assessments in 10 mahjong parlours and it is found out that the personal noise exposures for substitute players, attendants and cashiers are 88 dB(A) to 93 dB(A), 85 dB(A) to 89 dB(A) and 80 dB(A) to 89 dB(A) respectively.

Regarding all these daily personal noise exposures, if I remember correctly, since 10 mahjong parlours are involved, the daily personal noise exposures for substitute players, attendants and cashiers are just the mean exposures. So, talking about attendants, whose daily personal noise exposure is found to be ranging from 85 dB(A) to 89 dB(A), the noise exposure of some of them may sometimes exceed 90 dB(A), as far as I understand.

We may also look at the situation in discotheques. The daily personal noise exposures for waiters, bartenders and cashiers are 83 dB(A) to 95 dB(A), 85 dB(A) to 94 dB(A) and 80 dB(A) to 85 dB(A) respectively. We therefore think that if one says that these exposures are the mean exposures covering all the relevant workers in the entire workplace, one must also note that these mean exposures should in fact also be the mean exposures for all the workers in different establishments, because the assessments cover 15 selected

discotheques and the substitute players, attendants and cashiers in 10 selected mahjong parlours.

As far as I can notice, members of the Bills Committee think that the benchmark of 90 dB(A) is most appropriate and objective, and the Government also says that most countries adopt this as the benchmark. But we can see that what we are disputing now may just be a difference of 1 dB(A). For example, the daily personal noise exposure of an attendant in a mahjong parlour is 89 dB(A), which is just 1 dB(A) short of the 90 dB(A) benchmark. There are various types of jobs in a mahjong parlour, and it is most unfair to people working in mahjong parlour if we are to classify them in such a way which may affect their eligibility to occupational deafness protection.

We have tried to arrange visits to some mahjong parlours, but despite our efforts, both Mr Michael MAK and I have come to realize that it is difficult to arrange one, because to them, a visit by Legislative Council Members is just like a raid that may affect their business, or they simply cannot see what problems we can solve for them. Anyway, we have still talked to some mahjong parlour workers, and from them, we learn that presently, one single employee may have to serve as both an attendant and a substitute player. Basically, there is no clear distinction between an attendant and a substitute player. When there is a shortage of manpower, an attendant will have to serve as a substitute player as well. Therefore, if we change "playing mahjong (as the main duty) inside a mahjong parlour licensed under section 22(i)(b) of the Gambling Ordinance", that is, the amendment proposed by the Government, into "playing mahjong inside a mahjong parlour as the main duty", we will see that the employees being referred to are substitute players. But this revised provision, even when used to replace the old one on "main duty", is not very much different from the amendment in the Blue Bill, in the sense that no reference is made to the attendants and cashiers working in noisy mahjong parlours.

Regarding discotheques, I very much appreciate the view expressed by Mr Tommy CHEUNG on "in the immediate vicinity of the dancing area" during the later stage of the Bills Committee's scrutiny. The Blue Bill makes reference to "work wholly or mainly in the immediate vicinity of the dancing area"; in comparison, the Government's Committee stage amendment, which reads "preparing or serving drinks (as the main duty) in the immediate vicinity of the dancing area" is much clearer, as it refers very specifically to waiters and bartenders. But still, cashiers are not mentioned because their daily personal noise exposure is only between 80 dB(A) and 85 dB(A).

Throughout the discussions, I think that the amendments of the Government are still based on the 90 dB(A) benchmark, which it regards as an objective standard. And, I wish to emphasize once again that first, the 90 dB(A) benchmark is itself a contentious standard; second, I think something must be said about this so-called objective standard. Since it was found in the assessments that some mean exposures might exceed 90 dB(A) and just the mean of these mean exposures were taken, it will be most unfair if a mere shortfall of 1 dB(A) should pose one ineligible for protection.

This time around, the Democratic Party's views are very similar to those of the DAB, which Mr YEUNG Yiu-chung represents. We also hope that the Liberal Party and Members belonging to the Breakfast Group can understand something. Madam President, Dr LO Wing-lok is not in the Chamber for the time being, but I still wish to say a few words to him. I know that even though he is the Chairman of the Bills Committee, he is going to vote differently from the rest of the Bills Committee members. Although he will move the relevant amendments on behalf of the Bills Committee, he will not support its decisions because while he accepts the benchmark proposed by the Government as "objective", the Bills Committee as a whole does not. He is the Chairman of the Bills Committee, but I hope he will still understand the concern of the members. First, this "objective" benchmark proposed by the Government is very contentious, as I have just mentioned. There are various types of occupations and their noise exposures are different. Since the Government intends to extend the scope of protection to these types of occupations, why does it not do a good job thoroughly. The amendments to be moved by Dr LO Wing-lok on behalf of the Bills Committee are much better, as they can provide comprehensive protection to all the employees of slaughterhouses, discotheques and mahjong parlours.

Madam President, I am not going to spend any more time on the rest of the clauses because at the initial stage of scrutiny, the Bills Committee has already spent quite a lot of time on discussing the possibility of following the examples of the United States, Australia and Singapore instead of providing protection according to types of occupations. Later on, members of the Bills Committee all thought that the Government had made a concession and they accepted the concession, hoping that it could first make improvement in this respect. Unexpectedly, the Government has even refused to make any concession on the mere difference of 1 dB(A) when dealing with the scope of protection extension.

Therefore, Madam President, with these remarks, I support the resumption of Second Reading and the amendments of the Bills Committee chaired by Dr LO Wing-lok. Thank you, Madam President.

MR KENNETH TING (in Cantonese): Madam President, we support the amendments of the Government because we think that there should be protection for workers engaged in certain occupations who are suffering from occupational deafness.

Madam President, the amendments to be moved by the Bills Committee on Occupational Deafness (Compensation) (Amendment) Bill 2002 have gone against the original purpose of the Occupational Deafness Compensation Scheme. Therefore, I will vote against the amendments to be moved by Dr LO Wing-lok in his capacity as the Chairman of the Bills Committee.

From the perspective of objective noise exposure assessment findings, Dr LO Wing-lok's amendments are a departure from the long-held standards governing the designation of noisy occupations under the existing compensation scheme. According to the information submitted by the Labour Department to the Bills Committee, objective noise exposure assessments have revealed that employees of slaughterhouses, mahjong parlours and discotheques who are engaged in different work processes are not subjected to the same daily personal noise exposure of 90 dB(A). There is nothing wrong with the existing standards governing the designation of noisy occupations. For example, in a mahjong parlour, the daily personal noise exposure of a cashier is just about one third of that of a substitute player.

Let me cite one more example. It can be inferred from the amendments as they are worded that when an employee of a slaughterhouse becomes deaf albeit due to non-work-related cause, he will still be entitled to occupational deafness compensation even if his actual workplace is very far away from the place where the electric stunning of pigs takes place. Therefore, I have very great reservations about this arrangement.

Finally, let me stress that the Occupational Deafness Compensation Fund is financed by a levy on the employees' compensation insurance premium paid by employers irrespective of types of businesses and occupations. For this reason, the Compensation Fund must be used for proper purposes. If

Members' amendments are passed, it may be necessary to make consequential amendments to the 25 noisy occupations specified under Schedule 3 of the existing Occupational Deafness (Compensation) Ordinance, so as to achieve consistency in standards. If all employees working in a noisy workplace are to be treated as engaging in a noisy occupation, there may be far-reaching effects on the Occupational Deafness Compensation Scheme. I hope that Members will think twice, because this may greatly increase business costs in the future.

Madam President, with these remarks, I oppose the amendments to be moved by Dr LO Wing-lok in his capacity as the Chairman of the Bills Committee.

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

MR LEE CHEUK YAN (in Cantonese): Madam President, on behalf of the Hong Kong Confederation of Trade Unions, I rise to speak in support of the amendments to be moved by Dr LO Wing-lok on behalf of the Bills Committee.

We can actually see that the only dispute left is just a very, very minor point. It is just about whether or not all employees working in noisy workplaces such as slaughterhouses, mahjong parlours and discotheques should be included in the scope of protection. Let me remind Members what we are really discussing now. The people we are referring to in our discussions are those who are already suffering from "deafness". Those whom we are talking about are not any physically sound people trying to claim compensation. Instead, they are already deaf and must have been engaged in the relevant noisy occupation for a total of 10 years. It is required that to be eligible for protection, one must, first, have been engaged in the noisy occupation concerned for 10 years and, second, be suffering from deafness.

What is the problem now? Given an employee who has worked in a mahjong parlour for 10 years, and he is suffering from deafness. But if he is an attendant, he will not be protected. This is what the Government's present proposal is all about.

Or, given an employee who has worked in a discotheque for 10 years, and he is suffering from deafness. But just because he is a cashier, he will not be protected.

What is the total basis for the Government's actions? What is the total basis all about? There is merely one item, that is, noise assessments. What then is the basis for the assessments? The answer is the 90 dB(A) benchmark. All assessments have been made by the Government. I am not challenging the Government for trying to play any tricks with its scientific assessments. I have no such intention at all. But at the same time I do not agree with Dr LO Wing-lok that the only thing that counts should be scientific evidence. The reason is that even when looking at scientific evidence, we must not forget several points. First, the assessments and studies just covered a very small sample on a few days. Second, to be scientific, we must note that the physical health of people does differ.

During the scrutiny of the Bill, I asked the Labour Department very clearly whether a daily personal noise exposure of lower than 90 dB(A) would be a sure guarantee of no occupational deafness. The Labour Department staff concerned replied equally clearly that 4% of those who were subjected to a daily personal noise exposure of 88 dB(A) or above over long periods might risk deafness.

It can thus be seen that there is no absolute scientific proof that a daily personal noise exposure of 88 dB(A) will certainly pose no risks. In some countries, 85 dB(A) is in fact used as the benchmark. The point is that if science tells us that even workers subjected to a daily personal noise exposure of 88 dB(A) may also sustain deafness, why can we not extend protection to them?

According to government statistics, the daily personal noise exposures of waiters and bartenders are from 83 dB(A) to 95 dB(A) and from 85 dB(A) to 94 dB(A) respectively, the mean of these being 91 dB(A), which is why these two occupations are included in the scope of protection. The mean daily personal noise exposure of a cashier is just between 80 dB(A) and 85 dB(A), so this occupation is not covered. Attendants are similarly excluded from protection because their mean daily noise exposure is only between 85 dB(A) and 89 dB(A).

But suppose a person has been working over a very long period (say, 10, 15 or 20 years) in an environment with a daily personal noise exposure of 89 dB(A), he may well sustain occupational deafness. Such a possibility cannot be ruled out, because it has been pointed out clearly that about 4% of those subjected to such a noise exposure level may face such a risk, and the

physical health of people does vary. From the standpoint of science, I cannot agree to the viewpoint that such a person cannot be included, because even science has to admit the fact that people of weaker physical health may be affected.

The second reason for not extending protection to these people, as explained by Mr Kenneth TING a moment ago, is that if these people are included, all the compensation funds will have to cover all employees, and compensation may have to be paid to many, many people. I must challenge the Liberal Party and Mr Kenneth TING here. I do not think that their views can be of any substantial help to employers at all. Why do I say so?

I frequently explain to them that first, there is at present no law on this issue. But a worker engaged in an occupation for 10 or 20 years who has sustained deafness may still sue his employer under the common law. If the employee does so and is medically certified to have sustained occupational deafness, and also if he wins in the lawsuit, who should pay the compensation in case other compensation funds fail to cope? His employer may still have to pay compensation to him. This means that the employer will suddenly have to pay an unknown amount of compensation. This heavy burden which suddenly emerges will do more harm to employers.

But if these employees, attendants, for example, are also protected, how many people will really apply for compensation due to occupational deafness? There may not necessarily be too many of them; just one, perhaps. In that case, the fund will not have to pay too much compensation anyway. Therefore, people simply cannot say that once these amendments are passed, the fund will be in great trouble, a lot of money will have to be paid, as if all water would be drained away under the running tap. This would not be the case, for we must not forget that the requirements are 10 years of service and deafness. Not every one will turn deaf after 10 years of service, and we do not wish to see this either. Honestly speaking, my ultimate hope is that no one will have to apply for compensation in the end. The best approach is prevention.

If employers can do a good job in prevention, there will not be any occupational deafness at all. The rationale here is that just in case someone sustains injuries or gets hurt, he may still receive compensation. On the part of employers, they will not be sued all of a sudden and made to pay huge compensation. What is so bad about this? On the part of the fund, it will

only need to pay very small amounts of compensation. The whole thing is just like a kind of social insurance, with everybody making contributions for the protection of all. Besides, employers will not be required to pay any compensation all of a sudden. Why can we not do this, and why should we adhere solely to the 90 dB(A) benchmark? Why should we treat this benchmark as an Imperial Edict which takes precedence over everything, including medical advice and science? No, we must not do this, because both medical advice and science do leave us some room to make a political decision. The aim is just to minimize the risks involved.

Since 4% of those subjected to a daily personal noise exposure of 88 dB(A) may also face the risk of sustaining occupational deafness, why should we refuse to extend protection to them? This is the question I have been asking frequently. When these people are also protected, employers will not have to face any unexpected financial liabilities.

There is also a technical question which I cannot answer. Well, if we follow the Government's proposal on offering protection to substitute players only, what are we going to do when an employee turns deaf after first working as a substitute player for nine years and then an attendant for one year? There will be no compensation for him. But in that case, can we still face these people without a guilty conscience?

In the case of an employee who had worked for nine years as a bartender in a discotheque, then half a year as a cashier and still another half a year as a bartender again, he may not be entitled to any compensation, because the requirement is 10 full years of service. I really do not know how 10 full years of service should be defined. I hope that the Government can give us an explanation later on. Suppose an employee has really worked for 10 years and sustained deafness, but the ratio is "9:1" or "8:1", he will not be protected. Or, perhaps let us not say "9:1". He may have worked for 12 years, with a ratio of "9:3". Or, he may even have worked for 14 years, with a ratio of "9:5". In any case, he has only worked for nine years as a substitute player and as attendant for the rest of the time. But the law will still fail to protect him. Why is this so?

I hope that Members can offer me their help because I have counted the votes and know that there will not be enough votes. If Members are willing to change their minds, the Bill can be passed. If the Breakfast Group, or the Liberal Party, or anyone else for that matter, can change their minds, the Bill

can still be passed. Why do they not change their minds? By doing so, they can help more people. How are we going to deal with this problem in the future? Suppose there is really a case of "9:5" in the future, whom should I blame? Can I blame the Members here? Definitely not, because it will be impossible for me to do so.

Once Members press their voting buttons later on, many people will be affected. I really hope that Members can offer their help, because it looks likely that under a situation described above, the employees concerned will not receive any protection at all. I have repeatedly stressed that all these people are already deaf. Why should we treat them that way?

Therefore, I hope Members can realize that from whatever perspective — the employees', the employers' and that of the compensation fund — the policy should be to have no one missed out. The offer of more help to employees will be good to all sides. It will also be good to the Government because if anything goes wrong in the future, I will certainly trouble the Government with the problem. And, somehow, it must find out which funds can be used to offer assistance. Why allow all these to happen?

Therefore, I hope that Members can support the idea of offering protection to all the employees engaged in noisy occupations. As long as they are engaged in the noisy occupations, as long as they all work in noisy environments, they should all be protected. I call upon the Government to look ahead with a positive attitude. In fact, I think the prevention of deafness is very important. During the scrutiny of the Bill, some Bills Committee members raised the idea of introducing pre-employment hearing tests. This means that employees should be required to undergo hearing tests before employment, and then they should undergo medical assessments once every year, so that their hearing impairment can be monitored. I think this is the only positive approach to the problem. Our aim should not be the payment of compensation to anyone. The ideal situation is one under which we need not pay any compensation to anyone, one under which no one shall sustain occupational deafness. Such is the aim I wish to achieve more than anything else. That is why we should think more positively about the idea of requiring the employees engaged in noisy occupations to undergo physical examinations before employment and regular checks afterwards. As for the costs involved, we must really think about how they should be met. If they are to be imposed on employers alone, or if we call upon employers to take up the burden, they may not necessarily be willing to do so. Such tests are a form of safeguard,

but which side should bear the costs? The fund, for example? How much will be the costs? Are hearing tests really very expensive? If not, should this proposal be implemented? They should be, because this is a much more positive approach.

Finally, let me also point out that I am aware of an alternative viewpoint. For example, the Association for the Rights of Industrial Accident Victims, another organization to which I belong, maintains that compensation should be provided irrespective of the types of occupations. As long as an employee is certified by a medical doctor to have sustained occupational deafness, he should be entitled to protection, because there is already such a regulation now. Workers of other occupations have also lodged many complaints with me. A worker who had to work in an air conditioning plant room over long periods had complained to me about his noisy workplace. I asked the Labour Department to conduct a noise assessment in his workplace. The finding was 88.5 dB(A) instead of 90 dB(A), so the worker was not entitled to any protection. This shows that the 90 dB(A) benchmark is really regarded as an Imperial Edict. If anything happens to this worker, he will not receive any compensation because of this 90 dB(A) benchmark. I therefore think that in the long run, we should let medical doctors decide what kinds of noisy workplaces should be included into the scope for protection. That way, we will not have to argue over which types of occupations should be specified. Thank you, Madam President.

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

(No Member responded)

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, the Occupational Deafness (Compensation) (Amendment) Bill 2002 (the Bill) serves to give effect to a series of improvement measures proposed by the Government after a comprehensive review of the Occupational Deafness Compensation Scheme (ODCS).

Here, I wish to thank Dr LO Wing-lok and other members of the Bills Committee on the Bill for their detailed deliberations of the Bill and their valuable input. At the suggestions of the Bills Committee, I will move the relevant amendments at the Committee stage.

The Bill proposes, among other things, to provide reimbursement of expenses incurred in purchasing, repairing and replacing hearing assistive device to claimants who have obtained compensation for permanent incapacity under the Occupational Deafness (Compensation) Ordinance (the Ordinance), in order to help them overcome the difficulties that they encounter in communicating with other people at work as a result of their deafness. During our discussions with the Bills Committee, some Members considered that the ceilings for the reimbursable amount should be removed, whereas some considered that the reimbursable ceiling for the initial purchase and the aggregate amount of reimbursement per applicant should be raised. After listening to the views of the Bills Committee and discussion with the Labour Advisory Board, I will propose amendments at the Committee stage later to increase the ceilings of \$6,000 and \$15,000 as originally proposed to \$9,000 and \$18,000 respectively.

Another proposal of the Bill is to include four specified noisy occupations in the list of specified noisy occupations in Schedule 3 of the principal ordinance. This proposal is made on the basis of the findings of objective noise surveys. These four specified noisy occupations will cover slaughterhouse employees working in the vicinity of a place where the electric stunning of pigs takes place, mahjong parlour workers employed wholly or mainly to play mahjong, bartenders and waiters who work wholly or mainly in the immediate vicinity of the dancing area in discotheques, and disc jockeys working in discotheques. Under this proposal, about 1 300 employees engaged in the above job processes will be incorporated into the coverage of the Ordinance.

Moreover, in response to the views of the Bills Committee, we will provide a definition of "discotheques". We will also propose amendments to clause 16 of the Bill in respect of the new specified noisy occupations to add clarity to the provisions and to more clearly reflect the legislative intent.

I would like to explain the reasons why the Administration opposes the amendments to be moved by Dr LO Wing-lok on behalf of the Bills Committee.

The amendments of Dr LO Wing-lok seek to expand the scope of the four newly added specified noisy occupations proposed in the Bill to the effect that employees working wholly or mainly in the immediate vicinity of a slaughterhouse where pigs are slaughtered as well as employees working wholly or mainly in mahjong parlours and discotheques will be covered by the Ordinance.

Dr LO's amendments will unreasonably deviate from the established criterion of designating a job process as a noisy occupation under the existing ordinance. Under the existing ODCS, an occupation is designated as a "noisy occupation" if the mean daily personal noise exposure of an employee at work reaches 90 dB(A) or above over a continuous period of eight hours. If the claimant has worked in a noisy occupation for a certain number of years and meets the requirement of hearing loss, his deafness will then be assumed as being caused by noise at work and the claimant will be eligible for compensation. The proposed addition of specified noisy occupations in the Bill is based on objective noise assessments of international standards by measuring the mean daily personal noise exposure of an employee, which is also a standard commonly adopted in the international arena.

The objective noise assessments showed that at slaughterhouses, mahjong parlours and discotheques, not all employees engaging in any work process have a daily personal noise exposure level of 90 dB(A). The amendments proposed by the Member will incorporate into the compensation ordinance those work processes or posts of which the noise exposure is below this level.

Mr Andrew CHENG said earlier that he dared not enter a mahjong parlour. I think if he has arranged for a mahjong game with Mr Martin LEE or Mr CHEUNG Man-kwong, and if it turns out that the game is short of one player, he can ask me to be a substitute player. I think when we play mahjong, we will see that the four players of the game are in fact nearest to the noise and certainly, they will be the most affected. I think Members will understand this. That is why the mean daily personal noise exposure of a cashier is 86 dB. Similarly, this explains why the mean daily personal noise exposure of a bartender in discotheques is over 90 dB, whereas that of a cashier is 82 dB only.

I fully appreciate that Members sentimentally hope for perfection and they certainly hope that all the people working in these places are given protection. But anyhow, we must have an objective threshold, and 90 dB is adopted as a threshold in most places internationally. It is not difficult to understand Members' wish to include as many employees as possible, but I hope Members will understand that if we include cashiers today and if their mean daily personal noise exposure is only 82 dB, then what about employees whose noise exposure reaches a level of 80 dB? Since a level of 82 dB is included, must we also include a level of 80 dB? We cannot possibly do that. I think there must be an objective benchmark or threshold. If there is a

threshold, and as Dr LO said earlier, that will be an objective benchmark for us to go by. Otherwise, if we only wish to benefit as many people as possible without setting any criteria, then, as Mr LEE Cheuk-yan said earlier, can those who have worked as a substitute player for nine years be compensated? Or can those who have been a substitute player for eight years be compensated? I hope Members will understand that there will indeed be difficulties if a line is not drawn. I hope they will also understand that it is not the case that we do not wish to help all the workers. But the fact is that without an objective criterion, should we also expand the scope of the other 25 job processes as specified in the Schedule in a way as suggested by Members today? I believe Members will understand that this would definitely be confusing.

I must point out that the Occupational Deafness Compensation Fund is financed by a levy collected from employers who have taken out compensation insurance for their employees. The ODCS is introduced with the aim to provide compensation for employees who suffer from sensorineural deafness due to exposure to noise in the work environment. However, sensorineural deafness can be caused by a diversity of factors, including noise, old age, medication and other diseases. Current technology still cannot differentiate whether the deafness is due to noise at work or the daily activities or the pursuit of amusement of the person concerned. If job processes with a mean daily personal noise exposure below 90 dB(A) are incorporated into the scope of compensation, no doubt it will mean asking employers to provide compensation for deafness not induced by noise at work, which is contrary to the original intent of setting up this compensation scheme.

For these reasons, the Government opposes the amendments to be moved by Dr LO Wing-lok on behalf of the Bills Committee later.

Madam President, I hope that Members will support this Bill and the amendments that I will move at the Committee stage, so that employees suffering from occupational deafness can benefit from the improvement measures proposed in the Bill. Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Occupational Deafness (Compensation) (Amendment) Bill 2002 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): Occupational Deafness (Compensation) (Amendment) Bill 2002.

Council went into Committee.

Committee Stage

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

OCCUPATIONAL DEAFNESS (COMPENSATION) (AMENDMENT) BILL 2002

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Occupational Deafness (Compensation) (Amendment) Bill 2002.

CLERK (in Cantonese): Clauses 1, 2, 4, 5, 6, 8 to 14, 17, 18 and 20.

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.

CLERK (in Cantonese): Clauses 3, 7, 15 and 19.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam Chairman, I move the amendments to clauses 3, 7, 15 and 19, as set out in the paper circularized to Members.

The Bill proposed to add four new specified noisy occupations. Two of them, namely waiters and bartenders working near the dancing area in discotheques, and disc jockeys working in discotheques, involve working in discotheques. In the course of deliberation, some members opined that ordinary people might interpret the term "discotheque" differently. Acceding to the recommendation of the Bills Committee, we propose to add the interpretation of "discotheque" in clause 3.

Clause 7 seeks to amend section 21 of the Ordinance by providing that the Occupational Deafness Compensation Board (ODCB) should, according to Schedule 5 effective at the time the amount of compensation is determined, irrespective of the date of the application, determine the amount of compensation to be paid to the claimant. In the light of the recommendations of members of the Bills Committee, technical amendments will be made to the Chinese version of clause 7 to make the provision clearer and in line with its English version.

Clause 19 proposes to add Schedule 7 to provide for newly added section 27C the upper ceilings of the amount of expenses that may be reimbursed to an applicant for the first time in respect of an application in relation to the acquisition and fitting of a hearing assistive device and the aggregated amount of expenses that may be reimbursed to an applicant. During our discussions with the Bills Committee, some Members considered it necessary to abolish the upper ceilings of the amount of expenses that may be reimbursed, and some considered it necessary for the ceilings to be raised.

In the light of Members' concern, the Administration has consulted the Labour Advisory Board (LAB) on the ceilings of the amount of expenses that

may be reimbursed. The LAB considered that the reimbursement of expenses for hearing assistive devices would be a new item under the Occupational Deafness (Compensation) Ordinance and would be the collective liability of all employers, irrespective of trade and industry. After careful examination, the LAB came to the view that the reimbursement ceilings must be retained because the removal of such would mean an open-ended liability for the ODCB. Nevertheless, having considered the latest information and views expressed by audiologists concerning inductive coils and inductive loop systems, the majority of LAB members agreed to raise the reimbursable ceiling for the initial purchase from \$6,000 to \$9,000 and the aggregate amount of reimbursement per applicant from \$15,000 to \$18,000. As a result, we now propose to amend clause 19 by raising the reimbursable ceiling for the initial purchase to \$9,000 and the aggregate amount of reimbursement per applicant to \$18,000.

The above amendments are all agreed by the Bills Committee after detailed discussions. I hope Honourable Members can support and pass them.

Proposed amendments

Clause 3 (see Annex)

Clause 7 (see Annex)

Clause 15 (see Annex)

Clause 19 (see Annex)

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Secretary for Economic Development and Labour be passed. 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.

CLERK (in Cantonese): Clauses 3, 7, 15 and 19 as amended.

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.

CLERK (in Cantonese): Clause 16.

CHAIRMAN (in Cantonese): Both the Secretary for Economic Development and Labour and Dr LO Wing-lok have separately given notice to move amendments to clause 16 of the Bill.

CHAIRMAN (in Cantonese): Committee now proceeds to a joint debate. I will first call upon the Secretary for Economic Development and Labour to move his amendment, as he is the public officer in charge of the Bill.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam Chairman, I move the amendment to clause 16, as set out in the paper circularized to Members.

Clause 16 of the Bill seeks to add paragraphs (z), (za), (zb) and (zc) to Schedule 3 of the principal Ordinance. The policy intent of the addition of these four paragraphs is to include the following in the list of noisy occupations specified in Schedule 3: employees working in the vicinity of a place where the electric stunning of pigs takes place; employees working as substitute players (as the main duty) inside a mahjong parlour; bartenders and waiters working mainly in the immediate vicinity of the dancing area of a discotheque; and disc jockeys in a discotheque.

During the deliberations by the Bills Committee, an Honourable Member has queried whether the proposed paragraph (zb) can reflect the original intention of the Government in not including all other employees in a discotheque. In view of the concern expressed, I will move an amendment to clarify the scope under paragraph (zb) to the effect that employees working as bartenders and waiters in a discotheque are also included in Schedule 3 of the Bill.

In addition, in view of the interpretation of "discotheque" which I have proposed earlier, I am also proposing consequential amendments to the wording used in the new paragraphs (zb) and (zc) of Schedule 3.

The amendment moved with respect to paragraph 3(z) of the Schedule is of a technical nature and it is aimed at making a clear description of the noisy occupations set out in the paragraph.

I implore Honourable Members to support the above amendment.

Proposed amendment

Clause 16 (see Annex)

CHAIRMAN (in Cantonese): I will call upon Dr LO Wing-lok to speak on the amendment moved by the Secretary for Economic Development and Labour as well as his own amendment. However, no amendment may be moved by

Dr LO Wing-lok at this stage. Whether Dr LO Wing-lok will be able to move his amendment will depend on the Committee's decision on the Secretary for Economic Development and Labour's amendment.

DR LO WING-LOK (in Cantonese): Madam Chairman, on behalf of the Bills Committee on Occupational Deafness (Compensation) (Amendment) Bill 2002, I move the amendment to clause 16, as set out in the paper circularized to Members.

The amendment aims at widening the scope of protection to cover all categories of employees who work wholly or mainly in a pig slaughterhouse, a mahjong parlour and in the immediate vicinity of a discotheque.

Under the Occupational Deaf Compensation Scheme, an occupation in which an employee undertaking it is subject to a mean daily personal noise exposure of 90 dB(A) or above over a continuous period of eight hours is designated as a "noisy occupation". At present, there are 25 specified noisy occupations in Schedule 3 of the Ordinance.

The Administration proposes that the list of specified noisy occupations should be expanded to include:

- (a) slaughterhouse employees working wholly or mainly within the area of a place where the electric stunning of pigs for the purpose of slaughter takes place;
- (b) mahjong parlour workers employed wholly or mainly to play mahjong;
- (c) bartenders and waiters working near the dancing area in discotheques; and
- (d) disc jockeys working in discotheques.

A majority of members present at the last meeting of the Bills Committee, including Ms Cyd HO, Mr LEE Cheuk-yan, Mr CHAN Kwok-keung, Ms LI Fung-ying and Mr Andrew CHENG, have voted in support of the Committee stage amendments to be moved by the Bills Committee to widen the scope of protection to cover all categories of employees

who work wholly or mainly in the immediate vicinity of a pig slaughterhouse, a mahjong parlour or a discotheque.

The above Members are of the opinion that, it is not an ideal practice to use 90 dB(A) as the benchmark for designating an occupation as a "noisy occupation". As mahjong parlours, slaughterhouses and discotheques are all enclosed places, people undertaking different jobs inside such places are all exposed to rather strong noises. As for data concerning noise exposure provided by the Government, they reflect that there is only a difference of several dB between the mean noise exposures of people doing different jobs in such places. Therefore, these members think that all the employees working in different posts in such places should be included in the scope of protection.

Madam Chairman, if an opportunity arises later, I shall move the relevant amendment.

Thank you, Madam Chairman.

CHAIRMAN (in Cantonese): Members may now debate the amendment moved by the Secretary for Economic Development and Labour as well as Dr LO Wing-lok's amendment.

Does any Member wish to speak?

MR ANDREW CHENG (in Cantonese): Madam Chairman, I would like to respond to the several points just raised by the Secretary. Firstly, the Secretary has applied a lot of sentimental and rational principles. Talking about sentimentality and rationality, we have heard about these many times before in our battle against atypical pneumonia. Madam Chairman, I have mentioned a moment ago, in the early discussion of the Bills Committee, other members and I think that, instead of adopting a purely sentimental approach, we may opt to follow the mode adopted in the United States, Australia and Singapore. That is, while not designating any work category, the burden is placed on the employers; it is for the employees to prove that the employers are responsible for the environment which lead to the occupational deafness of the employees. In this way, there is no need for us to adopt the 90 dB(A), such a narrow, yet objective standard, as claimed by the Government, to differentiate all the work categories.

Madam Chairman, we did not do that because we hope, after adding the four new types of work into this Ordinance, now or in the past, it will not affect the employees who should enjoy the protection that they are entitled to. Therefore, we concentrate on discussing these four new types of work, so as to further polish the relevant provisions. I also understand very well why the Secretary says that if today's amendment cannot be passed, and if Dr LO Wing-lok's motion also cannot be passed, then he would have to restore clauses 16(z), (za), (zb) and (zc) of the Blue Bill in the Bill.

What I would like to share with Members is: in fact, there is no major difference between the present amendment proposed by the Government and the Bill. For slaughterhouses, there is no difference and absolutely no change. On the part of duties wholly inside a mahjong parlour, though there are some changes in the words used, there are no major changes. As for the discotheques, the part which is more explicitly drafted is "(employees) preparing or serving drinks as the main duty in the immediate vicinity of the dancing area". Some changes are made here. There is not much change regarding the part on controlling or operating a system for playing back and broadcasting recorded music.

I hope my Honourable colleagues can understand this: Do not be influenced by the lobbying of the Secretary who says that, should both amendments be voted down, the existing employees would be significantly affected. In fact, there is no major difference between the Blue Bill and the final amendment presented by the Government. If you support the amendment proposed by Dr LO Wing-lok, I would think that the amendment he proposed on behalf of the Bills Committee is a major step forward.

I would like to reiterate this: In a mahjong parlour, both attendants and substitute players are employees who play mahjong as the main duty. Their roles are in fact the same. Therefore, in future, disputes may arise between an employer and an employee about whether the main duty of the latter is playing mahjong or just serving as a substitute player? Or whether this person is an attendant or a substitute player? This point may lead to a dispute that could take a long time to clarify. Why should we move an amendment with wordings that will make the legal protection it brings become so ambiguous?

Therefore, all along, we have suggested using the mean value for calculation, and this mean value is 90 dB(A), which is a very objective mean

value. Madam Chairman, I am not going to repeat my justifications here. However, I do have reservations about this mean value which they get after conducting tests. Of course, the Secretary has challenged Mr CHEUNG Man-kwong, Mr Martin LEE and myself to play mahjong in a mahjong parlour. I have just said that, it is not because I dare not go there to play a game of mahjong. We did try to conduct some on-site observations and at the same time we did not hope to see the normal operation of the mahjong parlours affected. However, the message we received is, our observations would affect their business. Now Mr Martin LEE is not in the Chamber, and we have instead Dr YEUNG Sum here. However, do you know the top secret in our Party: Dr YEUNG Sum does not play mahjong. If Mr Martin LEE, Mr CHEUNG Man-kwong and I were invited, my dear Secretary, we would be glad to play the game with you. (*Laughter*) Mr CHEUNG Man-kwong knows how to play mahjong as well. I have played a game or two with him.

Madam Chairman, I am sorry that when I was closing my earlier speech, I have omitted my colleagues from the Hong Kong Progressive Alliance (HKPA) when I called for support for the amendment of Dr LO Wing-lok. At that time, I just mentioned the Liberal Party and the Breakfast Group. All along, Mr Ambrose LAU has given me a strong impression that he belongs to the Breakfast Group. It was all my fault. I would like to call on Mr Ambrose LAU and his colleagues from the HKPA to understand that, basing on my analysis, should they support either the amendment moved by the Government or the one proposed by Dr LO Wing-lok, or even neither of them are passed, it will not bring about major problems to the existing protection for employees, as claimed by the Secretary when he was lobbying outside. There would be absolutely no major problem. However, supporting the amendment proposed by Dr LO Wing-lok would mean supporting a more suitable and progressive amendment. Thank you, Madam Chairman.

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

MR LEE CHEUK-YAN (in Cantonese): Madam Chairman, in fact the Secretary has already answered my question. I just want to emphasize one point. Suppose someone had worked as a substitute player in a mahjong parlour for nine years, and then he works for an undefined number of years as a mahjong parlour attendant; if unfortunately he becomes deaf, does it mean that

he will not be entitled to any protection? I do not know whether we have to wait until one day, the Secretary, Mr Martin LEE, Mr CHEUNG Man-kwong and Mr Andrew CHENG have played mahjong together for 10 years before we could obtain such protection? I believe if four of them have really played mahjong for 10 years, they would have become deaf as well.

I do not hope that policy-makers have to try everything themselves before agreeing to make any improvement. In fact, please think about this: It is actually very unfair if someone is utterly denied of any protection after having worked for nine years as a substitute players and then taking up other kinds of jobs in the same noisy environment for many years. Thank you, Madam Chairman.

DR LO WING-LOK (in Cantonese): Madam Chairman, I am speaking for myself now.

In fact, it is a favourable measure for the working class to have pre-designated noisy jobs, noisy profession and noisy work category. After having made such definitions, workers would only have to prove the length of their service in certain posts when they lodge their claims, and they do not have to prove how noisy their working environments are and how they have not been provided with the protection and have caused the occupational deafness. Therefore, to the working class, this is an easier way of lodging claims. People of the working class are usually the underprivileged. If it is necessary to lodge claims, they will need to provide the proof, find the right experts and commission the lawyers. This is rather unfavourable to the working class. Therefore, the existing laws of Hong Kong do have a major advantage in the aspect of labour protection.

As said by Mr LEE Cheuk-yan, such employees could sue the employers under the provisions in the common law. However, it is extremely difficult to sue the employers by invoking provisions in the common law, as they would have to provide the proof and find the experts and so on. Therefore, if no specified work categories are designated, then on the face of it, the coverage may seem very extensive, and any categories of occupations may claim compensation as long as the relevant standards are met. But, in fact, it is very unfavourable for the working class because they will have to go through a very complicated process of providing the relevant proof and proceeding with court

procedures. Therefore, we think if we need to specify some pre-designated work categories, then there must be some highly objective standards. If such standards are formulated after some very thorough studies are conducted, they would have the credibility which would not be easily challenged. On the contrary, if the definitions of the work categories are not explicit enough, it will give rise to many controversies. Ultimately, it will not be favourable to the working class. Although I move the motion on behalf of the Bills Committee, I always think that there should be a set of objective and explicit standards.

Besides, I would like to say this. How many additional workers can be included for protection if the threshold of 98 dB(A) is adjusted downwards to 89, 88 or 82 dB(A)? In fact, 98 dB(A) is the standard most commonly adopted by countries in the world. If a line is drawn, most of those workers really affected by strong noises will in fact get this standard protection. However, if the standard is adjusted downwards to 82 dB(A), most of the employees working under such environments will not be hurt by the strong noises and eventually cause occupational deafness. Even if we widen the scope to a very extensive scale, it will not make much difference to those who will really receive the protection.

In view of the long time spent on deliberating the Bill as well as the prolonged efforts made by the Government, the employers and the employees, I hope at least the four categories of people mentioned by the Government could enjoy the protection. Therefore, I feel that Honourable colleagues should support the original amendments moved by the Government. Thank you, Madam Chairman.

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

(No Member responded)

CHAIRMAN (in Cantonese): Secretary for Economic Development and Labour, do you wish to speak again?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam Chairman, I would like to respond to the comments made by Honourable Members.

I wish to reiterate that, our standard is in fact an objective standard. I fully understand that Members wish to include as many types of workers as possible in the Scheme. However, as the Government, just as Dr LO Wing-lok has just said, we must have some objective standards to enable us to understand clearly whether certain workers are included. This is especially important as the Schedule has already included 25 types of work. If all of a sudden, we relax these standards today, how should we handle the original 25 types of work?

Besides, I would also like to respond that, as I have just said, there is a major difference between 82 dB(A) and 90 dB(A). Take the types of work in the slaughterhouse as an example, the process of electric stunning of pigs will produce noise in excess of 90 dB(A), but in areas away from this work process, such as the area for dissecting the bodies of the pigs, the personal noise exposure is below the level of 85 dB(A). And the personal noise exposure of cashiers working in discotheques is 82 dB(A).

I would like to point out that we should not think that the differences of only 1 dB or 2 dB are only small differences. I wish to talk about noise intensity, which is measured by logarithmic scale. A 3-dB reduction of noise level is equivalent to a 50% reduction of sound intensity. From the figures alone, the difference in the mean daily personal noise exposures between mahjong parlour attendants and substitute players is just 3 dB(A). However, according to the above "3-dB(A) rule", attendants are in fact subject to only half the sound intensity to which substitute players are exposed. On the other hand, mahjong parlour cashiers are subject to only 30% of the sound intensity to which substitute players are exposed. Of course, the difference between cashiers and waiters of discotheques will even be greater.

I would like to reiterate that, as we have this standard in place and it has been in use for such a long time, and also this standard is also adopted in many places in the world, this shows that our standard is not inferior to those in other places. Today, we include four additional types of work in our list. I hope you may support the amendments moved by the Government so as to allow these four types of work to be benefitted.

I would also like to explain to Mr Andrew CHENG: I am not saying that we shall have nothing if these two amendments are not passed. I am just saying that I move the amendments to reflect the aspirations of the Bills Committee, and I am the one to do it. Moreover, the amendments moved by

me are in fact the amendments proposed by Members. Therefore, I would naturally hope that these amendments could be passed. If the amendments could not be passed, and if the amendment of Dr LO could not be passed as well, then it would be quite undesirable. Although we could revert back to the Blue Bill, everything will become quite unclear by then. Therefore, as the Bill proposed by me is in fact the one the Bills Committee wishes me to put forward, I hope I can have the support from you all.

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Secretary for Economic Development and Labour be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Andrew CHENG rose to claim a division.

CHAIRMAN (in Cantonese): Mr Andrew CHENG has claimed a division. The division bell will ring for three minutes.

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

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

Mr Kenneth TING, Mr James TIEN, Dr David CHU, Dr Raymond HO, Mr Eric LI, Dr LUI Ming-wah, Mr NG Leung-sing, Miss Margaret NG, Mr HUI Cheung-ching, Mrs Sophie LEUNG, Mr Andrew WONG, Dr Philip WONG, Mr WONG Yung-kan, Mr Jasper TSANG, Mr Howard YOUNG,

Mr LAU Wong-fat, Ms Miriam LAU, Mr Ambrose LAU, Mr Timothy FOK, Dr TANG Siu-tong, Mr Abraham SHEK, Mr Henry WU, Mr Tommy CHEUNG, Dr LO Wing-lok, Mr LAU Ping-cheung, Ms Audrey EU and Mr MA Fung-kwok voted for the motion.

Ms Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Dr YEUNG Sum, Ms Emily LAU, Mr Andrew CHENG, Mr SZETO Wah, Dr LAW Chi-kwong, Mr Albert CHAN, Mr WONG Sing-chi and Mr Frederick FUNG voted against the motion.

Mr CHAN Kwok-keung, Mr CHAN Kam-lam, Mr YEUNG Yiu-chung, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung and Mr IP Kwok-him abstained.

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

THE CHAIRMAN announced that there were 50 Members present, 27 were in favour of the motion, 15 against it and seven abstained. Since the question was agreed by a majority of the Members present, she therefore declared that the motion was carried.

CHAIRMAN (in Cantonese): As the amendment moved by the Secretary for Economic Development and Labour has been passed, Dr LO Wing-lok may not move his amendment to clause 16, which is inconsistent with the decision already taken.

CLERK (in Cantonese): Clause 16 as amended.

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

(Members raised their hands)

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

(Members raised their hands)

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

CLERK (in Cantonese):	(in New clause 4A	Government payments
	New clause 5A	Director of Audit's examination
	New clause 5B	Statements and reports to be laid on table of Legislative Council
	New clause 14A	Regulations by Chief Executive in Council
	New clause 15A	Provisions with respect to the Board and members thereof
	New clause 15B	Provisions with respect to the Medical Committee and members thereof.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam Chairman, I move that the above new clauses read out just now, as set out in the paper circularized to Members, be read the Second time.

The above amendments have been discussed and agreed in the Bills Committee, I urge Members to support and pass these amendments.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That new clauses 4A, 5A, 5B, 14A, 15A and 15B be read the Second time.

Does any Member wish to speak?

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you as stated. 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.

CLERK (in Cantonese): New clauses 4A, 5A, 5B, 14A, 15A and 15B.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam Chairman, I move that the above new clauses read out just now be added to the Bill.

Proposed additions

Clause 4A (see Annex)

Clause 5A (see Annex)

Clause 5B (see Annex)

Clause 14A (see Annex)

Clause 15A (see Annex)

Clause 15B (see Annex)

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the above new clauses read out just now be added to the Bill.

CHAIRMAN (in Cantonese): I now put the question to you as stated. 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.

OCCUPATIONAL DEAFNESS (COMPENSATION) (AMENDMENT) BILL 2002

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, the

Occupational Deafness (Compensation) (Amendment) Bill 2002

has passed through Committee with amendments. 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 Occupational Deafness (Compensation) (Amendment) Bill 2002 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): Occupational Deafness (Compensation) (Amendment) Bill 2002.

MOTIONS

PRESIDENT (in Cantonese): Motions. Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Import and Export (General) (Amendment) (No. 2) Regulation 2003.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY: Madam President, I move that the motion, as printed on the Agenda, be passed.

To enable the Government to introduce electronic services for facilitating textiles traders in submitting textiles notifications under the Textiles Trader Registration Scheme, we have made the Import and Export (General) (Amendment) (No. 2) Regulation 2003.

The motion seeks to make minor technical amendments to sections 3, 4 and 7 of the Import and Export (General) (Amendment) (No. 2) Regulation

2003. These amendments make it clear that a copy or an extract of a manifest has to be certified by the import carrier or export carrier concerned. The amendments also achieve better consistency in various Chinese renditions and between the Chinese and English texts.

Thank you, Madam President.

The Secretary for Commerce, Industry and Technology moved the following motion:

"That the Import and Export (General)(Amendment)(No. 2) Regulation 2003, published in the Gazette as Legal Notice No. 93 of 2003 and laid on the table of the Legislative Council on 9 April 2003, be amended -

- (a) in section 3, by repealing "取得" and substituting "領取";
- (b) in the Chinese text, in section 4, in the new regulations 6A(2), 6BA(2), 6BC(2) and 6BE(2), by repealing "在根據第(1)(a)款自登記紡織商收到" and substituting "自登記紡織商收到第(1)(a)款所指的";
- (c) in section 7, in the new Eighth Schedule -
 - (i) in the Chinese text, in regulations 6A(2), 6BA(2), 6BC(2) and 6BE(2), by repealing "在根據第(1)(a)(i)款自登記紡織商收到" and substituting "自登記紡織商收到第(1)(a)(i)款所指的";
 - (ii) in regulations 6B(3)(a)(i) and (3)(b)(ii)(A) and 6BD(3)(a)(i) and (3)(b)(ii)(A), by repealing "certified copy or certified extract of the manifest of the importing vessel, aircraft or vehicle" and substituting "copy or extract of the manifest of the importing vessel, aircraft or vehicle, duly certified by the import carrier";
 - (iii) in regulations 6BB(3)(a)(i) and (3)(b)(ii)(A) and 6BF(3)(a)(i) and (3)(b)(ii)(A), by repealing "certified copy or certified extract of the manifest of the exporting vessel, aircraft or vehicle" and substituting "copy or extract of the manifest of

the exporting vessel, aircraft or vehicle, duly certified by the export carrier".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Commerce, Industry and Technology 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 the Members present. I declare the motion passed.

PRESIDENT (in Cantonese): Proposed resolution under the Public Finance Ordinance.

PROPOSED RESOLUTION UNDER THE PUBLIC FINANCE ORDINANCE

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

This motion seeks to authorize the transfer of \$120 billion from the Land Fund to the General Revenue Account under section 29 of the Public Finance Ordinance in order to meet government expenditure requirements.

The Land Fund was established on 1 July 1997 by resolution of the Provisional Legislative Council to receive and hold all of the assets, net of expenses, transferred from the Hong Kong Special Administrative Region Government Land Fund. With the establishment of the Government of the Hong Kong Special Administrative Region (SAR), the assets of the Land Fund with a net value of \$197 billion were handed over from the Trustees to the SAR Government, and the Deed of Declaration of Trust ceased to have effect. It was thereafter for the SAR Government to decide how the Fund should be expended. The Chief Executive appointed the Financial Secretary as the public officer to receive these assets as part of the fiscal reserves of the SAR Government. These assets became part of the general revenue in accordance with section 3 of the Public Finance Ordinance.

The arrangement to set up the Land Fund as a separate fund within the fiscal reserves was mainly to facilitate the management of the assets and to provide flexibility for the Administration to decide on the long-term use of the assets. As provided in the resolution, the Land Fund can be used only for investment and not for the provision of any government services. The resolution also has no provision to allow the Government to transfer money from the Land Fund to the General Revenue Account or other government funds.

As a result of the continued budget deficits, the balance of the fiscal reserves is projected to decline from an opening balance of \$372.5 billion to a closing balance of \$311.4 billion during 2002-03 according to the latest provisional figures on the financial position in 2002-03. The balance of the General Revenue Account, which is the main government account for day-to-day departmental expenditure and revenue collection, will consequently drop from an opening balance of \$87 billion by \$67 billion to a closing balance of \$20 billion during 2002-03, and will then have shortfalls in subsequent years of the projection period if there is no topping up by transfer of funds within the fiscal reserves. The Capital Works Reserve Fund and the Capital Investment Fund will similarly have shortfalls if there is no topping up.

I wish to emphasize that the purpose of holding the fiscal reserves is to meet operating and contingency requirements of public finance. In case there are budget deficits which arise either in those months of the financial year when expenditure exceeds revenue, or as a result of the downswing in the economic cycle, we use the fiscal reserves to finance shortfalls.

The Land Fund has accounted for and will continue to account for the vast majority of the Government's fiscal reserves. The estimated balance of the Land Fund is \$259 billion by the end of March 2003, representing about 85% of the Government's fiscal reserves.

To obviate the anticipated shortfalls in the General Revenue Account, the Capital Works Reserve Fund and the Capital Investment Fund, we move the proposed resolution to enable part of the Land Fund balance in the sum of \$120 billion to be transferred to the general revenue and subsequent transfers as necessary to other government funds to meet the cash flow requirements of the General Revenue Account and other government funds. In view of the prevailing fiscal constraints, this is a measure necessary to provide funds from one part of the fiscal reserves to meet the expected shortfalls in other parts.

As shown in the 2003-04 Estimates, we anticipate that an estimated sum of \$120 billion is required to be transferred from the Land Fund to the general revenue in 2003-04 to cope with the budget deficits totalling about \$122 billion in 2003-04 to 2005-06. As many major types of revenue including taxes are mostly received towards the end of a financial year, we need to use the fiscal reserves to finance shortfalls in the initial months of a financial year. The amount so transferred will also serve to provide a buffer to meet the cash flow requirements in the course of these years.

At the moment, we do not favour the option to dissolve the Land Fund and to transfer its entire balance to the General Revenue Account or other government funds. Abolition of the Land Fund will deprive us of considering further uses for the Fund on a longer-term basis. We will examine and consult the Financial Affairs Panel at a later stage on the way forward for the Land Fund in the longer run, including whether or not the Land Fund should be abolished and the fund balance be transferred to the general revenue.

Finally, I wish to make it clear that our proposal is to help solve the cash flow requirements and is not meant to generate additional fund to finance certain government spending, which will be subject to the approval of the Legislative Council via the Appropriation Bill at the beginning of the financial year or the Finance Committee during the year.

I would like to thank Mr SIN Chung-kai, Chairman of the Subcommittee for the scrutiny of this motion, and other members of the Subcommittee for

supporting the Government's proposed resolution, and completing the scrutiny of the resolution in a short period of time.

Madam President, I wish to conclude by reiterating that the proposed resolution would enable us to utilize part of the Land Fund to meet the budget deficits in the medium term, while retaining the flexibility to formulate a policy on the long-term use of the Fund in future. I hope that Members will support the resolution.

Madam President, I beg to move.

The Secretary for Financial Services and the Treasury moved the following motion:

"With respect to the Land Fund established by resolution made and passed by the Provisional Legislative Council on 23 July 1997 and published in the Gazette as Legal Notice No. 398 of 1997, that a sum of \$120,000,000,000 be transferred from the Land Fund to the general revenue."

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

MR SIN CHUNG-KAI (in Cantonese): Madam President, I shall address the Council on the deliberations of the Subcommittee to study the relevant resolution (the Subcommittee) in my capacity as its Chairman.

Members of the Subcommittee support in principle the proposed transfer of funds in the Land Fund to the General Revenue Account (GRA) to meet the cashflow requirements of the Government in the medium term. However, some members express reservations on the original resolution first proposed by the Government. They think that, in the absence of any specific provision relating to the amount to be transferred and the circumstances under which a transfer can be made, the original resolution will confer on the Financial Secretary very extensive powers, which may far exceed those required in transferring \$120 billion from the Land Fund to the general revenue.

The Administration has explained to the Subcommittee that the objective of amending the resolution related to the Land Fund is to enable the Government to transfer \$120 billion from the Land Fund, which accounts for 85% of the financial reserve of the Government, to the general revenue. Having considered the views of the Subcommittee, the Administration has accepted the suggestions of the members to withdraw the original resolution and stipulate in the new resolution the amount to be transferred (that is, \$120 billion) from the Land Fund to the general revenue, so as to reflect more accurately the purpose of making the amendment.

In the course of deliberation, members of the Subcommittee have expressed their views on the way forward of the Land Fund, including whether the Fund should be abolished and then its entire balance should be transferred into the general revenue. The Administration agrees to further study the issue and will consult the Panel on Financial Affairs in future.

The Subcommittee supports the present resolution put forward by the Government, and understands that the Administration would like to have it passed and implemented as soon as possible so that it could transfer the fund to meet the cashflow requirement in May.

Madam President, the above is the speech I delivered in my capacity as the Chairman of the Subcommittee.

Next, I would like to speak on behalf of the Democratic Party. We support this resolution. The resolution explicitly stipulates the actual sum of \$120 billion to be transferred for meeting the cashflow requirement in the next few years. However, in the long term, Democratic Party thinks that the Land Fund should be abolished. The Government should return to the past approach of managing its finance before the creation of the Land Fund, which was very simple. The Land Fund was created for catering the needs arising from the transition. Now the transition is over, there is no need for the Land Fund to exist anymore. For the sake of simplicity, we think the Land Fund should be abolished. Of course, the Government will conduct a consultation on this, but I would like to take this opportunity to express our view.

Upon the completion of this transfer of fund, we hope we can read from the consultation document on the Land Fund that, after considering our view in

great detail, the Government will abolish the Land Fund and transfer the balance of the Fund into the GRA. And it will all go back to the situation before the transition. I so submit. Thank you.

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

(No Member responded)

PRESIDENT (in Cantonese): Secretary for Financial Services and the Treasury, do you wish to reply?

(The Secretary for Financial Services and the Treasury 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 Financial Services and the Treasury 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' motion. Proposed resolution under Article 75 of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China.

PROPOSED RESOLUTION UNDER ARTICLE 75 OF THE BASIC LAW OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA

MR JASPER TSANG (in Cantonese): Madam President, I move in my name that the resolution, which has been printed on the Agenda, on amending the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region (RoP), be passed. The purpose of the resolution is to amend Rule 54 of the RoP by adding Rule 54(5A).

Since the mode of operation of Rule 54(5) has not been strictly consistent with the provisions of the Rule, the Committee on RoP has considered whether it is necessary to amend the Rule.

The Committee on RoP reckons that Rule 54(5) should be complied with strictly, that is, the public officer or Member in charge a bill should consult the chairman of the House Committee (HC) directly on the date of the resumption of Second Reading debate. In this connection, the Committee on RoP proposes to adopt a set of procedures under Rule 54(5) for the consultation on resumption of Second Reading debate. The procedures have been passed in the HC meeting held on 11 April 2003.

I would like to stress one point, in the course of discussing the relevant consultation procedures with the Administration, the Committee on RoP has explicitly reminded the Administration that though the consultation stipulated in Rule 54(5) should have proceeded according to the dates agreed, the public officer in charge a bill should consult the Bills Committee concerned and consider its view in deciding the date of the resumption of Second Reading debate.

In formulating the consultation procedures, the Committee on RoP considers that a mechanism should be established to cater for the special circumstances in which the chairman of the HC is not available for consultation because of his absence from Hong Kong or of other reasons. It therefore recommends that Rule 54(5) of the RoP should be amended to enable the public officer or Member in charge a bill to consult the deputy chairman of the HC under such circumstances. The proposed amendment is also supported by the HC.

Madam President, I would like to urge Honourable Members to support the resolution.

Mr Jasper TSANG moved the following motion:

"That Rule 54 of the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region be amended, by adding -

"(5A) In subrule (5), "the chairman of the House Committee" shall mean "the deputy chairman of the House Committee" if the former is not available for consultation because of his absence from Hong Kong or of other reasons when the Member or public officer in charge of the bill seeks to consult him."."

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

Does any Member wish to speak?

(No Member responded)

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Two motions with no legislative effect. I have accepted the recommendation of the House Committee on the speaking time limit of each Member. Since Members are already very familiar with the speaking time limits, I shall make no repetition here. I just wish to remind you, I am obliged to direct any Member speaking in excess of the specified time to discontinue.

First motion: Vote of no confidence in the Financial Secretary.

VOTE OF NO CONFIDENCE IN THE FINANCIAL SECRETARY

MISS MARGARET NG: Madam President, I move the motion standing in my name. This is the first time a motion of no confidence is moved against a Principal Official after the introduction of the accountability system. It therefore tests the system, and what kind or degree of accountability is required under that system. Because the motion is "that this Council has no confidence in the Financial Secretary", this debate will also decide what standard we are prepared to accept in a Principal Official.

The matter leading to this motion is clear and straightforward. The chronology of events is admitted by the Government and the Financial Secretary. On this chronology, the Financial Secretary bought a new car for his family during the period when the increase of First Registration Tax (FRT) has been actively pursued by the Budget Strategy Group (BSG) which he chaired. By purchasing his car at this time, he saved a considerable sum of money. He never declared this conflict of interest of his own accord until the purchase was exposed by the press on 8 March. He did not declare this at the Executive Council meeting of 5 March when he gave a briefing on the Budget, and Dr YEOH Eng-kiong declared his interest in having ordered a new car. In fact, the Financial Secretary gave an account to the Chief Executive only after the matter was reported by the press on 9 March. Even then, he failed to give the Chief Executive the full picture. In his own words:

"Around 10.20 am, I called the Chief Executive and told him about the newspaper report and that I had bought a car before the Budget Day. I told him that the BSG discussed the FRT twice, the first time around November 2002 and the second time in February when the decision was made to increase the FRT. The car was purchased to carry the baby and I had no intention to avoid tax."

This account was wrong. The most damning fact was omitted: that the BSG held a meeting on 14 January and reviewed a shortlist of items including the FRT. Both a few days before this meeting and a few days following it, Mr LEUNG had been visiting showrooms and test-driving potential vehicles. It is impossible to maintain that he did not pursue his purchase in the full knowledge that the FRT was due to be substantially increased.

Whatever his motive, as a matter of fact, he benefited from insider information. This is in itself a grave misconduct. Every professional man and woman knows this. That it should have happened without the Financial Secretary realizing its gravity was enough to make right-minded people lose confidence in him as Financial Secretary.

Madam President, honour would have compelled a person occupying such a high public office to resign in these circumstances. If Mr Antony LEUNG has resigned at that point, it would not have been necessary to look into the question of his integrity. But he insisted that, in spite of the serious misconduct, he was honest and therefore should be allowed to stay in office. He thereby put in issue the question of his integrity. He has forced this Council to look into the details of this misconduct. In the course of doing so, he has further damaged the confidence not only in himself but also in the Government as a whole.

Indeed, he has invited us to apply a lower standard: that a Principal Official is not required to leave for misconduct unless he has been shown to be dishonest. This is a lower standard than that maintained for a public official who is a civil servant. Prof LAU Siu-kai, Head of the Central Policy Unit, has proposed, indeed endorsed, an even lower standard: that a Principal Official under the accountability system does not have to go for misconduct if the majority of the public in a poll say that he does not have to go. Is this Council prepared to accept either version?

Madam President, on the question of integrity, there are two distinct issues from the start. Whether the Financial Secretary intended to avoid tax is only one of them. The other is whether he attempted to cover up his misconduct. He has focused on denying any intention to avoid tax. But any attempt to cover up is enough to destroy his integrity. On this issue, there is almost too much evidence. I will not go through, tediously, the chronology of the piecemeal disclosure, the discrepancies in the different versions of events given by the Financial Secretary one after another, and the inherent improbability of each of his explanations. I have referred to some of them in

other speeches before this Council, and they are, in any event, well-known to the public by now.

I would, however, like to address the question of timing. Some members of the press have asked me: Is it still worth bringing this motion of no confidence, when all attention is focused on Severe Acute Respiratory Syndrome (SARS)? Is it really such a serious matter, since the sum of money involved is so small for someone like the Financial Secretary?

I agree that motions of no confidence should be brought as soon as possible upon the event giving rise to it. Perhaps the Committee on Rules of Procedure should consider a new procedure in view of the accountability system. However, nothing has happened in the two-months interval which indicates that this motion is inappropriate. On the contrary, the outbreak of SARS forcefully demonstrates to us how vital it is to demand the fullest accountability and truthfulness of public officials. As the title of the editorial of one Hong Kong newspaper says: "The fight against SARS is first a battle for the truth".

The dismissal of two very senior public officials in Beijing for covering up the real situation about the spread of SARS was a development deeply striking to the Hong Kong public. It shows that even the mainland Government realizes that covering up unfavourable facts for the sake of face will not give people confidence in the Government. The dismissals did not further damage confidence. On the contrary, it did much to repair China's image in the world.

Since the exposure of Mr LEUNG's purchase of the car, his popularity has plunged. So has the popularity of the Chief Executive who, in spite of finding the Financial Secretary in breach of sections 5.1 and 5.4 of the Code for Principal Officials under the Accountability System, and accepting the seriousness of the matter, nevertheless considered reprimand a sufficient penalty without requiring his resignation. The Financial Secretary thus remains in his high office having been scolded like a school boy. I find it difficult to believe that any self-respecting Financial Secretary can cling to his position on such terms. In the many messages that I have received since the event, including many from the legal profession, none showed the slightest compunction in expressing a strong view that they cannot respect him, and that he should go.

In an article published in today's *Ming Pao Daily News*, Mr Ronny TONG, SC referred to the high standard of conduct that the Court imposes on a

trustee in the famous case of *Phipps vs Boardman*. The defendant in that case was a lawyer and a trustee. In the course of dealing with trust affairs, he came across a business opportunity which cannot be used by the beneficiaries. The defendant used this opportunity and made a tidy profit. He was sued by the beneficiaries for breach of trust. Ultimately, the Court decided that there was a breach of trust and he was penalized, although he did not act dishonestly. This is because as a trustee, he cannot benefit himself in dealing with the affairs of the trust. The judgement may be harsh, but it has stood the test of time and is right because, says Mr TONG, a person who accepts the trust of another person must not betray his trust. In his opinion, a public official is in the same position as a trustee, because both of their roles are based on trust. He must not betray the trust put upon him.

Once the public have lost confidence in the integrity or ability of a senior public official, everything he does in the future will be subject to suspicion. He can only do a disservice by remaining. Madam President, Mr LEUNG has offered to resign and then withdrawn his resignation when the Chief Executive told him that it was unnecessary. Thereafter, he has insisted he should remain in office so as to serve the public. The public cannot be better served by his resignation, and I urge Members to tell him so clearly and with resolution.

Madam President, I beg to move.

Miss Margaret NG moved the following motion: (Translation)

"That this Council has no confidence in the Financial Secretary, Mr Antony LEUNG."

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

MR HUI CHEUNG-CHING (in Cantonese): Madam President, regarding the incident of the purchase of a private vehicle by the Financial Secretary, I had already conveyed my opinions in the special meeting of the Panel on Constitutional Affairs on 17 March. Today, I do not have any new viewpoint which I wish to add. I just wish to repeat the opinions I expressed at that meeting. First, as noted from the process of the car purchase as narrated by

the Financial Secretary, he really had the actual need for buying a car. Secondly, the Secretary had already tendered his apology. Thirdly, in the face of the economic downturn of the year, the difficulties involved in drafting the Budget had been enormous. The Secretary was focusing his mind on the work of drafting the Budget, and was oblivious of his personal affairs. I feel this should be understandable. However, this incident has rocked the whole society and I think the Secretary should really learn this lesson well.

The most urgent task for Hong Kong now is for us to work together with one mind to boost the economy and solve the problem of fiscal deficit. We all know that, if the problem of fiscal deficit is not solved, and once international rating institutions adjust our ratings downwards, then there will always be the possibility that we will have to pay higher interest rates. Therefore, what we need to do now is to proceed with the Budget and boost the economy, so as to solve the problem of fiscal deficit gradually. Only in this way could we work for the well-being of the people in Hong Kong.

Madam President, I so submit.

DR YEUNG SUM (in Cantonese): Madam President, more than one month has lapsed after the Financial Secretary gave his account of the whole incident in which he purchased a motor car before a tax increase was introduced. But as of today, the Secretary still remains in his office under the misnomer of the Accountability System for Principal Officials (Accountability System) despite the fact that his credibility has been completely lost. This makes Hong Kong a laughing stock in the world.

As the highest-ranking official in charge of the financial affairs of Hong Kong, the Financial Secretary is in command of highly sensitive financial policies and information. His judgement and integrity are of utmost importance. From his action of buying a car before the tax increase and the way he explained and handled the incident afterwards, we can see that he does not possess such qualities at all. First of all, in the process of buying a car before the tax increase, Mr LEUNG had encountered numerous events: He had been asked by a car showroom staff whether there would be a tax increase when he was choosing his car; a meeting of the Budget Strategy Group was held on 14 January; and the Secretary for Health, Welfare and Food Dr YEOH Eng-kiong declared his interests in his purchase of a car at the Executive Council meeting on 5 March. All these events should have reminded

Mr LEUNG that buying a car ahead of tax increase is an act of misconduct, and even if he had already bought one, he should make his declaration accordingly. Mr LEUNG explained that he had tried too hard to "separate private affairs from official businesses", making him unaware of his misconduct. Even if he had not covered up his misconduct intentionally, the Legislative Council and the public would still query his ability. Moreover, the information exposed thereafter shows that he had repeatedly tried to cover up the truth, which had consequently destroyed his credibility altogether. He held a press conference only after the press reported his car purchase on 9 March. This showed that he had no intention of reporting the incident on his own initiative. Even the declaration of interests by Dr YEOH on 5 March failed to alert Mr LEUNG. Secretary LEUNG explained that he was busy reviewing the financial budget as the meeting was drawing to a close. With this explanation, we could hardly believe that he was not covering up his misconduct. His resignation letter was also a matter of doubt. Mr LEUNG did not give any explanation on the incident during the period between 9 March and 14 March. When did he write his letter of resignation? Mr LEUNG kept revising his "statement" on this. At first, he said he wrote his resignation letter on the evening of 10 March and handed it to his secretary on 11 March for typing. Later he said that the letter was formally handed to the Chief Executive on the 12 March and that it was typed by his administrative assistant. How could he convince the public if he kept making mistakes about his "statement" and revising it again and again?

Although the Chief Executive confirmed in his letter to Mr LEUNG dated 15 March that Mr LEUNG had violated sections 5.1 and 5.4 of the Code for Principal Officials under the Accountability System ("the Code"), he was of the opinion that Mr LEUNG did not have to resign. The Democratic Party thinks that the approach of the Chief Executive in handling the incident is wrong. If a similar case takes place in a democratic country, the only way the Government can maintain its credibility is to disclose the incident promptly, accurately and fully. If the incident involves integrity or conflict of interests, the official involved should resign as soon as possible of his own accord. If an official has been negligent in "forgetting" that he should avoid arousing doubt or "forgetting" that he should declare his interest, his extremely low alertness and the act of causing people to doubt his integrity are sufficient reasons for his downfall. Other Members of the Democratic Party will further elaborate this point later. However, this is not the only mistake that Mr LEUNG had made. After this mistake, Mr LEUNG did not give a full account of the incident promptly, accurately and fully. On the contrary, he gave details of the

incident in a piecemeal, bit-by-bit approach as if he was squeezing a tube of toothpaste, so carefully that it seemed he was trying to conceal his act as much as possible. This defeated the whole purpose of the Accountability System. The Secretary and the Government abandoned all possible solutions that could have saved their credibility. The only option left is his resignation which would reflect his sincerity to admit his blunder and his courage to shoulder the responsibility.

If our accountability officials disregard the Code and refuse to take up the responsibility for their blunders, then the Accountability System will collapse. When there are problems with the integrity of an accountability official or when such an official is suspected of having conflicts of interest in his behaviour, how could other civil servants be convinced if the official could remain in his office if he has not declared his interests? The civil servants will surely ask why the Code is more relaxed than the regulations governing civil servants. If Secretary LEUNG does not resign, how can the public and civil servants have confidence in the Accountability System?

As Prof LAU Siu-kai, Head of the Central Policy Unit, said in a press interview that, the way the Chief Executive and Secretary LEUNG handled the incident would "form a precedent, an example that will have far-reaching impact." He also said, "If the punishment is too severe, (it) will affect the morale of other officials, deterring aspiring politicians from joining the Government." However, since how the Chief Executive and the Secretary handle the incident will form a precedent and will have far-reaching impact, and we believe that the mistake made by Secretary LEUNG was a serious one, therefore, as what I have said, there are doubts on the integrity of Mr LEUNG and he should resign. We disagree with Prof LAU who said that aspiring politicians would be deterred from joining the Government if the punishment was too severe. In fact, aspiring politicians should be prepared that, once they are appointed accountability officials, they should comply with the Code. For example, they should be aware of any possible conflict of interests at all times; in some cases, they need to avoid doubts and make declaration of interests and so on. If he is not prepared to comply with the Code, he should not become an accountability official at all.

Madam President, in conclusion, Secretary LEUNG, firstly, should not ignore the constraints on a public officer by purchasing a car openly, and secondly, he failed to make a declaration of interests even after the incident was

exposed. Lastly, under the protection of the Chief Executive, he shamelessly remains in his office of the Financial Secretary. Recently, the Chief Executive specially appointed Mr LEUNG to be the Chairman of the Economic Relaunch Strategy Group to let him do something to compensate for his wrongdoing. Nevertheless, I think appointing somebody with integrity problems like Mr LEUNG to take up such an important post will produce negative effect and will seriously affect the international reputation of Hong Kong.

In fact, it is very important for Mr Antony LEUNG, being the Financial Secretary, to safeguard the interests of the public. To safeguard public interests includes the act of maintaining the basic trust of the local and international societies in the whole Government and its financial policies. This kind of trust is highly related to the integrity of Mr LEUNG. However, just as what I have mentioned, there are doubts on the integrity Mr LEUNG in the whole incident. He failed to protect the interests of the society of Hong Kong, or to safeguard, establish and strengthen the reputation and image of Hong Kong as an international financial centre. The Democratic Party makes a clear statement that the only option is: Mr LEUNG should make up his mind to accept the opinion of the public, the suggestion of our colleagues as well as the motion moved by Miss Margaret NG, namely, to resign from his office without hesitation. Thank you, Madam President.

MR HOWARD YOUNG (in Cantonese): Madam President, regarding the incident of the purchase of a car by the Financial Secretary Mr Antony LEUNG, this Council has held several discussions on it. For example, in a meeting of the Panel on Constitutional Affairs on 17 March, the Financial Secretary came to the Legislative Council to explain the case in person and answered questions raised by Members. Dr YEUNG Sum of the Democratic Party had moved the motion and made the suggestion twice in this Council for the setting up of an independent select committee to investigate the case. However, after detailed discussions among Members, the motion and the suggestion had been voted down respectively. Therefore, I think, there is not much necessity in moving a motion of no confidence in the Financial Secretary at this moment.

In fact, the Chief Executive, the Financial Secretary and the relevant authorities have provided adequate clarification on the car purchase incident to respond to questions raised by the public and to alleviate the concern of the people. The Government has even released documents such as part of the

minutes of a meeting of the Executive Council and the letter written by the Financial Secretary to the Chief Executive. From this, we can see that the Government has adopted an open attitude and does not have any deliberate intention in concealing anything.

Besides, the Chief Executive has also openly criticized the Financial Secretary for having committed a mistake of gross negligence. We, Members of the Liberal Party also consider that the mistake really amounted to gross negligence. However, the Chief Executive thought that, as the Financial Secretary did not avoid the tax liability intentionally, so he did not accept the resignation of the Secretary. On the other hand, the Secretary also humbly accepted the criticism made by the Chief Executive, admitted the error made and openly apologized to the people of Hong Kong on several occasions.

The Liberal Party is of the opinion that, the Financial Secretary Mr Antony LEUNG should naturally be criticized for the gross negligence involved in the mistake he made due to oversight. However, such a mistake was not so serious as to warrant "his decapitation" and not otherwise. For a Senior Secretary, an open criticism is already a very severe punishment. In history, there had not been any Governor making such criticisms against his subordinates. Meanwhile, the Financial Secretary had also once offered to resign of his own accord. This showed his sincerity as well as his remorse in taking up the responsibility of his blunder. Therefore, we should not insist on pursuing the incident any further.

However, certain Members are still insistent on pursuing the incident, just like "a dog which bites and does not let go of its victim". They go as far as exaggerating the incident to the level of principles. They have a lust for "blood", and long to see "his decapitation". Such mentality is beyond our comprehension. May I ask: If an official is forced to step down whenever a mistake is made, will this solve all the problems? With such a persistent approach of pursuing the incident, they will deal a great blow to the authority of the Government, what good will this bring to Hong Kong as a whole?

Now, Hong Kong is facing an unprecedented hard time. The first priority task for the Government is to concentrate all its efforts on fighting the battle against SARS, so as to overcome it and boost the economy as soon as possible, thereby enabling everyone to get back on to the normal track of their daily life and restoring the prosperity and stability of Hong Kong. All the

different parties, all the different industries and even all the people should strive together in one mind to achieve this goal. This is what we call the pragmatic and realistic approach.

Madam President, I so submit.

MS AUDREY EU (in Cantonese): Madam President, it has been two months since the exposure of the purchase of a car by Mr LEUNG without making any declaration of interests. I do not need to recount the process and details of the incident, which I believe everyone knows very well. Today, I wish to focus on the implications behind this motion, that is, whether the Financial Secretary should step down from his office because of this incident.

Some people said that the amount of money involved was so small that it would be too severe a punishment to have Mr LEUNG removed from his office. Some other people said, as atypical pneumonia had seriously affected the economy of Hong Kong, it is not the right time to replace the Financial Secretary. Instead, we should give him a chance to do something to atone for his fault. However, this incident involves an important principle. Of course, it is a virtue to forgive others for their wrongdoings and to offer them new opportunities to make a fresh start. But on the political level, some mistakes are beyond remedy, and we cannot turn the clock back. In the course of buying a car, Mr LEUNG has completely ignored the conflict of interests involved, which is a very basic requirement for senior officials. As he is unable to fulfill this basic requirement, the public will lose confidence in his integrity and ability as a Financial Secretary. Such losses are irrecoverable.

The Chief Executive thinks that we should give Mr LEUNG a chance to atone for his wrongdoings by zealous service. In doing so, we shall set a precedent. If any other official under the accountability system or any civil servant also commits similar gross negligence or mistake, shall we also offer him or her one, two or more chances? Will the moral standards of our society be changed as a consequence?

Madam President, let me quote an example, which did happen in the realistic world. After the car purchase incident was exposed, someone asked my husband in the racecourse whether he would bet on any horse on that day, and my husband replied, "I am the Racing Steward today. I cannot make a

bet." That person responded, "Why not? Even the Financial Secretary can buy a car in such a way!" Madam President, in fact, this response reflects that what the Financial Secretary had done has set a very bad example. I hope both Mr TUNG and Mr LEUNG understand that all sectors in the society, including senior government officials, are making them the subject of criticism in their daily casual conversations. People are worried that having set such a precedent will hamper the authority of the government, the operation of the accountability system, the international image of Hong Kong, as well as the moral values of the society. Such negative impact is beyond repair.

In foreign political worlds, we can see many cases in which government officials voluntarily resigned from their offices once they made a mistake or did something that might involve a conflict of interests, even if the nature of the incident was not too severe or no dishonesty was involved. They resigned because they wanted to relieve public concern and recover public confidence in their respective governments. Being a top government official representing Hong Kong and the third highest-ranking official of the Special Administrative Region, Mr Antony LEUNG will turn Hong Kong into a laughing stock in the international world if he insists on clinging to his office. Other governments may wonder why we cannot find a better person to replace him.

In fact, the Financial Secretary is in command of government assets amount to trillions of dollars and takes charge of important policies on economic, financial, public finance and other affairs. He will be in contact with a lot of sensitive information. He will make many decisions with far-reaching implications, such as whether the pegged exchange rate system should be abolished, whether enterprises and management personnel with misconduct should be prosecuted and so on. If the public doubts the integrity of Mr LEUNG, all his future decisions will be queried, in which case the Government will face a lot of difficulties when launching new policies. Is it good or bad for Hong Kong if its Financial Secretary has become a "lame duck"? Someone is worried about the difficulty of finding a replacement after the departure of Mr LEUNG. I hope the extent of lacking in confidence on the part of Hong Kong people would not make them believe in the impossibility of finding a better replacement for the "lame duck" Financial Secretary.

We can now see the immediate consequence of the car purchase incident. A few months ago, the report of the Panel of Inquiry on the Penny Stocks Incident recommended that the authority of the Hong Kong Exchanges and

Clearing Limited (HKEx) to approve listing matters should be handed over to the Securities and Futures Commission (SFC) in order to avoid possible conflicts of interests. At first, Mr LEUNG agreed to the recommendation, but when HKEx subsequently launched strong lobbying efforts, the Government, which has long been in a passive position, was forced to change its mind and shelved the reform. Many press reports attribute this to the lack of authority on the part of Mr LEUNG.

From this tug of war between HKEx and the Financial Secretary, we find that when a government official lacks of popular support, it will become more and more difficult for him to put forward reforms as those affected or with vested interests will be unwilling to listen to him. According to the latest poll conducted by a public opinion website run by the University of Hong Kong, the rating of Mr LEUNG dropped significantly from 65.4 in March last year to 40.4 only. We are concerned that more and more cases similar to the HKEx incident will take place, and in future, Mr LEUNG will face even greater resistance in monitoring financial institutions.

I hope Mr TUNG and Mr LEUNG understand that public governance is different from corporate governance and has nothing to do with personal relationship. Some principles cannot be compromised. Some incidents, once happened, are irreversible. No matter how he sympathizes or feels sorry for the Financial Secretary, the Chief Executive should observe the rules of the game of modern politics. There should not be any doubt from the public on the integrity of senior officials, as most citizens are unable to know whether the decisions made by the Secretary every day are justified and whether any conflict of interests exists. For this reason, a Financial Secretary who is being doubted must step down. I sincerely request Mr LEUNG to resign from the post of Financial Secretary for the benefit of himself and others, in order not to remain to be a burden for the Government.

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

DR DAVID LI: Madam President, the motion before us asks this Council to endorse a formal declaration of no confidence in the Financial Secretary.

I believe that we should do so only if one or both of the following two conditions is met:

One: The Financial Secretary purposefully timed the purchase of a new car in order to avoid tax; or

Two: The Financial Secretary conspired to conceal his purchase from the public.

The facts before us provide no evidence to support either premise.

The Financial Secretary has given up a lucrative career in banking in order to serve the people of Hong Kong. The amount that he would have saved in tax pales in comparison with the salary and bonus that he willingly gave up when he joined the Hong Kong Government.

The Financial Secretary has offered a detailed explanation of his actions, and has apologized. He has received a public reprimand from the Chief Executive, who noted that the Financial Secretary had contravened sections 5.1 and 5.4 of the Code for Principal Officials under the Accountability System (the Code).

While we should not condone any transgression of the Code, we must weigh the formal response from this Council carefully. I see no useful purpose in singling out the Financial Secretary for further sanction. As such, I am unable to support the present motion.

Nevertheless, I believe that this incident has important implications for the accountability system and for political development in Hong Kong.

The accountability system has significantly strengthened the executive arm of the Government. The Executive Council, upon which all Principal Officials sit, has been transformed. It is no longer a consultative body. It is now Hong Kong's supreme policy-making organ.

The Principal Officials are neither elected to public office, as is the Cabinet under the British parliamentary system, nor confirmed following hearings by the legislature, as is the Cabinet under the United States presidential system. Nor are they career civil servants, steeped in a tradition of public service. Principal Officials serve at the sufferance of the Chief Executive. As such, it falls upon the Chief Executive, and the Chief Executive alone, to enforce the Code.

This is a sharp departure from the past, when Policy Secretaries were appointed from within the ranks of the Civil Service. Under the former system, there was a well-defined disciplinary regime. A decision to sanction an official did not fall on the shoulders of a single individual.

The question that we must ask is: Does this new disciplinary regime, which concentrates all responsibilities on the person of the Chief Executive, serve Hong Kong well?

On 15 March, when public pressure on the Financial Secretary was at its height, we witnessed the Chief Executive take the unprecedented step of releasing his personal letter of reprimand to the Financial Secretary. The Chief Executive was actively involved, not only in disciplining the Financial Secretary, but in managing the political fallout as well.

The current structure of the accountability system forces the Chief Executive to be the judge, executioner and publicist in administering the Code.

Is this an appropriate structure? Would a different structure help to depoliticize any action to be taken under the Code? Would that, in turn, help to strengthen the smooth operation of the Government?

The weakness of the current system was highlighted when questions were raised about the timing of the Financial Secretary's resignation letter and the Chief Executive's response. Some expressed the opinion that the whole exercise was a charade, aimed at appeasing public opinion.

The structure of each arm of the Government affects the overall quality of our political system. It is a lesson that we must remember as we proceed along the road of constitutional reform as outlined in the Basic Law. As we proceed, we must ensure that all the institutions that we create are sufficiently robust to serve Hong Kong well, no matter what event or crisis may arise.

Thank you, Madam President.

DR PHILIP WONG (in Cantonese): Madam President, regarding today's motion of no confidence, I wish to make two points of comment.

First, I do not believe that we must find saints to take up the public offices in Hong Kong. Of course, I also do not believe that there are so-called "perfect saints" in this world. I believe that, among the people working under the Chief Executive, each has his or her own strengths and weaknesses. The Chief Executive has been able to make good use of the strengths of his subordinates, and he has been able to forgive their weaknesses. While he has stringent requirements for them, he also treasures and loves talented persons working under him. I feel this is the right mentality for a good leader. I also believe that, public officers, be they of senior or junior ranks, should feel happy for having leaders with such mentality. To be fair, if public officers in Hong Kong have to live under the shadow of "decapitation" from time to time, it is not fair to them, and it will not be helpful for the overall development of the Hong Kong Special Administrative Region (SAR) either.

Today, I have no intention of defending the Financial Secretary. However, in the car purchase incident, I think he had just committed a mistake due to oversight, actually it is not necessary to give him a death sentence. As for the accusation that the Financial Secretary is a person who has no integrity and is greedy for small gains, if this is true, I think it would be hard to imagine how he could work for such a long time in the banking sector which treasures integrity so much, and that he had been so successful in it.

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

Second, I think the most urgent task of Hong Kong at the moment is to concentrate all its energy on fighting with a united heart to overcome the economic crisis brought by Severe Acute Respiratory Syndrome (SARS). The World Health Organization and public opinions in the international community have just made some mild comments on the SAR Government in this outbreak and there is no mention of the need to "replace the chief warriors in the middle of a battle". In fact, the Chinese saying of "replacing the chief warriors in the middle of a battle" does not always have the effect of motivating the people. Instead, such an action is always seen as an unwise move which is not constructive.

I have one piece of advice for the Financial Secretary: Learn a lesson from this painful experience. As long as he can recognize his own negligence,

sincerely accepts the criticisms made by the people, learns the lesson and tries his best to work with the Chief Executive in boosting the local economy which has been hard hit by the SARS outbreak, then the people will still understand and accept him even though he has made some slight blunders. Hong Kong is at a disastrously difficult time; we should support the Government in its effort of leading the people to survive the present difficult crisis. If we expect a public officer to be perfect in terms of his political wisdom, integrity and ability, and we want A to step down today, or we want B to step down tomorrow, then who dares to come forward to serve the people in future? How can Hong Kong overcome SARS? How can our economy steer itself away from the downturn at the earliest possible time?

Lastly, I would like to quote the words of the Prime Minister Mr WEN Jiabao. Some days ago, the Prime Minister attended a conference on SARS in Bangkok. In replying questions raised by the press, he said, "At the moment, what Hong Kong needs most is support, understanding and unity. These are more important than anything." As a member of Hong Kong, I feel that this reminder is really enlightening and inspiring.

I so submit.

DR RAYMOND HO: Mr Deputy, if I remember correctly, the Chief Executive made the following remarks at a media session held on 10 March this year after the revelation of the car purchase of the Financial Secretary: "I have asked again and again all my colleagues in the Government when it comes to issues of conflict of interest, we need to be whiter than white, apply the highest standard of oneself."

In this sense, the Financial Secretary has obviously failed to live up to Mr TUNG's expectation with his purchase of a car shortly before the announcement of the increase in motor vehicles' First Registration Tax. According to the explanations given later by himself at meetings of the Panel on Constitutional Affairs, he made the "unintentional mistake" under the heavy pressure in both his private and public lives. He added that he deliberately and distinctly separated his public and family affairs with the consequence that the tax hike and car purchase were totally disconnected in his mind.

To me, his explanation was not convincing at all. What he has done could easily aroused public suspicion of conflict of interest. As a Principal

Official, he should uphold the highest standards as set out in the Code for Principal Officials under the Accountability System published in the Gazette on 28 June 2002. With his two years' experience in the Government, Mr LEUNG should have been familiar with related civil service practice and rules. Moreover, his employment contract contains explicit provisions to guard against conflict of interest.

Indeed, a high standard of personal conduct and integrity of Principal Officials is also expected from this Council. As I can recall, the Panel on Constitutional Affairs held its meetings on 9 July, 7 and 21 October 2002 to discuss prevention of conflict of interest and related issues of Principal Officials under the then newly established accountability system.

Basically, stringent standards are set down within the Administration, too. Mr LEUNG set up a Budget Strategy Group (BSG) for the preparation of the Budget with guidelines and rules of conduct for members of the BSG. Being the Chairman of the BSG, Mr LEUNG should be well aware that he, like any other members in the BSG, must keep a high standard in the prevention of conflict of interest. He should not be above the rules in any circumstances.

Having said that, I do believe that Mr LEUNG really regrets what he did. He must have learnt a great lesson too as he indicated in his reply to my query raised at the Panel on how he could continue to serve the public and to prepare the next four budgets. He also promised that he would try his best to serve the community.

Let us give Mr LEUNG a second chance, not for his own sake but for the well-being of Hong Kong. As our economy, already in doldrums, is pushed into further trouble with the outbreak of Severe Acute Respiratory Syndrome, change of the Principal Official in charge of financial affairs is the last thing that we need. After all, it is not easy to find a replacement with solid background and experience as that of Mr LEUNG at such a critical moment.

Mr Deputy, I understand the frustration that some of our colleagues may feel if Mr LEUNG is allowed to get away with what he has done. However, his departure from the Administration will certainly bring more uncertainty to Hong Kong and will possibly do more harm than good to Hong Kong. I so submit. Thank you.

MR LAU PING-CHEUNG (in Cantonese): Mr Deputy, since the purchase of a car by the Financial Secretary, Mr Antony LEUNG, ahead of the publication of the Budget came to light, public opinion, the media, and even this Council have made repeated attempts to make him stand "public trial". The entire incident, from its beginning to end, even including certain details related to the Executive Council, has been disclosed in minute detail. To a certain extent, it is unfair to subject the Secretary to repeated "public trials" in this manner. Notwithstanding this, I would like to briefly give some of my views on the incident for record purposes.

There is indeed a conflict of interests in the Financial Secretary's decision to purchase a new car ahead of an increase in vehicle first registration tax in the new fiscal year while failing to report the purchase. In this connection, the Chief Executive has given him a public criticism and he has once tendered his resignation.

In retrospect, the Secretary relinquished his extremely high-paid career with a private organization and joined the Government to serve the public. The new mode of thinking and challenges brought to the bureaucratic culture by him, whether positive or negative, are evident to the general public. The later events concerning his marriage and his wife's pregnancy are also publicly known. So, his need to purchase a saloon to transport his newborn baby girl is not fabricated. It is not altogether convincing that he has deliberately abused his office for personal gains.

I have, on a previous occasion, publicly stated that I believe it was inadvertent of the Financial Secretary to have bought a new car without reporting the purchase. Should the Financial Secretary, as some people assumed, really buy a new car in a deliberate attempt to abuse his office by seeking person gains, his "premeditation and preparations" were indeed extremely poor. We can see this from a trivial matter and, that is, when the media enquired the Secretary about the incident, he acknowledged his mistake and undertook to donate double the amount of the difference in tax to charity, and subsequently \$100,000 was donated to the Community Chest. Several days after, realizing the tax difference should be \$190,000, the Secretary made another offer to make up for the shortfall. Mr Deputy, we can see from this trivial matter that it has absolutely not occurred to the Secretary how much tax can be saved for him to buy a car before or after the tax increase? Judging from the usual smart performance of the Secretary, the only reasonable explanation is that he has made an advertent mistake this time.

Now that the Secretary has publicly admitted his mistake and he has been criticized by the Chief Executive for the unintentional mistake he has made, I think this matter should come to an end. I so submit.

MR IP KWOK-HIM (in Cantonese): Mr Deputy, the Democratic Alliance for Betterment of Hong Kong (DAB) opposes the motion moved today by Miss Margaret NG on a vote of no confidence in the Financial Secretary.

With atypical pneumonia going unchecked in Hong Kong for nearly two months, it is indeed encouraging to see that the number of new infected cases has recently come down to a single digit. In the past two months, apart from the suicide of Leslie CHEUNG and his funeral which dominated the newspaper headlines, atypical pneumonia has made headlines for the rest of the days. In a telephone questionnaire survey conducted by the DAB lately, members of the public were invited to rank matters of their concern and that they considered must be handled expeditiously by the Government. They include preventing the continuous spread of atypical pneumonia, resolving the deficit problem facing the territory, creating job opportunities, resolving the unemployment problem, conducting an investigation into the suspected car purchase by the Financial Secretary for tax evasion, assisting various trades and industries in overcoming their operational difficulty, improving the sanitation of the local living environment, conducting a constitutional review, and striving for universal, direct elections for the Chief Executive and the Legislative Council. It was eventually found that, among the nearly 700 respondents, regardless of their academic qualification and amount of incomes, it was unanimously thought that the Government's foremost task is to identify ways to prevent the spread of atypical pneumonia. Of the seven incidents, the incident related to the suspected "car purchase for tax evasion" by the Financial Secretary ranked last and scored the lowest points. It was also learned from the information gathered in a survey conducted by the Central Policy Unit that, even after the occurrence of the incident, 60% of the 1 200 interviewees consider it unnecessary for the Financial Secretary to resign because of this incident.

Apart from this motion moved today by Miss Margaret NG to demand discussions be held in relation to this incident, this Council has, in a matter of two months, held four discussions (including two held by the Panel on Constitutional Affairs, one by the House Committee and another by this Council) with respect to the "car purchase and tax evasion" incident. Since

17 March, the Secretary, Mr Antony LEUNG, has appeared in a number of meetings to give a full account of the incident to Honourable Members, and to explain and account for the incident. At the same time, detailed discussions have been held by Honourable colleagues with respect to the incident and supplementary information has also been submitted to Honourable Members by the Government as requested. I believe every colleague in this Chamber has made their own judgement. Colleagues having spoken earlier have also fully made their position known.

Here I would like to reiterate the position held by the DAB once again. The DAB is of the view that what the Secretary has done amounted to "gross negligence". The DAB has also noted the fact that the Secretary has admitted on numerous occasions that he had handled the matter negligently and has apologized to the public. The DAB supports the judgement made by the Chief Executive with respect to the incident. The DAB is of the view that what the Secretary has done was not out of a greedy thought of saving hundreds of thousands of dollars or because the Secretary had problems with his personal integrity. Therefore, it is not justified to cast a vote of no confidence in the Financial Secretary. The DAB has also noticed that, before the Secretary took up the official post of the SAR Government, he was the Chief Executive Officer of the Asia-Pacific office of a multinational financial institution and earned more than tens of millions of dollars annually. However, he was still willing to relinquish his extremely well-paid career for the sake of serving the people in Hong Kong. Moreover, after becoming a principal accountable official, he donated more than \$300,000, the full amount of the difference in salary, to charity. All this can indeed prove that Mr Antony LEUNG is not greedy for small gains.

Mr Deputy, as atypical pneumonia is rampant in Hong Kong, the territory has all of a sudden become a "city of masks". The severe challenges facing the economy and all trades and industries are incalculable. The foremost task for a public opinion representative responsible for monitoring the Government is to discuss with the Government efforts to be made to enable Hong Kong to weather this difficult period, which has brought damages even deeper than those inflicted during the financial turmoil, in order to rebuild the international community's confidence in the territory. In addition, it should discuss ways to expeditiously curb the spread of the epidemic and implement arrangements for enhanced economic liaison with Guangdong Province with a view to minimizing the adverse impact of atypical pneumonia on Hong Kong

economy. Days ago, the Government unveiled five major measures as well as announcing the establishment of such organizations as Team Clean, the Economic Relaunch Working Group, and a preventive and control centre for infectious diseases. The DAB is strongly supportive of all these initiatives. Trade representatives most affected by the disease, people in the business sector, economic experts, academics, and so on, were invited last Sunday by the DAB to make an in-depth investigation into ways to resume and stimulate Hong Kong economy in future, and the relevant recommendations had been forwarded to the Financial Secretary yesterday. In the opinion of the DAB, what we need most at the moment is to form ourselves into a united front to relaunch Hong Kong economy. It is also our foremost task to make concerted efforts to curb the continuous spread of atypical pneumonia.

With these remarks, I oppose Miss Margaret NG's motion on behalf of the DAB.

Thank you, Mr Deputy.

MS EMILY LAU (in Cantonese): Mr Deputy, I rise to speak in support of Miss Margaret NG's motion. I disagree with deputy chairman of the DAB, Mr IP Kwok-him, who said that it is now time for all the people in Hong Kong to get united to combat atypical pneumonia. While combating atypical pneumonia is compulsory, I do not think Hong Kong can only tackle one matter at a time.

I once criticized some people who said that Hong Kong preferred to be quieter and no longer wished to hear so much noises. I asked them whether they had watched television, listened to radio, read newspaper, or took a look at the streets and realized that there was so much noises in Hong Kong. As such, I believe Hong Kong is absolutely capable of handling a number of tasks simultaneously, as we are expected by many people to be capable of doing so. Of course, we will do our utmost in tackling atypical pneumonia, but this does not mean we will not criticize the Government.

I am supportive of this motion moved by Miss Margaret NG. However, I must say it again that, Mr Deputy, I have all along been supportive of investigating the matter. All enormous mistakes must be thoroughly investigated before a report can be compiled to give a clear account of the entire incident, and a conclusion to be drawn afterwards. It is extremely

regrettable that the Chief Executive has at the very beginning rejected my proposal of appointing a judge to investigate the matter independently. Mr Deputy, the motion moved by the party to which you belong is also rejected and, as a result, the matter has reached this stage today. Of course, the incident is not going to end today. Although this motion is set to be vetoed, the really interesting part of the show is yet to come, so to speak. That which would create the greatest sensation will be the investigation to be carried out by the Independent Commission Against Corruption (ICAC). In my previous speech, I mentioned that I would talk about the ICAC. I had finally failed to do so because I had miscalculated the time. Even after I had left this Chamber, I was asked by Mr HUI Cheung-ching what approach I would take in delivering my speech about the ICAC. Therefore, today I have to devote my speech to this matter first because I am afraid that I might not have the time to talk about it later.

Though it was impossible for this Council to prevent the ICAC from carrying out the investigation, I was extremely worried about the investigation and, in this connection, I decided to raise a question in this Council. This is because, after the occurrence of this incident, I was immediately approached by someone talking about social institutions, and I was told that it was believed the Chief Executive had brought up the matter with the Commissioner, ICAC. Although I did not have any evidence, nor did I wish to speculate too much, the reply to the question raised by me confirmed a meeting between the Chief Executive and the Commissioner in mid-March, though the reply would not reveal whether the matter had been brought up in the meeting. Mr Deputy, I have to say that no one should be allowed to trample on the credibility of the ICAC, and I hope the investigation can be expeditiously carried out. It still perplexes many as to why it has taken so long for the matter to be resolved. But I really hope the investigation can do justice to all the people involved.

The Financial Secretary has now decided to continue his office. Today, a number of colleagues raised the same point that should the Secretary resigned right at the very beginning, the matter should have come to an end already, and it would be unnecessary for us to do so many things. I will give all my consent should the Secretary choose to resign. In my opinion, what he has done is incomprehensible by many. Why should he act in that way? Has he really gone to such an extreme in separating his personal matters from his public office? As questioned by Mr Andrew CHENG, what will he do if his wife asked him to speculate on the selling of the Hong Kong dollar? Should his speculation lead to a big financial turmoil, is he going to tell us again that it

is all because he has separated his personal affairs from his public office? No one can really understand this.

Some people blamed this on his past careers with the business sector. Actually, conflicts of interests are even more severe in the business sector. I believe the Secretary, Mr Frederick MA, who is seated here, should know it is untrue that there is no conflict of interests in the business sector. Both the business sector and the political circle are having the same problem. We can simply not understand why the Secretary would have done this.

Furthermore, how can the Secretary face the civil servants, not to mention facing millions of people in Hong Kong? We have the impression that some civil service regulations are excessively tedious. It takes several years to investigate even a trivial matter. Nevertheless, the Chief Executive has surprisingly been able to complete the investigation in a couple of days. Yet not a single paper was issued in connection with the case. Should the investigation have actually been completed, a report should be published for the information of the public. This can prevent someone from giving this Council an incorrect date of resignation and having to make corrections again and again. Mr Deputy, I cannot but to quote the comment made by the University of Hong Kong following its investigation that the approach taken was very inferior.

I do not concur with a remark made by the DAB earlier that it concurs to the way the matter was handled by the Chief Executive. In my opinion, the matter was handled very poorly, though there was nothing to be disappointed about. This is because most people do not have any expectation of the accountability system for principal officials. Why? We hope to choose the one who governs Hong Kong through the "one man, one vote" electoral method because only in doing so can genuine accountability be achieved. However, this is not the way principal officials were elected. In my opinion, the Financial Secretary should be condemned for the mistake he has made. Therefore, I support Miss Margaret NG's motion.

Actually, it is not yet certain that this Council will definitely not vote in favour of the no confidence motion. This Council did vote in favour of the no confidence motion moved against Mr Tony MILLER and Ms Rosanna WONG. The only conclusion I can draw is that it does not occur to a number of Members today that the incident is as serious as the one involving Mr Tony MILLER and Ms Rosanna WONG. Of course, I think it is wrong for Members to think in this way. Even the business sector and the public in

general "shake their heads in disapproval" in response to what the Financial Secretary has done. However, it is the main responsibility of the Financial Secretary to face the business sector. If many people in the business sector lose faith in the Secretary because of the incident, how can he carry on with his duties?

In my opinion, we should not mind the business of the TUNG Chee-hwa group if it chooses to keep on damaging itself. Yet I believe many people in Hong Kong are hoping to find a way to end the stalemate. Can all the matters be resolved once the Financial Secretary steps down? Certainly not. It will be a lot better if Mr TUNG is willing to step down instead because a new prospect might be opened up. As remarked by Miss Margaret NG earlier, many people considered the Financial Secretary had made a mistake. I personally heard many people say that the matter must not be taken lightly. However, I have to explain to them that this Council has neither the power nor ability to do so. I have no idea what the Chief Executive will do if the no confidence motion is not passed. This is because our initial idea of setting up an accountability mechanism in this Council was rejected by him. The Chief Executive once said that the motion, even if it is passed, would be one of his considerations only. This shows that we do not have this power. Actually, it is not true that we do not have this power; it is only that our colleagues are not willing to exercise this power today. Therefore, I must reiterate that I hope a fair investigation can be carried out expeditiously by the ICAC. I also hope the investigation will be free from intervention. Otherwise, Hong Kong's rule of law, the cornerstone of Hong Kong's success, will be completely destroyed. I so submit.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy, I would like to respond to the comments made by a few Members earlier.

According to Mr Howard YOUNG, Mr Antony LEUNG's purchase of a car before raising tax is merely an inadvertent mistake, and it was not so serious that he should be beheaded. Actually, the no confidence motion moved by Miss Margaret NG, even if it is passed, will at most result in Antony LEUNG's dismissal. How can we possibly behead him? After stepping down, Antony's head will still be safe on him, only that he will no longer be wearing the black gauze official cap used to be worn by the Financial Secretary. So, what will really happen is the disappearance of the Secretary's black gauze cap, not his head.

However, saying that it was an inadvertent mistake would conceal the crux of Antony LEUNG's scandal, which is the issue of integrity. Antony made a terrible mistake by purchasing a car before the tax increase. He even tried to resort to sophistry to defend himself by blaming his failure in declaring interests in the car purchase on his deliberate attempt to separate personal matters from his public office. Even when YEOH Eng-kiong declared interests in purchasing a car, Antony still failed to follow suit. His integrity is completely lost as a result of his deliberate attempt to conceal his mistake. Government officials may make mistakes; they must not, however, lack integrity. Now he who lacks integrity is the Financial Secretary, who is responsible for managing the financial reserves of the territory. One betrayal is too many. Unlike buying vegetable in the market, there can be no bargaining of integrity.

As for the second argument, it was pointed out by Mr IP Kwok-him that although Antony LEUNG was wrong, all of us should get united as atypical pneumonia remained unchecked. TUNG Chee-hwa has even indicated that Antony LEUNG should be allowed to make amends for his wrongdoings by good deeds. Mr Deputy, only a "crony" can be allowed to make amends for his wrongdoings by good deeds. Even Mr IP Kwok-him has once raised this question: What will happen if the one who bought the car by illegitimate means is an ordinary civil servant or another financial official, not Antony LEUNG? He will definitely be executed on the spot or even be brought to court. However, the penalties imposed on civil servants are not applicable to cronies. Even before reading the report submitted by Antony LEUNG, TUNG Chee-hwa had already ruled that the mistake made by the Secretary was unintentional. It was only after the matter got increasingly worse and more and more scandals were dug up then the Secretary was described as having breached the Code and that he should be criticized for his highly inappropriate behaviour, though resignation was unwarranted.

There is an old Chinese saying concerning governance of a country. It literally means one should not forget people of low standing when offering rewards and not spare high-ranking officials when imposing punishments. Yet the TUNG Chee-hwa's Government is precisely going the other way round by dismissing and prosecuting other government officials but showing favouritism and indulgence to its cronies, and concealing their mistakes in a bid to protect them. From now on, the accountability system is like a sheet of waste paper: only its cronies will be taken care of and it would not be able to tell the right from wrong. Making amends for wrongdoings by good deeds, so to speak, is

merely a disguise for "the rule of man" and an excuse for shielding "cronies". Who is holding the crystal ball and who is allowed to decide whether Antony LEUNG can make amends for his wrongdoings by good deeds? Why only Antony LEUNG is allowed to make amends for his wrongdoings by good deeds, while other officials have to face dismissal and prosecution?

To stand united in the combat against atypical pneumonia is not the same as standing united to shield Antony LEUNG. Neither does it mean going to such an extreme as to confusing right and wrong or protecting someone in a shameless manner. Even our country screwed up its courage to dismiss two officials, ZHANG Wenkang and MENG Xuenong, for their failure in performing their duty, at a time when atypical pneumonia was still going rampant, why can the SAR not dismiss Antony LEUNG for his lacking in integrity? Why will his dismissal affect unity?

My friends, Miss Margaret NG's motion seeks to challenge the integrity of Antony LEUNG and take into account the integrity of this Council. Today, royalists formed themselves into an alliance to defend Antony LEUNG collectively. The motion of no confidence in Antony LEUNG is bound to be vetoed. However, the victory of Antony LEUNG and royalists is tantamount to the miserable defeat of this Council. It is also symbolic of the bankruptcy of this Council's integrity. While different parties in this Council may hold different political views, their expectations for senior officials with respect to their integrity and moral standard should be consistent. The Financial Secretary must separate personal affairs from his public office and refrain from doing such things as buying a car without going through the proper procedures; the Financial Secretary must declare his interests and not conceal anything deliberately; the Financial Secretary must make himself an example of abiding the Code governing accountable officials; the Financial Secretary must demonstrate integrity and must step down after failing to do so. How can one vary his expectation for integrity and moral standards from person and person and confuse right and wrong by calling a stag a horse, and how can one defend someone in such a shameless manner and thus bring disgrace on this Council?

Lastly, I would like to tell a story about an official and morality. During the Spring and Autumn Period, there was a state of Jin governed by Duke WEN. One official, named LI Li, made a wrong judgement and subsequently sentenced an innocent person to death. After knowing the truth, LI Li, feeling extremely guilty, locked himself up in prison and planned to

redeem his sin by giving up his own life. Being an extremely kind-hearted person, Duke WEN persuaded LI Li, "There are high and low ranking officials, why must you choose to die?" I would like to draw Honourable Members' attention to the remark about high and low ranking officials. However, LI Li refused to listen. Duke WEN added: "Since I am the king, are you suggesting that I am guilty now that you are considered guilty?" LI Li replied: "The country has its own rules. One must die for having judged wrongly to sentence an innocent person to death. Being the post-holder, I have made such a terrible mistake that I deserve to die with no regret." Eventually, LI Li killed himself with a sword.

Even an ancient official, though protected by the king, knew that the law of the State had to be strictly followed and decided to give up his life in a composed manner. The Financial Secretary of the SAR, albeit having obviously made a mistake in terms of integrity and accountability, is allowed to, under the protection of the Chief Executive and royalists, continue to stay in office as if nothing had happened. Is it a Hong Kong version of "There are high and low ranking officials, why must you choose to die"? There is such a huge difference between the morality and integrity of the SAR's senior officials and those of the officials of the Spring and Autumn Period. The SAR's senior officials indeed represent a humiliation of the SAR. They should feel ashamed in front of the ancient people as well as history.

With these remarks, Mr Deputy, I support Miss Margaret NG's motion.

MR ERIC LI (in Cantonese): Mr Deputy, this is the third time since the return of Hong Kong's sovereignty that I spoke in the light of a motion of no confidence targeting principal officials. I spoke against two similar motions in delivering the two previous speeches. So, Members should not find it surprising if I remain opposed to this motion.

Although this single vote cast by me might not be crucial, I find that the political accountability climate has become increasingly mature when looking back at the casting of votes on several previous occasions. It seems that it has become increasingly onerous and difficult for me every time I am asked to vote on a similar motion.

In delivering my speech on 10 March 1999 on the motion of no confidence in the Secretary for Justice, I pointed out that the accounting

profession considered the explanation by the Secretary for Justice on the part concerning public interests with respect to the case related to *The Standard* unsatisfactory and the accounting profession expressed regret about it. However, taking into account the tremendous honesty and courage demonstrated by the Secretary for Justice, her initiative to make public the decision she knew to be highly controversial, her willingness to face fierce public questioning, and considering the fact that an accountability system demanding civil servants to bear responsibilities outside the scope of their profession and tied with political risks is not yet established, I considered a political trial unnecessary and unsuitable for fear that it might set a precedent for forcing civil servants to resign for the sake of assuming political responsibilities. This explains why we voted against the motion at that time.

On 28 June 2000, the Chairman of the Housing Authority and the Director of the Housing Department faced a motion of no confidence because of the "substandard piling" incidents. I moved an amendment at that time and insisted that an in-depth, independent investigation be carried out before holding someone responsible. Emphasizing the need to make new political accountability rules before holding someone politically accountable, I opposed the political execution tactics adopted at that time which relied entirely on "making unanimously calls without looking at reasons and self-defence is disallowed". Regrettably, the amendment was not supported by this Council and eventually we were forced to abstain from voting. My view was shared by a number of editorials afterwards.

Although this Council is similarly debating a motion of no confidence today, and the problems involved are somewhat similar, the Government's approach to the incident and the local political accountable culture have progressed to a certain extent. I would attempt to make an analysis and comparison.

In the "car purchase incident", the Financial Secretary was similarly questioned for his political judgement and integrity. As different people might adopt different mentality, such as the "soft data, hard thinking" or "hard data, soft thinking" approach, different opinions in the community might come up with different judgements and conclusions in varying degrees. Nonetheless, there is a remarkable progress in the accountability culture in this Council, the executive authorities, and the community, while such progress has gradually begun to take shape.

To begin with, compared with the two previous motions, Members were more fully equipped and constrained in preparing for this motion. For instance, Members began by putting numerous questions in this Council so that nearly the whole picture is now revealed. Then a proposal was made to set up a select committee to investigate the incident before deciding to move a motion of no confidence at the end. Compared with the "WONG and MILLER incident" in which a radical, political approach of making judgement without allowing self-defence and prior investigation was employed instead, we can obviously see remarkable progress this time.

As regards the executive authorities, a "pre-emptive strike" was launched by the Chief Executive. First of all, the Financial Secretary tendered his resignation, admitting that the incident had constituted gross negligence, which was followed by public criticism by the Chief Executive. In a number of meetings held by this Council afterwards, the Financial Secretary acted in a very co-operative manner by making public a lot of relevant information. Such an approach is, to a certain extent, in line with the subjective request that the accounting sector made in 1999 with respect to the matter involving the motion of no confidence in the Secretary for Justice. If the incident before us involves merely political misjudgement and it is proved that there is no question involving personal integrity, I would have considered the result satisfactory. From this, we can see that the executive authorities have made progress in handling this matter. Before drawing a conclusion, however, I still need to consider other factors in order to analyse the essence of the incident in an in-depth manner to ascertain whether it is a matter of "misjudgement" or "corruption in integrity".

The biggest difference between this incident and the two previous motions lies in the fact that the "accountability system" has now been formally passed to form the territory's political backbone. It is indisputable that, the Financial Secretary, being politically appointed, is required to be fully committed politically. In my opinion, the initial move taken by the Financial Secretary to tender his resignation is a correct one under the political accountability system and it warrants our affirmation. As regards the question of whether the resignation offer should be accepted, it should be up to the Chief Executive, as the head of the accountable team, to consider, to evaluate the political price to be paid, and to eventually face the public in making such an important decision. The Chief Executive has finally concluded that the Financial Secretary "does not deserve a death sentence" or "he should be given a chance to amend his wrongdoing by good deeds" and, in particular, do

whatever he can in accomplishing such tasks as tackling the serious financial deficit, restore economic confidence, and so on. Whether this judgement made by the Chief Executive is right or wrong can only be best proved in the days to come.

Obviously, this Council, members of the community and even the accountant sector are divided over this judgement made by the Chief Executive and the approach adopted by him in handling the matter. This explains why Miss Margaret NG is going to move this motion today.

In my opinion, this is the consequence of the "soft data, hard thinking" adopted by critics supporting the motion. Let us look at the crux of this incident: Has the Financial Secretary declared his interests as he is supposed to do so? Is it because he has forgotten to do so or he has intentionally made the mistake? As pointed by me in this Council before, only God, Satan, and the Financial Secretary himself know the truth. It is barely possible to prove beyond doubt from the information collected the personal intent of the Financial Secretary and what was really in his mind. This is why I do not support the proposal of spending a large sum of public money to set up a select committee to conduct an extended investigation. The information accessible to Members is primarily *prima facie* evidence, which should be taken as "soft data". It is unfair for us to, based on the "soft data", arbitrarily turn this matter of integrity into a criminal act. This is particularly so when the Budget proposed by the Financial Secretary has met with such an unpopular response and when the economy is so bad. This Council should not be taken as a court. There is a lack of legal procedures for handling criminal accusation with respect to proof and self defence. Making a subjective judgement by relying merely on such evidence is somewhat like obtaining a concession by means of torture. We should wait until the ICAC completes its investigation before making a decision.

From the angle of "soft data", the Financial Secretary has no doubt breached the Code for Principal Officials under the Accountability System, and he can hardly absolve himself from the blame. I therefore agree that the Chief Executive should give him a formal censure.

Summarizing the abovesaid viewpoints, I would like to point out that we cannot rely merely on *prima facie* evidence to arbitrarily conclude that the Financial Secretary has deliberately attempted to conceal what he has done, that he was trying to avoid tax by virtue of insider information accessible to him. As regards the investigation to be carried out by the ICAC, we should maintain

a wait-and-see attitude. I agree that the Chief Executive should censure acts of non-compliance. Actually, many people in the accounting sector share the view that the Chief Executive should accept the Financial Secretary's resignation offer for this is in our opinion the best way to handle the matter. As usual, the accounting profession considers it inappropriate to interfere in subjective judgement by a high-profile political means. Therefore, I will not support this motion today.

DR LUI MING-WAH (in Cantonese): Mr Deputy, Hong Kong economy has been remaining in the doldrums since the territory was hit by the Asian financial turmoil in 1997 and the September 11 incident taken place in the United States in 2001. Unfortunately, it was again recently plagued by the invasion of atypical pneumonia, with 1 646 people succumbed to and 193 killed by the disease according to the statistics published yesterday. People who are not sickened live in constant fear of the disease. The serious impact of the epidemic on various social activities has dealt another severe blow to the economy. Like the weather over the past few days, the atmosphere of the community is overshadowed with dense clouds. The SAR Government was just about to lead all members in the community into the formation of a united front to combat the disease and work hard to restore and revitalize the economy in the aftermath of the epidemic when Miss Margaret NG decided to put the car-purchase incident involving the Financial Secretary, Mr Antony LEUNG, on the agenda and move a motion of no confidence in him. Originally I did not intend to speak on this issue because, given the severe situation facing Hong Kong at the moment, numerous issues relating to the overall interests of the community and the welfare of the people are awaiting to be addressed and tackled. As a representative of the business sector, however, I am obliged to analyse the incident in a pragmatic and rational manner, and give my comment and judgement with respect to the incident.

In early March, it was exposed by the media that Antony LEUNG bought a car before raising the First Registration Tax for vehicles in a suspected move of tax evasion. I was greatly perplexed as to why Mr LEUNG, once occupying a prestigious position in the business sector and having taking up the post as the Financial Secretary for two years, should have failed to declare his interests when the Budget was being discussed in the Executive Council. It is indisputable that he had made a mistake, whether it was because he was dizzied by his love affair or his political sensitivity was impeded by his mentality of separating his private matters from his public office. Nonetheless, having

repeatedly analysed all the information, I agree with the Chief Executive, Mr TUNG Chee-hwa, who said: "What Antony LEUNG has done clearly amounts to gross negligence and has breached the Code for Principal Officials under the Accountability System and his behaviour is inappropriate, though there is no question of his integrity." As such, the mistake made by the Antony LEUNG is not so serious as to warrant his resignation. It is also too strict to cast a vote of no confidence in him. Furthermore, both the Chief Executive and the community have strictly criticized and condemned Antony LEUNG for the mistake made by him, and a fair conclusion with respect to the incident has been drawn. The car-purchase incident should indeed come to an end.

Nevertheless, some uncompromising people persist in pursuing the matter vigorously and continue making a great fuss about the car-purchase incident by demanding Antony LEUNG to quit and propose setting up a select committee to investigate the matter, as well as convening two special meetings in this Council to "attack him on all sides". After months of hustle and bustle, the motion of no confidence in Antony LEUNG is now being moved. It was analysed that all these movements, actually having an ulterior motive, are targeting the accountability system in a bid to hit the governance credibility of the Chief Executive and the SAR Government, and aggravate the governance crisis facing the SAR Government. I would like to point out here that politicizing the car-purchase incident will divide the community and intensify contradictions and thereby harm the community in a far-reaching manner. Furthermore, weakening the governance credibility of the Government will eventually undermine the overall interests of the community, and this is definitely not going to do Hong Kong any good.

As Hong Kong economy remains stagnant, it is most important for us to pool the strength of the community and unite all people in Hong Kong to work with stamina and diligence, to break through adversity, to recover the economy, to increase job opportunities, and to restore public confidence in order to open up a new prospect for Hong Kong. The Chief Executive has unveiled a series of preparatory initiatives for restoring the economy in the aftermath of the disaster. As one of these initiatives, Secretary Antony LEUNG was appointed to lead the Economic Relaunch Working Group to play an important role in relaunching the territory's economic development. At this crucial moment, Hong Kong urgently needs capable and committed people to help the Chief Executive lead Hong Kong out of its economic difficulties. The fact that Antony LEUNG relinquished his lucrative career with a private enterprise and joined the Government instead demonstrates his sincerity and determination in

serving the community. We should give him a chance to do his best to serve Hong Kong and relaunch the past glory of Hong Kong economy. This is not only an opportunity for him to demonstrate his potentials, but also an opportunity for Hong Kong. I hope Honourable Members share my analysis. I so submit. Thank you, Mr Deputy.

MR MARTIN LEE (in Cantonese): Mr Deputy, the so-called resignation letter tendered by Secretary LEUNG has given rise to a number of issues. Not only were his explanations self-contradictory, but what he said was also inconsistent. In the debate held on 9 April in this Council, I have given a clear account of these issues, and they have been recorded in the Official Record of Proceedings as well. Therefore, I am not going to repeat them in detail again.

Today, I would nonetheless like to share with Honourable Members my new observation that the resignation letter tendered by the Secretary is highly questionable. In my opinion, this letter can constitute either an offence of "counterfeiting" a false instrument or one of "using" a false instrument. To begin with, as Members are aware, this letter was not typed until 12 March. After signing it on that day, the Secretary personally handed it to the Chief Executive also on the same day. Members should also be aware that, according to the Secretary's own explanation, he had made verbal explanations to the Chief Executive on the morning and evening of 10 March and had orally offered to resign. If this is true, it will mean that a verbal resignation offer was made on 10 March and the letter was not formally submitted until 12 March.

Honourable Members should know that for a veteran businessmen who had worked in the commercial sector and is now a high-ranking official, he will definitely say something like this in his letter: "Further to the resignation I verbally made, I would now submit it in writing". However, this is not the case. The Chinese version of his letter reads: "I am tendering my resignation from the post of the Financial Secretary of the SAR in writing". Furthermore, this letter was drafted on 12 March 2003, not 10 March 2003. Neither has it given any account of the verbal resignation made earlier by saying that this letter was intended to supplement the verbal offer. The letter was however not written in this manner.

Now I would like to say a few words as regards the law. Under section 71 of the Crimes Ordinance (Cap. 200), it is an offence for anyone who makes a false instrument. Section 73 states that a person who uses an instrument which is, and which he knows or believes to be, false commits an offence. What does "false" means? Section 69(a) reads: "For the purpose of this Part, an instrument is false if it purports to have been " and, in paragraph (viii), it reads: "made on a date on which it was not in fact made". Obviously, the letter looked as if it was produced on 10 March, whereas according to the admission of the Financial Secretary its actual production date was 12 March. Such being the case, I hope this aspect will be investigated in conjunction with the investigation carried out by the Independent Commission Against Corruption (ICAC) into the incident to determine whether an offence of counterfeiting or using a false document or instrument has been constituted.

Mr Deputy, the Financial Secretary has actually committed a grave mistake this time. Let me make an analogy to illustrate the gravity of the mistake, though the story is of course fabricated — One day, the Commissioner of Police knocked down someone while driving at high speed but failed to stop his car or report the case to the police. According to his car number recorded down by someone, he was eventually found. He explained that the day the incident occurred happened to his son's birthday. Happily hurrying home, he brought with him a birthday cake while many kids were waiting for him to return home to host the birthday party. The incident has therefore slipped from his memory. So, is it acceptable for him to say something like that? This is equally serious. The Financial Secretary is responsible for controlling hundreds of millions of dollars in public money belonging to the territory. Hong Kong as an international financial centre is dependent on him. There are such questions as: What will happen if in future something like the Hong Kong dollar is no longer pegged to the US dollar occurs? How can he expect others to continue trusting him? Even if today he ruled out the possibility of delinking during his tenure, who will believe him? Frankly speaking, if he really says something like that, I will rather expect to see delinking very soon because he is absolutely not trustworthy.

I would like to remind Honourable Members who are prepared to vote against Miss Margaret NG's motion that we should not put our focus only on Hong Kong. Instead, we should look farther away. As Hong Kong is an international financial centre, we must pay attention to how we are viewed by

people all over the world. Today, I instructed my secretary to look up this issue for me, and it was found that the incident had been referred to as "Lexusgate". In Chinese, it is called "零門事件" or "零智事件". The word "零", appearing in such expression as "零蛋", literally means "zero", whereas the word "智" appears in such expression as "智慧" means "wisdom". Which foreign newspapers carried this incident? The story appeared in *The Wall Street Journal* on 9 March, 11 March, 15 March, 17 March, 18 March, and 19 March, and in *The New York Times* on 11 March and 18 March. On the weekly journal *Far East Economic Review* published on 1 May 2003, it reads: "For the Hong Kong business community, the Lexusgate scandal is likely to deepen anxiety over the competence of the Government at a time of severe economic stress. Executives note that judgement and integrity at top levels of Government are critical in forming policy on highly sensitive financial issues such as the future of the local currency's peg to the US dollar".

People all over the world are watching us. Everyone in the world knows that our Financial Secretary is lacking completely in credibility. Honourable Members, people will see how you are going to cast your vote. If you dare to vote against the motion, I would like to remind you and ask you these questions: How can you face up to your children? How can you face up to the people of Hong Kong? How can you face up to the new, determined leader of our country? History will give you a fair judgement.

Thank you, Mr Deputy.

MR NG LEUNG-SING (in Cantonese): Mr Deputy, it is now a crucial moment for various sectors in the community to "join their hearts" in solidarity to combat the epidemic and for government officials to collaborate with the public to relaunch our economy. An earlier decision made by this Council to veto the proposal of setting up a select committee has precisely demonstrated our inclination of keeping in line with the socio-economic interests in general. By the same token, as Members of this Council who care for our overall economy, the livelihood of the people and Hong Kong's international image, we are duty-bound to exercise more caution to reconsider today's motion of no confidence, which is attempting to draw a conclusion without having successfully completed an investigation, and to be impartial and objective. I therefore find it necessary for me to explain my own voting position.

To begin with, two aspects are mainly involved in judging the gravity of the matter. First, negligence. From the facts already dug out, this is conclusive. This is also reflected from the judgement made by the Chief Executive. Second, cover-up. This is related to the integrity of a person and is indeed an extremely grave accusation. Standards of proof similar to those adopted in criminal trials should be used or it will be extremely unfair to the Secretary. Let me try to present my views in legal tones: Judging from *prima facie* evidence, we have yet been able to reach such a stage where there is absolutely no reasonable doubt to substantial such a judgement. In particular, throughout the car-purchase incident, no information reflecting deliberate acts of concealing the purchase can be seen. In other words, there is reasonable doubt regarding whether the Secretary truly has the consciousness and motive for tax evasion.

Furthermore, just as cover-up involves integrity, negligence is related to ability. If there is indeed negligence, perhaps we can try to provide a measure of basis for this motion of no confidence from the angle of doubting one's ability. Since it is a matter of ability, we are required to give holistic consideration to the ability demonstrated by the past overall performance of the person concerned as an accountable official. The Chief Executive holds the view that it is not necessary for the Secretary to resign. This is tantamount to making a judgement on the ability demonstrated by the Secretary so far. I also concur with the judgement made by Chief Executive by virtue of his statutory power. This is consistent with the logical operation of the accountability system.

Based on the information made known to this Council and taking into account the actual circumstances that Hong Kong is facing, followed by examination and balancing of various factors, my personal views on the entire incident are generally as follows: First, the facts are so clear that no further investigation is warranted; second, the conclusion is specific in the sense that the vote of no confidence is not well-founded. The request made by the Democratic Party and relevant Members previously to set up a select committee does illustrate that they think the matter has not yet been sorted out. Such being the case, should they support this motion of no confidence, does it mean that they are making an extremely hasty judgement over such a grave issue? Are they completely abandoning all fairness and objectivity required for making such an important judgement merely for the sake of toppling the official? Or is it that the facts have already been established, but a conclusion has also been

drawn by them earlier, and their proposal of setting a select committee to investigate the incident is merely another political means for cracking down on government officials?

With the abovesaid views summarized, please forgive me for finding it difficult to support this motion. Mr Deputy, I so submit.

MS CYD HO (in Cantonese): Mr Deputy, when the integrity of an official is questioned, he can no longer carry out his orders, which means that he will not be able to implement policies and obtain co-operation from the people. The Financial Secretary is a principal official of Hong Kong in charge of the territory's financial and monetary lifelines. He is in a high and powerful position, and the orders that he can make are indeed numerous. But if he cannot secure public trust, the impact on Hong Kong will be extremely bad. As at the end of March 2003, government resources directly and indirectly managed by the Financial Secretary amounted to as much as HK\$1,270 billion.

Meanwhile, the Financial Secretary also has many statutory powers. We have checked the Department of Justice's webpage on local laws, using "Financial Secretary" as the key word to conduct a search. The result shows a total of 665 pieces of legislation, including 130-odd principal ordinances and 54 pieces of subsidiary legislation, in which there are references to "Financial Secretary". They include the power to transfer funds and certainly, the formulation of the Budget, management and investment of government funds, investment and management of the funds of statutory bodies, and the power to use the Exchange Fund where necessary. In August 1998, for instance, the former Financial Secretary intervened in the market by spending HK\$120 billion under the Exchange Fund Ordinance.

Another power is to monitor the market, including the appointment of chief executives.

Mr Deputy, this certainly involves plenty of insider information. Earlier on, Mr HUI Cheung-ching rightly remarked that we must be of one mind in reviving the economy. But in this car purchase incident, we have seen that the Financial Secretary has two minds, one for public duties and the other for private affairs. If our economy is managed by a Financial Secretary with two minds, the people of Hong Kong would be on tenterhooks indeed. Assuming

that someone has obtained insider information about the next government intervention in the market, which enables him to make investments and transactions in the market ahead of other people, he would be able to reap not only sizable profits, but more importantly, this would also counteract the actions to be taken by the Government and would hence bring even greater losses to Hong Kong as a whole.

Therefore, Mr Deputy, we must set stringent requirements for the integrity of the Financial Secretary. As he has huge powers that can affect the property and living of countless people, we should set more stringent requirements for him in the interests of Hong Kong people. But unfortunately, the standards for the leaders of Hong Kong are very low. When he introduced the accountability system for principal officials, the Chief Executive said that he had set very high standards for senior officials, particularly in respect of their conduct and morals. But in this incident, he had, on the contrary, praised Mr LEUNG highly for doing an honourable act. Prof LAU Siu-kai has also thought alike, for it appeared to him that a person's morals and conduct can be neglected in order to attract talents to join the Government. I really do not wish to see that the standard set by the Legislative Council has become so low as to neglect whether or not an official had made any mistakes and allow him to get away scot-free so long as he has not done anything bad.

Must we wait until the investigations of the Independent Commission Against Corruption (ICAC) have proven his criminal liabilities before he can be dismissed? If so, this requirement is no different from that for an ordinary citizen.

Senior officials must establish their credibility, particularly the Financial Secretary who controls government resources in excess of one thousand billion dollars and who is responsible for formulating fiscal policies. He must have the ability and integrity, and both elements are indispensable. But first, the Financial Secretary failed to declare an interest. Then there were many different versions about the date when he submitted his resignation. From this, the people can see that the Financial Secretary has not offered an explanation to the public honestly and so, our trust in him has naturally dwindled. Two opinion polls conducted recently also show that the rating of the Financial Secretary has dropped from a high 65.4 to 40.4, an obvious reflection of the wish of the people. However, I believe the voting result today will not reflect public opinions and it may not reflect even the true wish of Members of this Council, for the vote would be conducted by way of a division with names recorded. We have in the past asked repeatedly what

substantive punishment should be imposed on officials involved in dereliction of duties and breach of regulations. When should they be demoted, when should they be transferred and when should they be dismissed? The answer given to us at the time was that the severe criticisms faced by senior officials were in fact the biggest kind of punishment for them. I believe Mr TUNG will still base on this logic to give an explanation on this incident. But although they face criticisms, their remaining in office would be detrimental to Hong Kong as a whole. The former Financial Secretary, Mr Donald TSANG, had stressed that Hong Kong had four pillars, which include compliance with the rule of law, attaching importance to a level playing field, protection of freedoms and maintaining a clean government. But after this incident, Mr LEUNG had avoided a conference jointly organized by the ICAC and the tourism industry to promote clean and honest practices. Does it mean that in future, Mr LEUNG can only speak on three of the four pillars openly and must leave the fourth pillar to someone else?

Internally we face atypical pneumonia which has dealt a further blow to the economy. There is precisely a need for us to call for greater unity and sacrifices in the community. But if someone among the senior officials has not acted honestly to serve public interests and failed to restrain himself from wrongdoings, and has shown to people that he, in so doing, can save some \$100,000 in tax, how could we persuade the people to make sacrifices for society? This is extremely unfair to civil servants. To Mr TUNG, he would only be implicated in criticisms for shielding the faults of subordinates. That Secretary LEUNG should remain in office will do no good at all both internally and externally, and both to the upper and lower echelons.

I hope that if Mr LEUNG has the slightest sincerity to serve Hong Kong, an insistence to resign is a little contribution that he can make to Hong Kong.

MR ABRAHAM SHEK: Mr Deputy, the controversy and debate over the Financial Secretary's car purchase has dragged on for too long. Just how much longer are we going to let this incident linger on? Now that every hidden minor detail of the case is fully exposed, examined under a political microscope and thoroughly dissected, I think the logical answer is that it is time to drop this issue and let it rest in peace.

But before we do that, today's motion gives us a chance to recap the affair in a thorough, conclusive way.

Before any final statement can be drawn, two questions need to be answered. The first one is: Has the Financial Secretary committed a mistake? The answer, unfortunately, is a definite "yes". All available evidence points to an act of negligence. Any fair-minded person would agree that the Secretary was surprisingly insensitive to his action. His line of defence — that he has been too busy with both public and private responsibilities to realize the mistake — sounds incredible but most likely is a fact, as people do silly things at times. Politically, it was certainly unwise and inappropriate and he, and he alone, should be held responsible for the mistake. The Financial Secretary has publicly admitted this mistake and sincerely apologized for his error. His sincerity in the admission of his error is to be commended, and reflecting on his years of public service to the community, he is not a person that takes duties lightly. In his admission of his mistake, he has also accepted the responsibility for that error. I do not doubt his integrity.

The second question, then, is: How big a price should the Secretary pay for his error in judgement? In other words, does the Secretary deserve to be condemned by a vote of no confidence for what he has done?

It is worth noting that there is absolutely no clear and convincing information in support of the charge that it was a deliberate act of tax avoidance or a wilful attempt not to make a declaration of interest to the Executive Council. The fact is, it would have been an incredibly dumb act to commit on purpose. Not only are the political and legal risks extremely high for a relatively minor financial gain, but it is just unimaginable that a former banker, presently being the Financial Secretary, would so foolishly gamble away his public career. Also, taking into consideration of his character, his public service, I have weighted the arguments diligently and come to a conclusion: I have accepted the Financial Secretary's defence that he made the mistake with no criminal intent. I believe that the car purchase was genuinely an inadvertent mistake committed by a novice official not familiar enough with the dos and don'ts of a public post or wise enough to see the political consequences of a reckless decision.

A vote of no confidence is a serious censure to be placed on any senior public official. It should only be made when we have absolute irrefutable evidence — and at the moment, we do not have that.

Personally, I firmly believe that the Secretary has already paid a heavy price, in terms of credibility and public image, for his negligence. This is a

very harsh punishment, and it is a punishment for life. Indeed, it is a severe punishment for a minor, mindless mistake. The Chief Executive has reprimanded him. His family suffered as well. For his part, the Secretary had apologized publicly as I said earlier, and taken accountability in answering every question raised by this Council over the last few months. All this would be extraordinary harsh lessons for any public figure, particularly the high-profile Secretary, who was formerly a successful banker and is well-known in both local and international business communities. Without a doubt, the indignation inflicted on the Secretary has already been very severe. But as he said in a recent Legislative Council meeting, he has learnt his lesson and would now be extra cautious in preventing conflict of interest situations in the future. In this light, the Secretary's request for another chance to serve Hong Kong is a reasonable one and I feel that it should be accepted. I have faith in him that he could lead us out of the present economic doldrums.

Mr Deputy, these days we have much more grave issues on our hands. Of course, I am talking about the viral invasion of Severe Acute Respiratory Syndrome (SARS), as well as the subsequent economic and social problems that have arisen. While we are bogging down ourselves with the minutiae of this issue, foreign countries are restricting Hong Kong people from conducting their businesses and travels, there are SARS patients dying daily, and the economy has been dealt another staggering deadly blow. In the face of such crises, we should avoid getting entangled in this incident any further. We need to put aside our political prejudices and beliefs. Instead, we must unite and put our energy into solving these and other socio-economic problems.

Today's motion is likened to a political revenge. Let me read an article by a very famous essayist, Francis BACON. He says, "Revenge is a kind of wild justice, which the more man's nature runs to, the more ought law to weed it out; for as for the first wrong, it doth but offend the law, but the revenge of that wrong putteth the law out of office. Certainly, in taking revenge, a man is but even with his enemy; but in passing it over, he is superior; for it is a prince's part to pardon: and Solomon, I am sure, saith: 'It is the glory of a man to pass by an offence.'"

Given the work that the Financial Secretary has done for Hong Kong, I think we should forgive him for what he has done, and let him have a fresh start. With this, I object the motion.

MR ANDREW WONG (in Cantonese): Mr Deputy, I will be brief. I have listened to the speeches of Miss Margaret NG and Ms Audrey EU, and I agree with each and every word they said.

In the subsequent debate, I have not heard any argument in response to the points made by Miss Margaret NG and those made by Ms Audrey EU. I hope the Chief Secretary for Administration and the Financial Secretary will give some responses in their replies later.

I think on this entire issue, Members appear to have digressed from the subject by raising other questions, actually those are not the thrust of the matter, neither are we to judge whether he is guilty or not guilty here, because this is not a criminal court. To put it simply, if he did it unintentionally, he is incompetent; if he did it intentionally, he is shameless. The matter is just this simple.

His explanation of having separated his public duties from his private affairs simply cannot stand. It is because any person holding public office can only forget his private interest for the benefit of his public duties, rather than forgetting his public duties because of his own private interests. So, I speak in simple, concise terms. In a nutshell, I support this motion of no confidence.

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

MR MICHAEL MAK (in Cantonese): Mr Deputy, I do very much appreciate the very concise speech made by Mr Andrew WONG just now. I have studied psychology, and I have also taught psychology before. In fact, as I have told the Financial Secretary before, if I am asked to analyse his behaviour, I would very much like to know his motive. (I am sorry, I am not questioning his motive. I only wish to know his motive. I hope that Mr Albert CHAN will not question me on this, or else he would disrupt my line of thinking, just as Mr CHAN said on a previous occasion that a particular official had disrupted his line of thinking. I am really sorry about this.) I do not mean to question his motive, but I very much like to know his motive. Speaking of motive, the Secretary said that it was an inadvertent mistake. He had said so for many times in his speeches and even on a private occasion when he had breakfast with us. However, even though the Secretary said that it was an inadvertent mistake, there are lots of evidence showing that the Secretary had actually

started to work on the legislation of an increase in the motor vehicles first registration tax (FRT) in December last year. I suspect that Secretary Frederick MA was involved too.

The Secretary purchased a car in January, and the incident was brought to light in March. There was a long time in between. I believe that on the day when he purchased the car, everyone in town had already learnt from many signs that the Secretary intended to increase the FRT this year. There is also hearsay that when the Secretary arrived at the automobile company, he, who was recognized by the people there, was asked whether the FRT would be increased, but he just smiled without saying a word. That is hearsay. So, judging from what the Secretary had said, I find it very difficult to conclude from any assessment or analysis that he was really unaware of the increase at the time. In fact, he had a motive behind his mistake, and it is possible that he did know about it, just that he did not tell the people there. So, the conclusion is that the Secretary did know about it. Based on my analysis, I have misgivings about the integrity and fidelity of the Secretary. Integrity and fidelity can be very subjective, and they can also be very objective, as these are cognitive values. According to my analysis, there is something wrong with the integrity of the Secretary. So, I certainly have to support Miss Margaret NG's motion which casts a vote of no confidence in the Secretary.

At this juncture, I wish to respond to other Members or other people about whether or not to trust the Secretary, or about the views on the ability of the Secretary. I think as the storm of SARS is lurking, everyone should, in principle, endeavour to fight atypical pneumonia. But I cannot see any agenda item that is more important and thus making it less imperative for us to handle the prestige and integrity of the entire Government.

Mr TUNG Chee-hwa's rating from the community is even below 40, whereas that of the Secretary has also dropped from some 60 to forty point something recently. This all in all reflects the community's objective assessment of the duo. I cannot see how other pro-government Members can call a stag a horse, or play on stage again the story of the King's New Clothes. I do not know how they will face the next generation. These ratings all in all reflect the public's mistrust in the duo. What prestige is there to speak of? Let us hear their explanation. This all in all reflects that their integrity is questioned. I personally have no prejudice against the Secretary. It is absolutely not my wish to see that the case with the Secretary is substantiated when the ICAC really stepped in. If such being the case, it would all in all

reflect that my analysis is correct. It is because my analysis concluded that if the Secretary had said this, it would mean that he had known long before that the tax would be increased and if he had known it long before, he was then evading tax for various reasons.

Besides, the Secretary mentioned that he had very distinctively separated his public duties from his private affairs. Let me share with Members my analysis from the angle of behaviouristics. Just as what Mr Andrew WONG has concisely said earlier in the debate, this is downright impossible. Such a clear separation is impossible unless the Secretary is schizophrenic! As I am delivering a speech now, I still think of my family and I still think of those colleagues of mine who are fighting SARS. I think no one will be so all in all obsessed by an act that none of the things around him could ring a bell in him.

I think at the meeting of the Executive Council, there were plenty of chances for the Secretary to be reminded. The Secretary has assistants, and he also mentioned that his assistants had ridden in his car. If his assistants had ridden in his car, it is impossible that they, who started out as Administrative Officers, did not remind the Secretary, saying, "Boss, why do you buy a car at this point in time?". They should have reminded the Secretary to declare this interests. Secretary YEOH Eng-kiong very clearly declared an interest at that time. He could refrain from making such a declaration. In fact, his declaration had induced other people at the meeting to ask why he would make such declaration. Under such circumstances, was it necessary for others to declare their interests too? Particularly in the case of the Secretary, why did his two assistants not remind him of this? I dare not hazard a guess, for this may well serve as a ground for the ICAC to launch an investigation. In my view, and speaking from the perspective of my sector, we can, to some extent, make use of the lie detector. Yet, a lie detector may not be totally reliable. It still boils down to a matter of integrity. It involves how other people will have trust in the Secretary, and how other people can be convinced both from objective and subjective angles that the Secretary is trustworthy, and how the Secretary can obtain a vindication.

In fact, Secretary Antony LEUNG, I absolutely hope that you can take actions for your own vindication and enable me to change my views on you.

Thank you, Mr Deputy.

MR LEUNG YIU-CHUNG (in Cantonese): Mr Deputy, today's motion is the third motion of no confidence proposed in the Legislative Council over mistakes made by senior officials in the Government of the Hong Kong Special Administrative Region (SAR) under the leadership of Mr TUNG Chee-hwa. I think it is extremely rare in present-day parliamentary assemblies that a motion of no confidence has to take place thrice against a government under the leadership of the same person. Even rarer is that in the three incidents, the Chief Executive or the officials concerned can still remain in office without having to shoulder any responsibility, despite the fact that the majority view considered that they had committed mistakes. Faced with this situation, we must ask: What is the problem with Hong Kong and why is it that the right and the wrong are so confusing? Is it because of any defect in the system which allows for such tolerance and indulgence of evildoers?

Today, we see an anomaly in Hong Kong, in that the right and the wrong are confused and evildoers being tolerated and indulged. The reason is that those in power in the SAR, from the Chief Executive on the top to his political "yesmen" down below, believe that only when this anomaly persists or even expands then their powers will become more secure. To the Chief Executive, he knows only too well that if the lips are gone, the teeth will be cold; if his subordinates who are incompetent and have made mistakes step down easily because of public discontent, will he himself be the next to step down one day? So, although the Secretary for Justice, Ms Elsie LEUNG, was alleged to have ruined the rule of law, the Chief Executive had exerted himself to protect her; and when the Legislative Council passed a motion of no confidence in Rosanna WONG and Tony MILLER, the Chief Executive did not punish them and on the contrary, they were even appointed to take up important duties and given a promotion and salary increase.

This incident of car purchase by Mr Antony LEUNG is of no exception. Although Mr TUNG agreed that Secretary LEUNG had breached sections 5.1 and 5.4 of the Code for Principal Officials under the Accountability System, as he did not avoid a conflict of interests and did not report to the Chief Executive a case in which his judgement may be affected by a conflict of interests, Mr TUNG had only made criticisms in response to such a grave mistake. In relation to the Secretary's offer to resign, the inconsistency and confusion in his correspondence with the Secretary and in the information provided when he tried to urge the Secretary to stay do give the impression that the Chief Executive was doing his utmost to shield a subordinate who had committed

mistakes, rather than handling the matter in a fair and just manner. The Chief Executive has even announced on the day before yesterday the appointment of Secretary LEUNG to chair a task force to revive the economy, which obviously shows that he had forgotten the mistakes of Secretary LEUNG. Regrettably, even though the motion is not going to be passed today, could Secretary LEUNG still have credibility? How can Secretary LEUNG lift his head? How can he lead the community in reviving the economy? Will anyone believe in the policies and measures proposed by him? At times, Mr TUNG exerts himself to protect an official purely out of his love for him. But regrettably, his love may turn out to be poison to him. Now that the Secretary is made to continue to bear the pressure from society and to implement policies when his credibility has gone bankrupt. Can he possibly do his part well? In the end, he might have to bear criticisms from society yet again. Such being the case, I think it is perhaps better if Mr TUNG can let him go!

Those "yesmen" of the SAR and the loyalist camp will certainly oppose this motion today. On the one hand, they do so in adherence to their "shoe-shining" culture. On the other hand, once this culture of shielding mistakes is established, they could be taken under the wings of the Government for whatever mistake made on their part in the future. So, recently, they have put forward all kinds of preposterous reasons to oppose this motion. One is that we must look ahead, that the car purchase incident should be brought to a close, and that efforts must be concentrated on helping the Financial Secretary to revive the Hong Kong economy. If based on this logic which condones mistakes, the dismissal of ZHANG Minkang and MENG Xuenong would not have happened in Beijing, and it would be more beyond imagination as to how the epidemic would develop and how the number of people affected or the death tolls would surge. Is this what we wish to see? If we go on finding excuses to explain things away for officials who have made mistakes, this culture of tolerating and conniving at evildoers would only be deeply ingrained, thus enabling this "political virus" of abusing powers for personal gains to continue to exist in the Government. I am most worried that it would gradually spread to the entire community.

(THE PRESIDENT resumed the Chair)

Recently, an insight revealed to us by the Severe Acute Respiratory Syndrome (SARS) is that Hong Kong still enjoys institutional advantages,

although our economic development lags behind that of the Mainland over the last couple of years. Only a relatively free, open and just society can inspire confidence in the people and in the international community, attract investment and make people willing to rebuild its economy. The Chinese Government also appreciates this and so, it is making an effort to catch up with the world trends and to integrate with the rest of the world. In this connection, Hong Kong should cherish its own competitive edge, rather than putting the clock backwards. Much to our regret, over the last few years, we have seen that the systems in Hong Kong have been ever retrogressing. Law-breaching big bosses could be spared from prosecution; senior officials who made mistakes could be spared from prosecution and worse still, they had been entrusted with important duties. This will only erode our society step by step and put the further development of society in jeopardy.

Madam President, we are not medical and health care workers. We do not have the ability to save lives on the front line and to curb the spread of the virus. But we can do our best to perform our duties as required of us, that is, to defend a just system. We must tell the people that we tolerate no abuse of power for personal gains and no connivance at and shielding of mistakes made by subordinates. We must stop man-made mistakes from causing losses to society or the economy. Today's motion does not only involve the question of whether a government official should stay or go. It is more of a battle to defend our system, and to curb the spread of the "political virus", so that Hong Kong can develop wholesomely again. We must prescribe the right medicine to cure the disease, and to ensure a correct understanding of the right and wrong. We must award rewards and punishment fairly. We must require public servants to perform their duties in a fair and just manner. Madam President, I so submit.

MR JAMES TO (in Cantonese): Madam President, the topic before us today is whether we should trust the Financial Secretary. The meaning of the motion is crystal clear. If we consider that Secretary LEUNG should leave in accordance with the Accountability System for Principal Officials or a particular system of political accountability because he had made himself open to doubt, then we should vote for the motion. I have listened to the speeches made by Miss Margaret NG, Ms Audrey EU and Mr Andrew WONG. I agree with every single word that they said.

Many Members have commented that we are like conducting a trial here, for we have asked for the case to be brought to court and we have also been looking for evidence. Mr NG Leung-sing even questioned that since we have demanded for investigations, why have we to jump to a judgement when investigations have yet to commence. I think what we want to know and what we are facing here is whether the public can continue to have trust in Secretary Antony LEUNG, whether in terms of his integrity or competence, rather than to ascertain whether there is evidence to prove whether or not he had done it intentionally or out of negligence, as Mr Abraham SHEK has put it, or recklessly, in the context of criminal laws. All these are unimportant. It is only most important to find out whether this incident will cast doubts on the integrity or competence of the Secretary. But to me, integrity is even more important than competence.

We can look at some examples of how similar cases involving civil servants were handled in the past. The standard of conduct that accountable officials are expected to meet should be higher than that expected of civil servants. Imagine if an official responsible for financial matters (particularly those similar to Secretary Donald TSANG who is sitting opposite to us) at the rank of a Principal Assistant Secretary or Assistant Secretary or an Administrative Officer (AO) has committed the same mistake, I believe the Government will not spare him from punishment. Nor will the Government let him atone for his mistake by good deeds. Rather, he will certainly be subject to mandatory retirement on the ground of public interests. Could our requirements for accountable officials be even lower than those for civil servants?

A number of cases that had taken place here in the past few years could be compared to this incident. The LEUNG Ming-yin incident several years ago is one example. What had LEUNG Ming-yin done wrong? He did not declare some investments which he had held with some colleagues of the Legislative Council for many years. The problem was that he had been continuously promoted and finally to the rank of Director, and it was natural that he must meet a higher set of standards for a certain tier in rank. His failure to declare the relevant interests was tantamount to omission. Finally, the then Secretary for the Civil Service asked him to resign on his own initiative and that is, forcing him to resign. Should the requirements this time around be even lower than those as applied to that case? Similarly, we can look at how officers of the Independent Commission Against Corruption (ICAC) were handled. The case of Mr Alex TSUI Ka-kit is an example.

Why does the ICAC employ its staff on contract terms? The reason is clear. Why should the Commissioner for ICAC have the power to sack an officer? It is because he must ensure that the integrity of ICAC officers is beyond doubt, or at least their integrity is beyond doubt from the Commissioner's perspective. Once the Commissioner slightly loses confidence in an ICAC officer, or is slightly doubtful about the officer's integrity, the Commissioner will not renew his contract. Should we expect the Financial Secretary to meet a standard that is even lower than that expected of an ordinary investigation officer of the ICAC?

Even if we disregard all these factors, in the letter of resignation submitted by the Financial Secretary (I have reservations about the authenticity of this letter of resignation even though I accept that the letter was genuine and that it was an open profession, since its contents had already been made public now), the Secretary also said that he should leave his post for he had a case of "perceived conflict of interest". Many members of the public do have doubts about the integrity of the Financial Secretary and therefore, he should leave.

But on the contrary, logic requires that I should not vote for the motion on the ground that it would be better to the Government if he resigned, for that would be tantamount to putting the cart before the horse. Nor should I say that as his resignation might be better to his family or whatever and so, I should cast a vote of no confidence in him. This is simply logically flawed.

Concerning other side issues, the Government has still refused to candidly and openly release certain information. This is not the responsibility of the Financial Secretary, but the responsibility of the Government. It includes the minutes of the meeting of the Executive Council on 11 March and information about whether anyone other than Secretary YEOH Eng-kiong had expressed a wish to declare an interest or to hold discussion at the meeting but after discussions, the Chairman of the meeting then considered it unnecessary for such interest to be declared for various reasons. The entire process should be made public. Why? It is because this will facilitate understanding of the Financial Secretary's responses to the seven or eight questions that he had asked himself. That is, questions such as why had he failed to take note of it; why had he been so unaware of it; why this and why that. In the end, he may have to add two questions asking himself why he was still unaware of it when other colleagues had actually spoken of a conflict of interests.

Another point concerns the letter of resignation. As mentioned by Mr Martin LEE earlier, I have great reservations about the authenticity and the timing of that letter of resignation.

I must also say that the Secretary for Constitutional Affairs should also be reprimanded for using some overly technical wordings at the meeting of the Legislative Council which had actually misled Members. We may pursue whether the Secretary for Constitutional Affairs had misled, withheld information from Members or deceived Members at that meeting. We have to pursue whether the Secretary for Constitutional Affairs should shoulder any responsibility.

Finally, when the Financial Secretary attended our meeting, his assistant, Howard LEE, actually knew that the letter of resignation was not typed by the Financial Secretary's secretary, but by him. At that time, he was just at a distance of one foot behind the Financial Secretary. Why did he not remind the Secretary of this? This is an additional point which explains my doubts about the authenticity of that letter of resignation.

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

MR LEE CHEUK-YAN (in Cantonese): Madam President, Secretary LEUNG is not in this Chamber now. I actually wish to dedicate a song to him and if he does not have that song, I can give it to him. That is my favourite song, and it is called Time to Say Goodbye by Andrea BOCELLI and Sarah BRIGHTMAN. It is a very good song.

I sincerely think that for his own sake and for the sake of Hong Kong, it is actually time for the Secretary to say goodbye. This will benefit himself because for him, backing down one step will open up a new vista. To him, if there is always a thorn in his heart and in his flesh, he would find it very difficult to continue to hold his office. This will benefit Hong Kong because no doubt the Secretary is at least suffering from negative equity in terms of his integrity, even if his integrity has not gone bankrupt. The public has doubts about the Secretary's integrity. Being the highest person in charge of fiscal policies who also manages Hong Kong's financial system and public finances, how can his integrity be in any way questionable? Just for this reason alone, he should leave his present post. Furthermore, it is clear that he (as also

agreed by the Chief Executive) has breached a very important provision of the Code for Principal Officials under the Accountability System (the Code). That is, he did not take precaution to avoid conflict of interests, thus rendering himself to be open to doubt.

Many colleagues mentioned earlier the question of whether the Financial Secretary is guilty or not guilty, and whether he had committed the mistake inadvertently or deliberately. Indeed, this is not the crux of the matter. I wish to remind Members that we are representatives of the people, and the people do have doubts about the Secretary's integrity. If Members are representing the people, it is impossible for them to have other alternatives in the vote other than voting in favour of this motion of no confidence today. Certainly, some people among us will still vote against the motion in the end.

Many Members have given their explanations earlier in the debate. But regarding the many explanations of the "loyalist alliance" and "pro-government camp", I think the more they explain, the more repulsive they become. On the first explanation that I consider to be most disgusting, many people have given this explanation and everyone has been very consistent in their arguments, whether they are Members of the Liberal Party or the Democratic Alliance for Betterment of Hong Kong or Mr NG Leung-sing, for every one of them has sought to use the pneumonia outbreak to protect Antony LEUNG. While many people in Hong Kong are afraid of becoming victims of SARS, Antony LEUNG has nevertheless become the only beneficiary. If such being the case, in future when the question of how to win in this battle against pneumonia is discussed at meetings of the Executive Council, I wonder if Antony LEUNG would actually need to declare an interest. Members have used this reason to protect him, but this reason will vanish once we win the battle. So, please do not try to protect the Secretary using this pneumonia outbreak as a reason. It is actually not a good reason, particularly when it is suggested by Mr IP Kwok-him.

Mr IP Kwok-him said that a survey had been conducted and the findings showed that a majority of the 700 respondents considered that the first and foremost task was to overcome atypical pneumonia. He said that since the incident concerning Antony LEUNG ranked only the seventh on the list of priorities, it showed that this incident did not carry much importance and so, it would not be necessary to ask for his resignation, for it was most important to overcome atypical pneumonia. However, it is an inferior act to argue against

this on the basis of the findings of this survey. Why is it inferior? If he considers it most important to overcome atypical pneumonia at the moment, then why does he support the enactment of legislation to implement Article 23 of the Basic Law? This is double standard. Since all other businesses would go on normally, this motion tonight should also go on normally. The politics in Hong Kong should not come to a halt. Things that are wrong are wrong; and people who should resign should resign.

The second reason put forward by many Members is that they agree with the views and judgement of the Chief Executive and that is, there is no integrity problem on the part of Secretary Antony LEUNG. I do not know on what basis did Members agree with the judgement of the Chief Executive. But as Mr Eric LI has said, he was not God, he was not Satan, and he was not Antony LEUNG himself, so he was not in a position to decide as to what the motive of Secretary LEUNG was and where the true facts lay. Similarly, I am not in a position to make a judgement on him. Nobody in this Chamber is in a position to make a judgement on him. But the worst thing is that the public has made a judgement and that is, they have doubts about him.

Therefore, the worst thing now is that the public has actually cast doubts on him and so, it is no longer suitable for the Secretary to continue to hold this office. Furthermore, if we look back on the development of the incident, and even if we do not judge on the Secretary's motive as to whether he was deliberately seeking advantages, and this, we really do not have the faintest idea, the Secretary, to some extent, can be said as having ignored everything, particularly turning a blind eye to the rules and regulations that require civil servants to avoid conflict of interests. There are rules and regulations for government officials to go by. If they turn a blind eye to these rules and regulations, they would eventually burn themselves. The Secretary used to teach people to think outside the box. But he had acted outside the box this time around, for his act was completely unregulated, which must not be allowed in any case. If the Secretary continues to be so negligent, the people will certainly lose confidence in him.

Another "loyalist" reason is just brilliant. It was Dr Philip WONG who invented it. Dr WONG said that if we asked this person to step down today and another person to step down tomorrow, who would dare to become government officials? I bet he is the only person who can think of this logic. If I am to argue against this, I would think the other way round. I would say

that if we have to protect this person and that person, then what is the use of the Code? We might as well stipulate in the Code that all must be protected indiscriminately. In that case, why would it be necessary to endorse the Code? The Code to be endorsed in future would only need to stipulate that it is most important to protect those accountable principal officials. The stipulation of only one provision would do and get the matter fixed up.

Some other arguments are also very repugnant. For instance, it was said that the Secretary had given up an annual remuneration of over ten million dollars to take up this office. We should not make these remarks, because this is a gross insult to the poor. Could it be that the poor people will definitely be keen on gaining petty advantages? This is again illogical.

I think the most outrageous argument is the suggestion that the Secretary should remain in office in order to atone for his mistakes. If this argument can hold water, the DAB should send Gary CHENG to run in elections, because if they suggest the need to allow a person to redeem himself for his mistakes, Gary CHENG should then run in elections again, so that he could make achievements for the DAB; or WONG Ho-sang should take up the office of the Financial Secretary in order to make up for his mistakes. This is again not a good reason. I hope Members can really put forward some better reasons, but they cannot think of any. That said, if I were they, I would not be able to think of any either. Thank you, Madam President.

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

MR SIN CHUNG-KAI (in Cantonese): Madam President, I do not think the motion today is going to be carried. However, personally I think that there is a purpose to this motion. We have looked up many overseas examples, if similar cases of conflicts of interests are exposed, the officials concerned would avoid being suspected of having a conflict of interests, whether or not they have been inadvertent or not..... (*pause*). Madam President, I am sorry. This is a clear constitutional practice in Britain and Canada, for these two countries are inclined to think that since their ministers of finance hold financial information of vital importance, they should be subject to more stringent standards. When we make a comparison between the Code for Principal Officials under the Accountability System of Hong Kong and the Ministerial Code of Britain, we

can see that there is not much difference between the two. Both Codes mention how officials should avoid conflicts of interests and to comply with certain rules. Both Codes do not specify the kinds of penalties for each kind of misconduct. As the two Codes are quite similar, why is it that in Britain there has been no cases of prolonged controversies caused by doubtful integrity of some officials, whereas in Hong Kong such controversies have been around for more than two months? The answer to that is simple, it all comes back to the question of whether or not Hong Kong has a democratic system.

In Britain and other so-called parliamentary democracies, there is a powerful means to exert a check on the government and its policies, that is the vote of no confidence. In the national assemblies of Britain, France, the United States, Japan, and so on, when government officials are found to have behaved in any improper way in their policies or conduct, the most effective way is to move a motion of no confidence and when the motion is carried, the officials concerned will have to step down. As a matter of fact, even in the case of Britain, this is an established practice and not a constitutional requirement. It appears that in the United States and Britain, no motion of no confidence can be proposed against any specific official, but in practice, when an official has done something wrong or that opposition against that official has been built up in the assembly, the Prime Minister of Britain or the President of the United States is obliged to consider the views of the assembly to avoid a scenario of his entire cabinet being toppled. Therefore, before the motion of no confidence is moved, the official concerned would already have been asked to step down or he may have resigned of his own accord. The last successful passage of a vote of no confidence in Britain was in 1979 when the Prime Minister at that time, Jim CALLAGHAN was ousted by a narrow margin of one vote, or 311 votes in favour to 310 votes against. The occasion was also the time when the Iron Lady came into office.

But in Hong Kong, a vote of no confidence is by its nature a toothless tiger. Not only can it not ask the official who have made a mistake to resign, but it also cannot provide any check on the Government. The Government has never made it clear that if a motion of no confidence is carried, the official concerned will certainly have to resign from office. Although the Chief Executive TUNG Chee-hwa is not returned by universal suffrage, he avails himself to the kind of powers of an elected president in western societies through this accountability system of principal officials. He may appoint directors of bureaux or other officials who are accountable only to him and even if he himself has made a grave mistake, the Legislative Council cannot force him to step down. Even if a vote of no confidence is carried, the

accountable officials will not have to resign. To put it clear, it is difficult for the Legislative Council to effect any checks and balances on how accountable officials implement their policies and on their personal conduct. When faced with calls for Antony LEUNG to resign, the Chief Executive comes out to his defence and prevents LEUNG from yielding to public pressure and resign. The Chief Executive has even said that he alone decides whether an accountable official should go or stay.

Madam President, despite the fact that the Legislative Council is legally under the regulation of the Basic Law and the Government, does it really mean that it cannot sanction accountable officials who are found to have committed a mistake? Though the answer is negative, there should also be a more stringent code of ethics applicable to officials and they should submit themselves to the scrutiny of public opinion. To put it simply, rules and regulations are dead, but the code of ethics and public opinion are live. The Government should consider and respect the voice of the people. In 1999, the Secretary for Justice Elsie LEUNG decided not to prosecute Sally AW and her motive was queried by this Council. A motion of no confidence was moved but in the end it was voted down. A few years later when the Secretary was talking with the media about the accountability system, she stated clearly that the motion of no confidence was not carried at that time, but had that been the case, she would have resigned. Besides, she also agreed that principal officials under the future accountability system should hold themselves accountable to the Legislative Council. Should the Council pass any motion of no confidence against any accountable official, the person concerned should resign. Madam President, I think Secretary Elsie LEUNG in her willingness to bear the responsibilities as an accountable official is a sign of her respect for public opinion.

The motion of no confidence which we propose today will have very little chance of getting passed. The reason is just as what I have said earlier. But the crux of the matter is that whether Secretary Antony LEUNG will resign if the motion is carried. If the motion fails to be carried, as an official charged with the vital responsibility of defending the stability of the financial system of Hong Kong, Secretary Antony LEUNG should do some soul-searching to see if it is to the benefit or the harm of Hong Kong that he should stay in office. If he really wishes to do a favour to Hong Kong, he should ask himself whether it is for the good of Hong Kong that he should go or stay.

Thank you, Madam President.

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

MR LEUNG FU-WAH (in Cantonese): Madam President, the motion of no confidence in the Financial Secretary which Miss Margaret NG moves today is a motion with no legislative effect. But still I would like to ask Miss NG, before she moves this motion, has she given any serious thoughts to the question of what kind of impact this motion may make on Hong Kong? In addition, I would also like Honourable colleagues in this Chamber to ponder over a question before they vote and that is: If this motion is passed, who will be the winners and who will be the losers? I think Hong Kong is definitely not the winner in the end, it will only become the greatest loser in this motion.

I do not intend to say anything in favour of the Financial Secretary Antony LEUNG, nor do I wish to discuss whether or not he is right in the car purchase incident. When I consider this motion, I am only looking at this from the perspective of the whole situation and the overall interests of Hong Kong. Instead of talking about whether or not there is any conflict of interests when the Financial Secretary bought a car, it would be better if we think about whether any adverse impact will be created on the community if we go on expanding the incident indefinitely. The Financial Secretary is the highest official in financial matters in the Hong Kong Special Administrative Region (SAR). He is in control of the economic and financial well-being of Hong Kong and if the opposition party is allowed to wilfully turn some personal acts into a political crisis, the result will not just be affecting the governance of the SAR but more seriously, some international speculators may seize the opportunity to attack Hong Kong when it is infested with internal strife. When this happens, what the people of Hong Kong would be facing is not simply the honour or disgrace of an official, but the problem of a volatile financial system and an unstable society. Therefore, we cannot allow the opposition to continue with this farce in gross neglect of the interests of Hong Kong for the advancement their own selfish political gains.

As the car purchase incident is going, it has been completely turned into a political incident by the opposition party. Obviously some people are making use of this "extremely rare" opportunity to inflate the importance of this incident and they are wielding a knife at the accountability system. They will not be satisfied until they see someone beheaded. They vow to topple Antony LEUNG and even the SAR Government. The speech made by Mr CHEUNG Man-kwong earlier repeatedly calls for death. He is once again showing the old trick that he is used to playing. Mr Martin LEE is likewise using the same

old tactic. Whenever someone says anything against the opposition, he will mention the issue of conscience and ask Members whether or not they are true to their conscience. I can say to Members of the opposition that ours is the conscience of the people of China, and of the people of Hong Kong. Each night I fall to a sound slumber. If Antony LEUNG is really ousted from his office by the opposition, it is very likely that this would have an impact on his successor. We can imagine that this person is unlikely to make any bold decision for the people of Hong Kong because he does not want to follow the footsteps of his predecessor and be ousted from office by the opposition.

These opposition which does not harbour any good intentions should never be allowed to inflate the significance of this matter and create any cause of dispute. For in so doing they are placing their own interests on top of the overall interests of Hong Kong. Moreover, they are obviously aiming at something other than what they profess to be, they are just trying to fish in muddled waters. They are pretending to urge for a vote of no confidence against the Financial Secretary, but what they are driving at are the votes in the coming elections.

Obviously, as seen from this incident, the opposition is holding double standards. On the issue of legislation for national security, they are saying that legislation should be put off in light of the community-wide efforts to fight against SARS. But on this relentless drive at sealing the political fate of Antony LEUNG, they are holding another set of standards. This is nothing but double-dealing.

Madam President, on this motion moved by Miss Margaret NG, I would like to share with Members the following words: "This is an age in which those who build toil in silence while those who destroy clamour and rant. It is an age in which the name of "democracy" is borrowed to practise destruction and devastation. It is an age in which power is seized in the name of scrutiny. It is an age in which faults are inflated and people striped of their honour. It is an age devoid of mercy and forgiveness, where people are witch-hunted to their political surmise. It is an age in which there is no construction but only empty words are spoken." Madam President, from the above remarks, I reach a conclusion and that is: the opposition is constantly proposing motions of no confidence recklessly and asking officials to step down; if this is allowed to go on, the day will soon come when the Legislative Council is abandoned by the people in contempt.

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

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

MR ALBERT HO (in Cantonese): Madam President, as a matter of fact, I have been waiting for more Honourable colleagues from the DAB or HKPA to speak and I will respond to what they have said altogether. It is only until a while ago that Mr LEUNG Fu-wah speaks and all other Members concerned have not spoken again. I would think that this can be seen as a smart move, for they will find it better not to speak on this subject than arguing for it, as there is not much reason to argue for.

With respect to the motion of no confidence moved by Miss Margaret NG today, from the speeches made by Honourable Members who oppose to the motion, it can be seen that the following arguments are put forward. First, sympathy. They think that Secretary Antony LEUNG was willing to give up a lucrative post in a bank to join the Government and serve the people. He is earning much less now and he has recently got married, so why shall we pursue the matter so relentlessly? These Members think that we should be sympathetic towards him. Second, to have the focus of attention shifted. This view is that we should give the first priority to fighting SARS and the community should rally itself behind such urgent issues and stop pursuing the matter. Third, a view put forward by Mr LEUNG Fu-wah a while ago that international speculators are lurking around and this is really something new to hear that international speculators could be lured to strike at this time. This is trying to invoke international speculators to scare people. Many people in Hong Kong are worried that if we do not have a credible system and a leader in finance matters, it will be our greatest weakness and that will make us vulnerable. Lastly, it is the approach taken by Mr LEUNG Fu-wah, that is, making unfounded accusations. We all know that this motion calls for a fair solution to the matter to defend the dignity of the system and our credibility in the eyes of the world. But supporters of the motion are accused of a number of wrongdoings and they are accused of relentlessly pursuing someone or setting a trap on someone. This kind of unfounded accusations goes against the grounds for moving this motion.

I must give a word of praise to Mr IP Kwok-him for taking a smarter approach for he makes a point by referring to the findings of an opinion poll. The release of the findings of this opinion poll coincides with the timing of a view expressed by Mr LAU Siu-kai, the chief adviser of the Central Policy

Unit. According to Mr LAU, he has set a criterion, that is, if a senior official is found to have committed a misconduct, he should step down only if there is public opinion calling for his resignation. After this view was made public, the findings of an opinion poll were released. This is the opinion poll which Mr IP Kwok-him has referred to. Mr IP highlighted two points of the survey. First, on priorities. Of the seven events mentioned in the survey, the one concerning Secretary LEUNG ranks the last while SARS tops the list. This is easy to see why, for SARS is what the people are most concerned with.

Why is the event which calls into doubt the credibility of the Financial Secretary ranks the last? There are many explanations for it. One of these is that the people are totally disappointed and they have no confidence in the system. It does not matter what the Legislative Council will do about it, for no matter what it will do, the Chief Executive will come to the defence of Mr LEUNG. It is because the Government is so inapt that people accord this event the last of their priorities. I hope Members can understand what the public has in mind. Second, confidence. The question asked in the survey is whether or not the Secretary should step down, and the figures quoted by Mr IP seem to be a 60% rating in favour of Secretary LEUNG. We must look at this question very carefully. The survey does not ask the public whether or not the car purchase incident has anything to do with credibility. If the question asked is: Would you think that the event is a breach of the integrity and conduct required of senior officials? The answer could well be completely different. Why? Because the public may think that the event is a breach of the integrity required of the senior officials, but they may let the matter go because they may sympathize with the Secretary or for other reasons. And so it is possible that people may think that the Secretary need not resign. But why does the survey evade a basic and more important question and that is, whether or not the people think that the issue is one which involves integrity? That is the most fundamental question.

I believe we all understand a rule and that is, in a modern society, when people are talking about the accountability culture, an official whose integrity is at question should not be allowed to stay in office. Even if the public thinks that the problem is not so serious and that Secretary LEUNG should not be asked to resign, but in view of the system and the image of Hong Kong, Mr TUNG Chee-hwa should not have asked him to stay. And Secretary LEUNG should not harbour any hope that he will be sympathized and he could stay. It is because it is a very serious matter if the Secretary's integrity is questionable, for it will affect the entire system of Hong Kong and it would be difficult for the Government to maintain public confidence and that of

international investors. So if the above question is not answered, then no reasonable explanation can be offered on why Secretary LEUNG should not be held accountable for his integrity. Therefore, I am sorry to say that this opinion poll will not help the DAB, though they have been very smart in releasing this survey to match the time when Mr LAU Siu-kai made his remarks. The problem still remains even if I believe that this survey is fair, for the survey has not asked the public for an opinion on the issue of integrity. Unless Mr IP tells me that this issue has been asked, but then I would think that the statistics could be different.

I hope Honourable Members will realize that this incident is about the integrity of the entire system

PRESIDENT (in Cantonese): Mr HO, your time is up, please sit down.

MR ALBERT HO (in Cantonese): and the votes they cast matter very much.

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

MR ALBERT CHAN (in Cantonese): Madam President, the focus of the motion today is whether or not there is any confidence in Mr Antony LEUNG as the Financial Secretary. However, many Honourable Members have shifted their focus onto issues entirely unrelated to the motion. Even for Honourable Members who have indicated their opposition to the motion, they are unable to present many arguments to back up their confidence in Mr LEUNG.

I would like to use two academic theories to illustrate the problems in the bureaucratic structure exposed by this incident. The first theory is the "Peter Principle". This is a theory which I learned about when I took a course in sociology as a freshman in the university. The theory is very simple. It says that there is a tendency in the bureaucratic system that there will be some persons who will be promoted to a post in which they are no longer competent for it. From the case of Secretary Antony LEUNG it can be seen that he keeps on making mistakes right from the "penny stocks" incident to the car purchase incident and so on. He has been making a mess of things when it comes to handling economic problems. For almost two years when he has

been in office, he has yet to propose effective measures to boost the Hong Kong economy. The kind of local community economy which he proposes is that of an economy of the Sheung Wan Gala Point and the open-air café. It fits very well with the Peter Principle. Another concept related to the Peter Principle is that it is very difficult for those incompetent and who often make mistakes to get demoted or removed from office. It is because the entire bureaucratic structure is controlled by a group of incompetent people. That is why these problems appear. And that theory is a result of sociological studies made in the 1970s.

In recent years, two scholars from Cornell University, DUNNING and KRUGER, make an in-depth study into the "incompetence theory". They point out that those who are truly incompetent do not know that they are incompetent, nor do they know how incompetent they are. On the contrary, the more incompetent a person is, the more he thinks that his competence is superior. Such persons are convinced that their competence is greater than those who think themselves inadequate. So, in comparison, the extent of self-recognition between these two groups of people varies greatly. In other words, those who are aware that they themselves are inadequate know what their weaknesses are. But some of those incompetent people are too self-confident and they have an excessive confidence in their capabilities, and so they become completely out of touch with reality. The conclusion so reached by these scholars is that those who are incompetent lack in the ability to make a judgement on their performance and such persons are not capable of having a true understanding of their performance. Also, these incompetent people are extremely self-confident and they think that their performance is far better than other people.

I really hope that these two scholars can come to Hong Kong and make a study of the bureaucratic system here, especially the performance of the group of so-called elites in the accountability system, to see how many actual examples can be found to prove the validity of the "incompetence theory". I am quite disappointed because there is no research done by sociologists in the post-secondary institutions in Hong Kong on this theory. As they get government funding each year, why do they not make some studies on these actual examples and interesting phenomena they see in Hong Kong? Such kinds of research would be of value and academically interesting.

Today, many Honourable Members, especially those from the "royalist" group, say that at present, unity is needed to deal with the problems we have.

But the question is, when the leaders are incompetent and when they lack the ability for unity and cohesion, how can they unite the people? I looked up the history during the last years of the Tang, Ming and Sung dynasties and I found some phenomena which were quite similar to those we have now. These are: the ruler was obsessed with power; the eunuchs were abusing power, the officials formed cliques and accepted bribes, the court was corrupted, the dissidents were rejected, the loyal courtiers were persecuted and the able were barred from service. On the other hand, the common people were fleeced by heavy taxes and in the end, there was no peace in society and people led a hard life. Finally, the people rose in revolt.

Such conditions are common to all the three dynasties and especially during their last days, when there were people who said that the ruler had to be supported and that unity should prevail. That was the common call advocated by the eunuchs in those days. It was because they were abusing power and in control of court politics. So they wanted to ask people to listen to what they said and be united and serve them. Those who lack the ability to lead and unite the people can only shout empty slogans and they cannot make other people place their trust in them.

Many Honourable Members have pointed out that the opinion polls show that the approval rating for him is only about 40%. A popular joke these days is about a parent who scolds his child on the MTR train for having failed in the examination for two or three years in a row. A man sitting next to them says that there is no reason to scold the child, for TUNG Chee-hwa has failed for five years in a row. So, the point is, the people do not have any confidence in their leaders. Approval ratings reveal that the Financial Secretary has failed and the people do not trust him any more. So how can he lead others and ask them to unite? How can the people believe that he has the abilities to revitalize the economy? A more absurd thing is that though the public has clearly indicated that he would not be supported, the Chief Executive still assigns him the task of reviving the economy after the SARS epidemic. For these two years he has not launched any effective measure, all he proposes is the so-called local community economy and things like the Sheung Wan Gala Point. If he keeps on doing things like that, it will fit the Peter Principle perfectly well, and that is, the most incompetent people will become the leaders and they will lend their support to each other. In the end, things will only become a mess.

Conditions as such found in the last days of the Tang, Ming and Sung dynasties have appeared. I remember Dr SUN Yat-sen, the national father of

China, has said that the meaning of studying history is to understand the past in order to enrich the present and to build the future. Why are the lessons from history gone unaware? I really do not want to see these conditions appear in Hong Kong, not for the least. The only thing which has yet to appear in Hong Kong is the social discontent leading to disturbances. I do not want to see that, but if things do not change, when officials whom people do not trust are not required to step down, the people may task themselves for changes when they do not have anyone to put their trust in. That will spell a dismal outlook for Hong Kong.

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

(No Member responded)

FINANCIAL SECRETARY (in Cantonese): Madam President, for the past two months, I experienced the greatest tempering in my life. Although I had made a mistake in handling the car purchase incident, I have learnt a lot from the experience.

I have gained the deepest understanding about how to face up to my mistakes and accept the criticisms from the community. I understand the importance for giving a public account of the whole incident and I clearly know that integrity originates from stark facts.

Actually, I have not concealed anything and I have no intention to evade tax liability at all. However, I admit wholeheartedly that I am negligent in the incident, which caused people to suspect that a conflict of interests has been involved, and I have failed to report to the Chief Executive promptly.

In this connection, I sincerely accept the criticisms made by the Chief Executive, Honourable Members and various sectors of the community. The incident made me cherish the chance to serve Hong Kong people all the more.

When I left a private institution to join the Government two years ago, I had an explicit target, that is, under the premise of implementing the principle of "Hong Kong people ruling Hong Kong" as at today, to exert all efforts to make contributions to the community and serve the people in Hong Kong.

Now that Hong Kong is being confronted with difficulties and ordeals one after another, I more earnestly hope that I can serve Hong Kong at my post.

In the face of the atypical pneumonia epidemic, all Hong Kong people, especially front-line medical and health care personnel have taken part in the battle against the epidemic. Besides attending to the economic impacts of the epidemic on various industries and people, we are making preparations for the programme to revitalize our economy when the epidemic is over. In the medium term, we have to successfully promote economic restructuring and provide job opportunities, eliminate the fiscal deficit and avoid fluctuations of the financial market as well as social instability. In the face of various challenges, I will spare no efforts and try my best.

I know very well that trust and support is accumulated through achievements over time. I will continue to serve the public in a more prudent and steadfast manner, and I hope that I would be supported and trusted by Honourable Members and the general public.

CHIEF SECRETARY FOR ADMINISTRATION: Madam President, I rise to speak against this motion.

There are times when many of us in this Chamber have done something we wish we had not done, have said something we wish we had not said, have behaved in a way which caused us much embarrassment and regret.

Within the confines of our homes, or within our circle of friends and colleagues, these transgressions come and go on a daily basis. It is in our nature to make mistakes. We apologize. Hopefully, we learn from those mistakes. And we move on.

For those of us in public office — and in this group I include Honourable Members and Principal Officials, the highest standards of personal behaviour and integrity are expected of us. We must be honest, impartial, selfless in public duty and responsive. We must be responsible and accountable. And we must comply with relevant rules and procedures. These are the values that underpin our system of government because these are the values embedded in our society.

Our words, our deeds, our actions are rightly under close scrutiny by the public and the media. Those of us in public office cannot walk away from our mistakes or blunders without a thorough account of what led to, or caused, the mistake. To attempt otherwise would undermine the values that we hold dearly, as well as public trust in the office or position that we hold.

Indeed, the Legislative Council plays an important constitutional role in scrutinizing government policies and decisions, as well as holding the Government and the Principal Officials to account. Today, Honourable Members have exercised these powers during the debate of this particular motion, just as they have on previous occasions when this matter was discussed in great detail in the Panel on Constitutional Affairs and in the House Committee.

I do not need to recount what happened in relation to this incident. But I do wish to highlight several points which, to me, show why this motion is not justified and should not be supported.

The first is the principle of accountability. It obliges a Principal Official to give an account of his actions and be responsible for their consequences. In this case, the Financial Secretary has done both. He has done so willingly. He has provided Honourable Members, and members of the media, with the details of his car purchase. He readily responded to requests for information from Honourable Members. He has admitted that his actions were highly inappropriate. He has accepted the Chief Executive's conclusion that his behaviour amounted to gross negligence. He has accepted the Chief Executive's formal criticism of his actions. He has apologized most sincerely to the public for those actions. He has donated to charity the difference of the taxes involved. And he offered to resign — an offer declined by the Chief Executive after careful consideration of all the facts, and the vitally important task ahead for the Financial Secretary to balance the books and revive our economy. A job that, we all know, has since become even more difficult because of the Severe Acute Respiratory Syndrome crisis. It is, therefore, fair to say that the Financial Secretary has been held to account, and punished for what he has done.

The second and most important consideration is that of integrity. Central to this issue is whether the Financial Secretary acted to seek personal gain in purchasing a new vehicle. He has assured the Chief Executive that this was not the case. He has given the same assurance to Honourable Members,

as well as members of the media and the public. After consideration, the Chief Executive accepted the Financial Secretary's explanation.

The Financial Secretary has explained that he tried to draw a line between his private and public lives. Those of us in public office — many of us in this Chamber — will know how difficult that is to do. The line between our public and private lives often becomes blurred, if not erased, once we assume the responsibility to work for the public good. This incident has shown us that when we assume a position of trust in the Government, we must assume that there is no line between our public and private lives.

It may have been rather unrealistic of the Financial Secretary to think that he could make such a distinction, given the high-profile nature of his job and the intense media curiosity in his marriage and the birth of his child. By his own admission, there was a lapse in his judgement. This lapse led to a breach of the code of conduct for Principal Officials. But this breach was the result of negligence rather than calculated deceit. It was, if anything, a sin of omission, rather than a sin of commission.

While in this connection, the Honourable Emily LAU referred to the Independent Commission Against Corruption (ICAC) investigation into this incident. She raised the possibility of the Chief Executive intervening in the investigation. Let me make it abundantly clear in this Chamber that the Chief Executive had done nothing of the sort, and we never do so. The ICAC investigation is proceeding on its course and the Commissioner of ICAC will put a full report on the investigation in its usual vigorous way to the Director of the Prosecution and the ICAC Operation Review Committee.

My third and final point is this: Where does this motion take us? How does this motion, if passed, help us all to get on with the business of the Government, particularly the pressing economic and public health problems that we are facing? The answer is: It takes us nowhere. The debate today has not shed any new light on what we already know. The debate today has not provided us with any arguments or insights that we have not heard before. The debate today has not convinced the Administration that the punishment handed down to the Financial Secretary in March was not appropriate, or reasonable.

However, the debate today has shown that clean and accountable government is a cornerstone of our society. It has shown us that the values

that I mentioned earlier are tremendously important to the people of Hong Kong, and that those of us in positions of trust must not only cherish and hold those values, but defend them vigorously. Not just during a debate such as this, but every day in every decision and every action we take, and during every breath we draw.

Madam President, the Financial Secretary has an enormous task ahead of him to restore fiscal balance and revive our economy. This is not an enviable task. The Financial Secretary has the confidence and ability to accomplish this task. The Financial Secretary's Budget proposals — drawn up after consultations with a wide cross-section of the community, including members of this Chamber — have laid out a clear strategy and clear targets to meet this task. He should be allowed to get on with this job. A successful vote of no confidence in the Financial Secretary would be highly disruptive, and would deflect attention away from more pressing matters at hand. It is time to move on.

The Financial Secretary has stated that he wants to work with the utmost dedication and sincerity to successfully restructure the economy and work for the public good. He has learnt from his mistake. He deeply understands that he has injured public trust in himself as well as the Government. But he is determined to rebuild that trust.

Indeed, this incident has shown that all Principal Officials must strive to build and nurture public trust day in, day out, as we grapple with the many and varied challenges that face the Government and our community. This is the time for solidarity. In this regard, the community has shown remarkable generosity of spirit, grace and wisdom. Our people's daily refrain is for unity at this time of unusual adversity. They ask us, officials and legislators, to concentrate on resolving the urgent fiscal and social issues at hand. They urge us to encourage and honour the strong sense of duty and heroism being displayed in the public service everyday. They implicitly tell us to put aside whatever differences that we may harbour in countering our current problems.

I would ask Honourable Members now to allow the Financial Secretary to get on with the vitally important tasks ahead of him and to continue serving the people of Hong Kong.

I urge all of you to vote against this motion.

PRESIDENT (in Cantonese): Miss Margaret NG, you may now speak in reply, you still have four minutes 28 seconds.

MISS MARGARET NG (in Cantonese): Madam President, I would like to thank the 26 Honourable Members who have spoken today on this motion. Before the beginning of this motion debate, somebody asked me whether it was still meaningful to propose a motion of no confidence on the Financial Secretary at this moment. The fact that 26 Honourable Members have spoken on this motion alone made me feel that the answer is obvious, and that is, all of us think there is really a need to do so.

Madam President, the position of Honourable Members on this motion is crystal clear, irrespective of whether they support the motion or not. Those Honourable Members who support the motion has only one position and that is, they firmly believe that accountable officials and public officers must abide by some codes of conduct.

Is such a code of conduct a very lofty one? As Dr Philip WONG has said, such a code is aimed at avoiding conflicts of interests, it is a minimal requirement for those in business, in the professions and as public officers. So, are we excessive if we require the same from accountable officials.

What the Chief Secretary for Administration has said is also the same thing. He says that it is in our nature to make mistakes. That is right, even sages are not immune from making mistakes. We would not stop paying our respect to a person just because he has done something wrong; but for people who have made a mistake and refused to bear an appropriate responsibility for it, we will find it hard to pay them our respect.

Some Honourable Members have also said that since the Financial Secretary has made an apology and tendered his resignation, and it is only that the Chief Executive has refused to accept it, so we should not pursue the matter any more.

Madam President, to offer an apology is only a proper thing to do if a person has done something wrong. One should apologize if he has made a mistake. Even if the Financial Secretary decides to resign, he must make an apology when he resigns. An apology cannot replace a resignation, for what is

involved is not a question of minor negligence, but a matter as grave as a conflict of interests. The Chief Executive also admits that it is a grave matter. What is baffling is despite the gravity of the matter, the person involved can stay in office. That is something which the people of Hong Kong, the international community and professionals all find it difficult to comprehend and accept. And that is the reason why I propose this motion of no confidence even though two months have lapsed since the incident has occurred.

Mr LEUNG Fu-wah asks me whether or not any adverse impact will be created in society if this motion is carried. I would think that for any matter, irrespective of whether the impact it creates will be positive or negative, it still has to be done provided that it touches on the question of justice. I have made it clear in my speech that people make mistakes all the time, but the greatest adverse impact that it creates is that people would let go of the matter, say that it does not matter and that we should move on. Is this what we want?

Many Honourable Members also talk about SARS, but I would think that the need to handle a crisis is not tantamount to saying that principles should be abandoned.

Madam President, there are people who ask, "What are you going to do if this motion is not passed?" I think this is a motion which should be proposed, irrespective of whether it will pass in the end. It is because today we are talking about yardsticks, conduct and principles. I wish to let Honourable Members who cannot accept the kind of standard as seen in the actions of the Financial Secretary express their non-confidence. I also wish to let those Honourable Members who defend such actions tell the public their grounds for doing so. Tonight it is clear as to where right and wrong stands, whether power or justice prevails, and whether the accountability system remains one only in name. The results of the voting serve only to expose the defects of this present Council. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Miss Margaret NG be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Miss Margaret NG rose to claim a division.

PRESIDENT (in Cantonese): Miss Margaret NG has claimed a division. The division bell will ring for three minutes.

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

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

Functional Constituencies:

Miss Margaret NG, Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Dr LAW Chi-kwong and Mr Michael MAK voted for the motion.

Mr Kenneth TING, Mr James TIEN, Dr Raymond HO, Dr David LI, Dr LUI Ming-wah, Mr HUI Cheung-ching, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Mr Henry WU, Mr Tommy CHEUNG, Mr LEUNG Fu-wah, Mr IP Kwok-him and Mr LAU Ping-cheung voted against the motion.

Mr Eric LI and Dr LO Wing-lok abstained.

Geographical Constituencies and Election Committee:

Ms Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Mr Andrew WONG, Dr YEUNG

Sum, Mr LAU Chin-shek, Ms 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 motion.

Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Dr TANG Siu-tong, Dr David CHU, Mr NG Leung-sing, Mr YEUNG Yiu-chung, Mr Ambrose LAU and Mr MA Fung-kwok voted against the motion.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, five were in favour of the motion, 20 against it and two abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 29 were present, 17 were in favour of the motion and 11 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 motion was negatived.

PRESIDENT (in Cantonese): Second motion: Atypical pneumonia dealing a blow to Hong Kong's economy.

ATYPICAL PNEUMONIA DEALING A BLOW TO HONG KONG'S ECONOMY

DR DAVID CHU (in Cantonese): Madam President, with the hard work done by the Chief Executive Mr TUNG Chee-hwa, the Government, the medical and health care workers, as well as the people of Hong Kong, I am glad to find that the condition surrounding atypical pneumonia (hereafter referred to as "SARS") has stabilized. However, I am afraid we have to face the stark reality that SARS will speed up the deterioration of the Hong Kong economy. Therefore, I propose this motion in the hope that more views can be gathered so that the Government can have a better understanding of the difficulties faced by various trades and industries in order that more comprehensive measures can be devised. I would like to point out, however, that while immediate relief

measures are important, we have to make a full-scale examination of the reasons and results from a macro perspective in order that problems can be solved at their roots. I would like to talk about why our previous economic policies have contributed to our present economic slump. Only by doing so can we find a thorough way to salvage the Hong Kong economy in the wake of the SARS epidemic and to restore confidence in the people of Hong Kong.

It is beyond doubt that the bubble economy existed before the reunification and from the outset the Government of the Hong Kong Special Administrative Region (SAR) adopted a policy of intervention. It had resorted to rather heavy-handed measures to chill the overheated economy and it did not make good use of the market mechanism to achieve a soft landing. That was not the right thing to do. In addition, the Government chose to suppress property prices as the major measure to chill the overheated economy and that is another incorrect thing that has been done. It must be borne in mind that the economic structure of Hong Kong has its own unique character, that is, the people of Hong Kong would invest a greater part of their wealth, savings and retirement protection in properties. So when the SAR Government tried to suppress property prices, the impact that it made is very extensive and it can even be said to be catastrophic. For this has made the wealth, savings and retirement protection of many Hong Kong people shrink by thousands of billion dollars within a very short time. This leads to a drastic fall in internal investment and triggers off the vicious cycle of deflation. At the same time, this suppression of property prices leads to a great fall in government revenue through land sales. This is also a major reason why fiscal deficits exist in the Government. To date we have had more than four years of fiscal deficits and deflation. If powerful measures are not devised and put into practice, this vicious cycle will go on.

Another inappropriate policy is the adoption of a so-called competitive strategy based on price reduction in order to increase the competitiveness of Hong Kong. We know that the promotion of sales through price reduction is only a low-end tactic commonly used in third world countries. It is not only unwise but also unfeasible for Hong Kong to compete with the nearby developing places by reducing the prices because our cost of production and cost of living are almost the highest in Asia. Our economy is dominated by the service industries and wages take up the greatest part of the costs of production. Therefore, if costs are to be cut, then wages will have to be cut substantially as well. However, as we all know, cutting wages is not an easy thing and the side effect caused by wage cut is that deflation will aggravate.

Madam President, these two inappropriate policies have long appeared since the beginning of the reunification. When these policies are coupled with the Asian financial turmoil in 1998, the effect is a vicious cycle of persistent deflation and economic recession. For other countries in Asia, though they are also under the attack of the Asian financial turmoil, their economy has revived through adjustments made to their monetary policies. Therefore, facts have shown that the use of fiscal policies by the SAR Government throughout the past few years to rescue the economy have not been effective.

Over the past few years, the Government has launched many initiatives to rescue the ailing economy, such as the minimal tax concessions and rebates, reducing government fees and charges, the so-called "SUEN's nine strokes" and the relief measures initiated during the SARS outbreak and so on. However, all these measures are launched very late and they are not powerful enough. Not only are economic problems remain unsolved and become worse, but the deficit problem has also deteriorated at this time when the global economy is not rosy at all. The situation is like a patient who takes only one tenth of the amount of antibiotics that he has been prescribed. The result is that his conditions will get worse and the virus will become more resistant to antibiotics. Then it will be more difficult for him to attain recovery.

Even without the outbreak of SARS, our economic outlook for this year would at best be average. But now because of the onset of SARS, our economic conditions will only go from bad to worse. Unemployment rates will climb, there will be zero or even negative growth in the economy. All these are very likely to happen. Although the Government has launched relief measures costing \$11.8 billion to assist a number of sectors which have been hardest hit, the amount is far from sufficient considering the gloomy economic conditions and the great number of sectors affected.

The Government must understand that it is not possible to use fiscal policies to steer Hong Kong out of the economic troubled waters aggravated by the SARS epidemic. It is because our fiscal reserves have been dwindling from the \$457 billion in 1997-98 to \$310 billion at present. The fiscal reserves will fall to about \$200 billion next year. Even if all the reserves are used to boost the economy, the economic woes caused by the evaporation of \$5,000 billion, I repeat, \$5,000 billion worth of stocks and properties over the past five years cannot be dispelled. And on top of all these we have the SARS

problem. Therefore, I think that if we are to break the present economic impasse, we need to consider issuing bonds to increase the money which with the Government can use to boost the economy. However, it will not work under the existing economic circumstances if we just rely on issuing bonds. We also need to formulate effective monetary policies, for problems like inflation and deflation, or the expansion and contraction of the economy can be tackled mainly through monetary policies. The core to our existing monetary policies is the pegged exchange rate. Under this system, the fluctuations in the prices of the factors of production such as asset prices, wages and so on will be used to offset the disparities in the economic development of Hong Kong and other places. The greatest problem now is that owing to the socio-economic situation we have, there is actually no more room for reducing the asset prices and wages, thus a situation is formed which is characterized by excessive value in the currency, high prices of the various factors of production, and an absence of competitiveness. This caused our economy sink into the abyss of prolonged recession. Therefore, I think the Government should formulate some effective monetary policies to steer the economy out of the doldrums.

Madam President, I so submit.

Dr David CHU moved the following motion: (Translation)

"That, as the atypical pneumonia epidemic has dealt a severe blow to Hong Kong's business environment and international image and caused a worsening of the unemployment rate, this Council urges the Government, under the premise of ensuring that the prime task of battling against the epidemic is carried through, to conduct an in-depth assessment of the impact of the epidemic on the local economy and the Government's finances, and to actively work out strategies with various industries and trades with a view to promptly launching a series of effective measures that can turn crises into opportunities, assist the community in tiding over the difficult times, and expeditiously restore the confidence of the public, tourists, investors and the international community in Hong Kong."

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

MR LAU CHIN-SHEK (in Cantonese): Madam President, it is beyond doubt that atypical pneumonia has dealt a severe blow to the local economy, employment and people's livelihood. Despite the fact that at the end of last month a package of relief and economic revival measures was launched costing \$11.8 billion, from public opinions expressed recently and from the views expressed by members of the public I have come across, it is clear that the Government has not applied the right measures to fully deal with the problems.

Today, I would only like to make two points briefly and I hope that the Financial Secretary and other Bureau Directors would give serious thoughts to them.

First, on the financial assistance given to sectors hit by the spread of atypical pneumonia. In general, such assistance is given to sectors considered to be hardest hit by atypical pneumonia, such as the catering, retail, tourism and entertainment sectors in the form of low-interest loans and so on. The above-mentioned sectors are really the hardest-hit areas. I have met many people from the catering sector and their business is really tragic. When the bosses are having a bad time, the employers are forced to accept a pay cut, take no-pay leave or are even laid off. I believe and agree that as the epidemic is affecting every sector in our society, the hardest-hit sectors will not be confined to these four sectors alone. The Hong Kong Confederation of Trade Unions helped the nanny van drivers some time ago to demand loans from the Government to help them tide over their difficulties. Kindergarten groups also went to the Panel on Education in this Council to complain that they had great difficulties in running the kindergartens because of the suspension of classes earlier. Other members of the public complained to me as well, for example the suppliers of lunch boxes to pupils. They are also running into difficulties and theirs are as serious as the kindergarten operators.

And so the list of these hard-hit sectors goes on and on. If the Government really wants to relieve the people's hardship and revitalize the economy, it must act boldly and decisively. Assistance should be given to companies in all sectors which can produce evidence that their business has been affected by atypical pneumonia. Only this can forge unity in our society.

Not long ago I wrote a letter to the Financial Secretary on behalf of the Panel on Manpower of this Council. I state in the letter that attention should also be given to sectors other than the four sectors affected by atypical pneumonia. I hope a swift response can be obtained.

Another point which I would like the Government to consider is how to revitalize the economy when the epidemic is beginning to subside. A boost must be given to consumption, that is the first step to take. It is because a revived consumer market is best in producing a positive impact on the economy. So the Government should work for this revival by adopting all kinds of measures now.

As early as last month, I proposed the issue of "spending coupons". I notice that after the launching of relief measures at a cost of \$11.8 billion, both the Financial Secretary and the Secretary for Economic Development and Labour said that when the epidemic was fully under control, consideration would be given to making spending coupons a measure to boost the economy.

I now urge the Government to give serious thoughts to launching the spending coupons. I also believe that if a boost is given to the economy and the consumer market, the people must spend more, spend now and spend locally. Spending coupons are the best way to promote consumption.

According to my rough estimates, as there are about two million households in Hong Kong, even when coupons of the amount of \$1,500 are given to each family, the total expenditure for the Government is only about \$3 billion. Details such as the amount in the coupons, or whether coupons will be given to individuals or families and so on can be considered later. But if spending coupons can give an immediate boost to the market, especially in the hardest-hit sectors, then the effect on revitalizing the economy, stabilizing employment and relieving the hardship of the people would be quite substantial indeed.

I hope the Government would respond actively to this suggestion.

Thank you, Madam President.

DR RAYMOND HO (in Cantonese): Madam President, atypical pneumonia is now the focus of global media attention nowadays. It broke out in Guangdong Province last year and has been raging for about half a year. Though we are not sure of the source of the virus, for one we can be sure and that is, the virus has spread. Recently, the state of the epidemic in Taiwan and on the Mainland has become acute and is indeed worrying. Since March this year, atypical pneumonia has been taking its toll in Hong Kong and once the situation has

deteriorated rapidly within a short time. However, with the hard work done by all parties concerned, it seems that the epidemic is now easing off and the situation is making encouraging progress. Despite this, the economy of Hong Kong under the threat of the epidemic has remained gloomy, at least for the time being. I think that the Government should formulate relevant measures to help the weak economy to recover.

As we all know, atypical pneumonia has dealt a severe blow to the Hong Kong economy. Ever since the atypical pneumonia outbreak, people have stopped going out and this has made a serious adverse impact on various sectors of the economy. The catering, retail and entertainment sectors are the hardest-hit sectors. In addition, in a bid to prevent the spread of the epidemic, the World Health Organization has issued a travel advisory and this has dealt a heavy blow to the airlines, the tourism and the hotel sectors. In fact, the engineering and construction sectors have already been under severe unemployment, as contracts for private-sector development have fallen greatly in number and many projects are either delayed or suspended. This is coupled with the slowdown of government projects. Many companies in the sectors are running into difficulties and people in the sectors, professionals and workers alike, all feel that their jobs are insecure and that their salaries will be cut. If these sectors do not recover, the Hong Kong economy will sink further and jobless rates will surge. Then, under the effect of this vicious cycle, our economy will fall apart.

Towards end of April, the Government announced a package of relief and economic revival measures to assist the sectors hardest hit by atypical pneumonia. I appreciate the concessions made in some government fees and charges to relieve the hardship of the people, but I also hope that the Government can delve deeper into the source of our economic woes and devise proper measures.

Atypical pneumonia has tarnished our image in the eyes of the international community. Though we are not listed as an infected place, some countries have already regarded Hong Kong as one and they urge their nationals to return or advise them not to travel to Hong Kong for the time being. This can be seen in the deplorable attendance of the Hong Kong Houseware Fair and the Hong Kong Gifts & Premium Fair held last month with foreign buyers' groups fell from about 70 last year to only 13 this year. I think the orders which the exhibitors got in these exhibitions would be greatly less than the number of orders they got last year. I think the first task for the Government besides containing the epidemic is to find some effective solutions to recover

our international reputation and restore the confidence of the tourists and investors. When this is done, our economy will turn for the better and public confidence in the Government will certainly be restored.

On the question of improving our international image, I would think that apart from stepping up with the quarantine measures to contain the epidemic, the Government should also improve environmental hygiene in Hong Kong. This applies especially to streets and public toilets. They should be regularly cleaned. Mere technical efforts in beautifying a place would not be good enough to produce a favourable impression on the foreigners. We need to make Hong Kong beautiful, not just in its outward appearance, but inside as well. In addition, I think that the Government should instil in the people a sense of keeping their households as well as the public places clean and tidy, and to do this, it is very important to secure co-operation from the public.

Schools in Hong Kong were once suspended during the atypical pneumonia outbreak and I hope that we can learn from this experience to develop leaning on the internet so that pupils of different classes can learn at their homes during the epidemic or under some other special circumstances. This can avoid the present problems that we run into and if Hong Kong can have some sound online learning system, that will serve to enhance our international image and to attract tourists to come here to travel.

Atypical pneumonia has undoubtedly dealt a severe blow to Hong Kong, but at the same time, it has given us an opportunity to ponder over our inadequacies. If we can improve on such inadequacies, the day will not be far for our economy to recover. So we must face this adversity with a positive frame of mind and work hard to turn this crisis into an opportunity for our economy.

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

MR KENNETH TING (in Cantonese): Madam President, the economy of Hong Kong is from the outset liken to an ailing patient. Ever since the Asian financial turmoil, two incidences of negative growth have been registered and deflation has persisted for 53 months in a row. When coupled with the blow dealt by the atypical pneumonia epidemic, the state of our economic health has aggravated, and though it cannot be said that it is in a terminal state, it is already critical.

Apart from the four hardest-hit sectors which are often mentioned, all our trade and industries, including the manufacturing industry and the import and export trade, have likewise been badly hit. What is more disappointing is that some countries are seizing this opportunity to deal a further blow to our economy. For example, in the BASEL 2003 — World Watch and Jewellery Show held at the beginning of last month in Switzerland, the local government there has imposed all sorts of hurdles on Hong Kong companies to prevent them from taking part in the Show. As a result, the related industries in Hong Kong have lost about \$10 billion worth of their business for this year. The latest news is that Las Vegas is planning to ban Hong Kong from taking part in its jewellery exhibition or requiring Hong Kong to build its own pavilion. These repeated setbacks are a cause for our great anxiety.

After the World Health Organization (WHO) has issued a travel advisory on Hong Kong, many foreign buyers stop coming here for business or taking part in the trade fairs. So the number of orders they place has fallen sharply. This has dealt a great blow to our business activities.

Therefore, with regard to the relief measures recently launched at a cost of \$11.8 billion, both the industries constituency and I myself would think that these well-intentioned measures serving to save some sectors in dire distress and will prevent massive closures.

It is unfortunate that the Relief Loan Guarantee Scheme with a commitment of \$3.5 billion is clearly not powerful enough. The Scheme is restricted to four sectors, that is, the tourism, retail, entertainment and catering sectors. It has not included the small and medium enterprises (SMEs) in the manufacturing industries and in the import and export trade. These companies are struggling hard to survive and I hope that when the Scheme is to be reviewed later, the scope of the Scheme can be expanded to include the manufacturing industries. Companies from these sectors should be eligible to apply provided that they can show that their business has clearly been affected by the epidemic.

Among the various relief measures, although the concessions given to government rates, water and sewage charges from one quarter to four months would produce limited effect, for to SMEs, they would only be mere water drops in a desert, we still welcome such measures.

I also hope that the task force on economic revival which was formed two days ago as announced by the Chief Executive will work on the basis on this

package of relief measures costing \$1.18 billion and undertake an extensive consultation of the business and industrial sectors so that more visionary and strategic measures could be formulated. I also hope that the \$1 billion earmarked for this can really serve its purpose. An important point to note is that resources should be used to engage in publicity and promotion abroad in order to restore the confidence of foreign businessmen and travellers in Hong Kong and to eliminate the negative image caused by the epidemic.

As an example, the WHO has made it clear there is no evidence that contact made with goods exported from atypical pneumonia affected areas will lead to atypical pneumonia infection, that is to say, goods will not lead to infection. However, there are still some overseas buyers who ask Hong Kong manufacturers questions relating to the above. So if the Government does not make an expedient clarification on this, it would be hard to revive our economy in the aftermath of atypical pneumonia.

The Hong Kong Houseware Fair and the Hong Kong Gifts & Premium Fair have been held as originally scheduled, though in a smaller scale, and none of the visitors to the fairs or overseas buyers who came to the fairs were infected. This shows that if appropriate prevention measures are taken, Hong Kong is still a very safe place. Another case is that Hong Kong businessmen have successfully visited the Mido Milan — a major optical trade fair, and there has not been any report of these businessmen spreading the virus there. For positive messages like these, I think we should make the best of our efforts to publicize abroad so that confidence can be restored and overseas buyers will not be discouraged to come to Hong Kong when a trade fair will be held in July.

Finally, with respect to the series of events which other places have imposed restrictions to prevent Hong Kong companies from joining trade fairs, I hope the Government should attach great importance to these events, negotiate with the related foreign governments or bodies and take bold and effective actions to prevent such things from happening again.

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

MR CHAN KAM-LAM (in Cantonese): Madam President, recently, the number of confirmed atypical pneumonia cases has levelled off, people will soon resume their normal lives and business will start rolling again. But the

people are still worried as nobody is sure how long the epidemic is going to last and how great a blow it will deal on the Hong Kong economy.

At the peak of the epidemic, the Government warned people against going to crowded places in order to avoid getting infected. Consumer market was therefore badly hit, but that could not be helped. Now that the epidemic is easing off, the Government should step up publicity efforts on "making adequate preventive measures to enable the resumption of normal life" in order that business for all sectors can revive. For the retail and catering sectors, they should improve their hygiene and ventilation to instil greater confidence in the consumers. In view of the temporary cash-flow problems encountered by the SMEs, some banks have offered a greater credit limit and longer tenor for loans to their existing clients. We hope that other banks can follow suit and help these SMEs tide over their difficulties.

Recently the business sector initiated the "We Love Hong Kong" campaign in order to boost consumption. We are glad to see various sectors get united and we are beginning to see the effect of this campaign. The DAB is of the view that we should make use of this opportunity to expand the campaign to include other areas and attract visitors from elsewhere in the world to come to Hong Kong. When these visitors go back to their countries, they can tell their people what Hong Kong is like now and this would double the effect than that produced by publicity efforts done on our part in foreign countries.

Despite the shattering blow dealt by the epidemic to our economy, our medical and health care workers are increasingly recognized by the international community. Some crew members of a cargo vessel from Malaysia were suspected of contracting atypical pneumonia and the vessel chose not to go to the nearby ports but came to Hong Kong to have these crew members treated here. From this incident we can know that the standard of our medical service is internationally recognized. The DAB thinks that we should make use of our foundation and facilities in medical services and allocate more resources to set up a diseases prevention and control centre. The centre will be responsible for engaging in related researches and in disease surveillance and prevention. The centre is expected to enhance our standing in the medical field and turn Hong Kong into a medical hub of Asia.

That foreign businessmen are put off from coming to Hong Kong and that Hong Kong people travelling abroad are forced to undergo a quarantine period

will in the medium range to the long run hamper our economic growth. We think that the most pressing task at hand is to rebuild our image as a healthy and safe place. This will restore the confidence of the international community in Hong Kong. The Government should work hard to lower the number of infection cases and in terms of overseas publicity efforts, the Government should take the initiative of providing positive information and analyses to the international community so that other people can be clearly aware of our efforts in preventing the epidemic.

In addition, the DAB also urges the Government to assist the business sector in holding more large-scale trade fairs and to strive for the right to host international conferences so that heads of international conglomerates and other business celebrities can come here and see for themselves that things have returned to normal here. This is the best way to persuade them to invest in Hong Kong again. We believe if we can rebuild our international business networks, our trade volumes should resume a rising trend and this will benefit our logistics, airlines and tourism sectors.

Co-operation between Guangdong and Hong Kong is the future direction of our development as mapped out in the policy address. However, past efforts have confined to the economic plane and in view of the lessons we learned from the spread of the epidemic, the DAB thinks that the kind of integration between the two places that should be aimed at should be in the economic, medical and security areas and in the establishment of an efficient reporting system which will facilitate an efficient and instantaneous analysis and exchange of the information related to the epidemic. Only in this way can the Government make a swift and effective response to contingencies. Meanwhile, efforts should be made to promote more co-operations in logistics and cross-boundary infrastructural projects and so on. Such would include the speeding up of the research and rationalization work in respect of the proposed Hong Kong-Zhuahai-Macao bridge. It is expected that good news in these areas will boost the confidence people have in the economy.

Mainland travellers are an important source of visitors for our tourist industry and as the atypical pneumonia situation on the Mainland is acute, travel and business activities are disrupted. Though the atypical pneumonia situation here has somewhat been eased, we should not think that we can just mind our own business. The DAB reckons that there should be more co-operation between Hong Kong and Guangdong on the medical front and a

"co-location" arrangement which complies with recognized safety standards should be set up expediently so that cross-boundary passengers will just have to undergo either a body temperature test or health check-up once before they enter the territory. Such a move can simplify the procedures and time for immigration clearance and will boost passenger traffic between Hong Kong and the Mainland. Moreover, this arrangement can ease the pressure on the Hong Kong Government in its deployment of manpower and resources. The Hong Kong Government should also start planning with the tourism authorities of the Guangdong Province, so that once the WHO travel advisory against Hong Kong and Guangdong is lifted, the two places can join hands to engage in a large-scale promotion exercise on cross-boundary travels in Hong Kong and the Pearl River Delta. In addition, the proposal to allow residents of Guangdong to visit Hong Kong in their personal capacity should be implemented as soon as possible, for this will speed up the recovery of our retail, tourism, catering, and hotel sectors.

Yesterday the DAB submitted to the Financial Secretary our proposals to revive the "post-epidemic" economy and we would like to make use of the occasion here to urge the Government to finalize and implement all these economic revival measures.

Madam President, I so submit.

DR YEUNG SUM (in Cantonese): Madam President, the atypical pneumonia situation is beginning to ease off and I am glad to see that the infection cases are on the decline. I wish to thank all medical and health care workers here once again for the professional care and attention they have given to the patients. I would also like to thank the cleaning workers who are working so hard in our community as well as each and every one who has put in the best of their efforts in fighting the epidemic.

At the time when the number of infection cases was high, the primary task for the Government was to prevent the epidemic from further spreading. However, when the epidemic begins to stabilize, the focus of attention should be shifted to the economic hardship that Hong Kong is having and what the Government should do is to formulate some plans without delay to revive the economy so that it can climb out of the doldrums.

The package of relief and economic revival measures costing \$11.8 billion which the Government has recently launched would doubtlessly be of some help to the general public as well as the SMEs and food establishments affected by the epidemic. But more effective measures would be to suspend the increase in the salaries tax and to impose a freeze on government fees and charges for another year. At the same time, the Government should give up the target of eliminating fiscal deficits by the year 2006-07 in order to avoid dealing a further blow to local consumption and slowing down the pace of economy recovery.

The Government encountered many problems during the atypical pneumonia outbreak, and in order to face the challenges of tomorrow, we need to examine the situation carefully now and make a review of the growth in our economy.

The four core industries of financial services, logistics, tourism as well as trading and industrial businesses play a vital role in our economy and under the epidemic, these four industries have been hit by various extents. The tourism industry was the hardest hit of all and it is believed that impact will last the longest, for it will take a very long time to restore the confidence of the visitors, even when the travel advisory issued by the WHO is lifted. When Hong Kong and the Mainland are so close and dependent on each other, we cannot expect that the number of visitors to Hong Kong can surge again within a short span of time. The Hong Kong Government should make good use of the present period and think ahead on how to revive the tourism industry.

The Democratic Party is of the view that there are not enough tourist spots in Hong Kong, for there are not many new tourist spots apart from the Peak, the Ocean Park, the Repulse Bay, and so on. This will impose a great obstacle to the long-term development of our tourism industry. With the exception of the Disney theme park project costing \$18 billion which will appear in a few years' time, there are no other new ideas for tourist spots. The Government used to be saying about developing some new tourist spots, but these remarks remain only talks and no concrete plans are in place. What can be considered are some new spots or organizing some eco-tours. These will make the tourism industry more competitive.

The Government should submit a plan for the revival of the tourism industry to this Council as soon as possible. In the \$11.8 billion package, a sum of \$1 billion has been earmarked for overseas promotion. I think the

Government should publicize Hong Kong as a top Asian tourist destination and that after the incident, it is rising like a phoenix from the ashes.

With respect to the economic integration between Hong Kong and the Mainland, as the Mainland is rapidly growing, the Democratic Party thinks that this integration should be forged as soon as possible. And Hong Kong should try to reap the benefits from such an integration while it still enjoys some competitive edge.

In terms of population mobility, a package of better measures should be formulated, these include the setting up of a control centre for infectious diseases and improving the exchange of epidemiological information between Hong Kong and the Mainland. This will hopefully prevent the recurrence of incidents like atypical pneumonia. This is of vital importance from the point of view of public health and the well-being of the public, as well as showing the world our commitment towards the prevention of infectious diseases, for Hong Kong cannot afford to have the outbreak of a similar incident again.

Lastly, the atypical pneumonia incident has exposed the shaky foundations of our trade and industries. For when the retail market and tourism industry ran into problems, our economy made a nose-dive. Such a kind of fallout did not appear on the Mainland, and in comparison, Singapore and Taiwan took the devastation far better than Hong Kong. So the epidemic has really brought our weaknesses into light and the Government should aim at promoting and expediting the development of our business and R&D in the technologies, encourage the investment in technological enterprises, consolidate our technological base and assist the local industries. Prof TSANG Shu-kei of the Hong Kong Baptist University once pointed out that the SAR Government should stop running in a handicap race by sticking to the active non-intervention policy. Instead, some appropriate measures should be adopted to develop our competitive edge in the financial system, the rule of law and our excellent reputation. He suggested that Hong Kong should make use of advanced technology to manufacture traditional Chinese medicine with the aim of turning the territory into a pharmaceutical centre like Switzerland. Incidentally, the pharmaceutical industry in Singapore is far more developed than Hong Kong and it has brought huge economic gains for the country.

Lastly, we think that the Government should reconsider the issue of bonds. The reasons are that it is not likely that our economy will recover in

the near future and the Government may run into some difficulties when it is to proceed with the plan to sell its assets worth \$200 billion. So at a time when our reserves are substantial and taking into consideration that one can only borrow money at a low cost when he is well-off, the issue of bonds is a reasonable move to make, and this is an idea which Mr Joseph YAM, the Chief Executive of the Hong Kong Monetary Authority, also agrees. He also points out that if the Government decides to issue bonds now, the returns should be greater than the cost of investment. So this is really a suggestion worth considering and it is one which the Democratic Party has raised time and again.

The Government should draw conclusions from the atypical pneumonia incident and learn valuable lessons from it. It should also ponder over the tragedy and map out a new direction for development for Hong Kong.

Thank you, Madam President.

MS MIRIAM LAU (in Cantonese): Madam President, ever since the outbreak of atypical pneumonia, our economy has been beleaguered on both external and internal fronts. As people refrained from going out, business for all trades has plunged and foreign visitors have been put off by the epidemic and that hits the tourism, hotels, exhibitions and trade sectors. Some overseas places have even refused the entry of Hong Kong people and even if they are admitted, they are subject to a quarantine period. This has dealt a severe blow to business contacts and this invisible virus has surprisingly caused hundreds of millions of dollars of economic losses.

Of course, life is more important than money and we should spare no efforts in treating and preventing atypical pneumonia, but there is also a host of other things that need to be done. The first and foremost task is to revive the economy. If people are so scared of contracting Severe Acute Respiratory Syndrome (SARS) that they stop going out to spend, then the shops will have no business and more people will become unemployed. When more people are out of work, less people will spend and so more shops will close down. And if this vicious cycle goes on, the adverse impact which SARS creates on the economy will be more devastating than the virus itself.

I am sure Hong Kong people all understand this. After the long holidays last month, the people are getting back to their normal lives. They

would go to the restaurants on the holidays and diners and shoppers are increasingly making their presence felt. Despite the return of crowds in our cinemas, restaurants and shopping malls, the pace of our economic recovery is still slow. The reason for that is simple, the people do not have much desire to consume and the number of visitor arrival drops drastically. The situation is worrying.

So the Hong Kong people must think of ways to help themselves. The way to do this is to encourage everyone to go out and spend. Those who can afford it should spend more. Now some efforts to boost the sagging business are being made in the private sector. For example, the Tourism Coalition of Hong Kong formed by the airlines and the tourism sector has initiated the "We Love Hong Kong" campaign and business will offer incentives for people to spend. Another move is the "red fish movement" organized by people from all walks of life. The people are urged to spend \$100 every week in various trades. For example, this week the people are encouraged to ride a taxi and the next week, to eat out.

All these self-help efforts require the co-operation from various sectors. For example, although taxis cannot offer any fare concessions, they can display labels of the "We Love Hong Kong" campaign in the cabins and encourage everyone to spend. The taxi trade is in great support of this campaign. I am aware of the fact that many members of the taxi associations have even printed such labels and put them both inside and outside their taxis. The public may redeem air tickets at special prices by producing taxi fare receipts and receipts of other items they spend.

Apart from these self-help moves initiated by the private sector, the authorities announced yesterday the formation of a task force chaired by the Financial Secretary to revive the economy. This task force can actually continue with the successful efforts made in this direction and make arrangements with various sector and offer more incentives for the public to spend while publicity efforts should be made abroad at the same time to attract more visitors to come here. While private businesses are encouraged to offer more concessions, the Government can also offer concessions itself, such as waiving the \$18 disembarkation duty to encourage more people to travel on ferries between Guangdong and Hong Kong, and also to reduce the airport tax so that foreign visitors can benefit in many ways.

I believe as long as the people of Hong Kong have confidence in themselves, things will return to normal very soon. For if we have confidence in ourselves, foreign visitors, investors and the international community at large will regain their confidence in Hong Kong.

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

MR NG LEUNG-SING (in Cantonese): Madam President, according to recent reports, the number of confirmed SARS cases is beginning to decline. However, the extent and severity of the impact of the epidemic could just have begun to surface. Some research institutions even think that the impact of the epidemic on the Hong Kong economy is far more devastating than the Asian financial turmoil. There are traces that the extent of the fallout is felt not just in the tourism, hotels, catering and retail sectors but in other sectors like foreign trade as well. According to latest figures from the Government, the volume of export trade for the month of March rose by 15.4%, but that was a decline from the powerful surge of 18.7% two months ago. Re-exports rose by 17.5% and that was a slip from the 21.6% two months ago. These show that the impact of SARS on foreign trade is beginning to crop up. As recent orders has declined, coupled with the fact that the Pearl River Delta Region is badly hit by SARS, it is expected that import and export trade for Hong Kong for the month of April and the few months thereafter would be subject to yet greater adverse impact.

It is also worth noting that according to estimates made by authoritative institutions on the Mainland, SARS will lead to a fall in the income of the tourism sector in China to the amount of more than \$200 billion. And as the epidemic is likely to persist for some time, consumption will be affected and foreign investment will dwindle. These will serve to pull down economic growth in China and as Hong Kong has close economic links with China, it would be impossible for Hong Kong to stay clear of the fallout.

The Government has planned to use \$11.8 billion on one-off measures to fight against the epidemic and to spur economy growth. Towards end of April, the fiscal deficits for 2002-03 as announced by the Government were \$61.7 billion. The figure is lower than expected because of less expenditure and an increase in investment returns. Market estimates used to put the deficits at \$70 billion to \$75 billion and the actual figures represent a slight drop, and so reserves are maintained at \$311.7 billion. Taking the two years together, the slight fall in deficits for last year could offset most of the

above-mentioned additional expenditure this year so that the state of public finance would not deviate so much from the estimates. Having said that, with the severe impact posed by SARS, the economy and market sentiments are still overshadowed by the huge deficits.

Currently, with respect to improving the economy, what the Government can do is to focus on consolidating and enhancing the existing epidemic prevention measures in the hope that the epidemic can be contained within the shortest possible time. Therefore, these measures should be strictly enforced. The public should be made to understand that conflicts may arise when efforts are not spared to contain the epidemic while the normal economic activities are to resume. In comparison, efforts aimed at containing SARS should be given the first priority and this will be the most substantial and fundamental assurance that the economy will in the end take on a path to recovery.

Meanwhile, as we are in an unprecedented predicament, the Government is obliged to put in the best of its efforts in relieving the hardship of the people and that faced by all sectors in society. The Government has announced that it will launch a package of relief measures costing more than \$10 billion to assist the hardest-hit sectors. The effect of these measures are at best complementary and one-off in nature, as such measures aiming at spurring economic growth are also quite limited even under normal circumstances. But if the people and the business sector can tide over this short period of extreme hardship with government assistance, then the pace of economic recovery can be made faster. Therefore, I think apart from the package of relief measures already proposed, the launching of other measures aiming at addressing specific needs will also prove effective.

For example, the unemployment rate for the first quarter of this year is still at a high level of 7.5% and 260 000 people are out of work, it is expected that the adverse impact of the epidemic will continue to be felt in the job market. So the Government must formulate more effective measures to deal with the problem of unemployment. What should be considered in particular is that there are presently more than 200 000 foreign domestic helpers in Hong Kong in circumstances as these, would this be a reasonable state of affairs? Should the number be subject to review or adjustment? At present, the employment opportunities for local domestic helpers are to be increased through retraining programmes. Despite the cost and allowance for each retrainee amounts to \$4,840 a month, the programmes are unable to attract the thousands of jobless people to become domestic helpers and the Government must do something to resolve the problem.

As I have always proposed, a way to attract more families to hire local domestic helpers and to attract the unemployed people to take up this kind of job is by giving those who wish to become local domestic helpers a monthly allowance of \$1,500 for a period of two years. A total number of 40 000 unemployed people can receive training as local domestic helpers. This will make the job more attractive and will make local employers more inclined to employ local domestic helpers. After a period of interaction between employers and the local domestic helpers, the present imbalance in the domestic helpers market in favour of foreign employees would be rectified. As a result, the habit for local families in hiring foreign domestic helpers and the mentality of people unwilling to take up such jobs would be modified. This measure is also expected to help improve the unemployment situation in Hong Kong speedily and hence reduce welfare expenses and stimulate internal consumption.

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

MR HOWARD YOUNG (in Cantonese): Madam President, in order to alleviate the adverse impact of the atypical pneumonia epidemic on the economy, the Chief Executive announced last month a package of relief measures costing \$11.8 billion, the tourism sector is very much in support of the proposed waiver on licence fees, government rates and the concession in water charges. But we are disappointed at the Government's refusal to open up the former Kai Tak airport for the parking of coaches, as this proposal will not involve any use of public money but it can benefit the tourism sector. I hope this idea can be reconsidered and followed up. As for the loan guarantee scheme with a commitment of \$3.5 billion for the payment of the salaries of employees in the sectors hardest hit by SARS, the tourism sector is of the view that given the differences of the sector as compared to other sectors, the loan scheme is not comprehensive enough in solving the problem of tight cash flow experienced by the sector. As a matter of fact, the scheme has still somewhat been unable to meet the demands of the sector as previously been raised.

For example, with respect to travel agencies, wages only take up a part of the costs. As some travel agencies are on the verge of closing down, if the landlords refuse to reduce the rentals, these travel agencies may be forced to shut down because they are unable to pay the rentals even if they succeed in applying for the loan scheme to pay their employees' wages. To cut the

expenditure of their companies, some employees in the travel agencies are taking no-pay leave and so the scheme will not help these people. Among the employees in the sector, the tour guides and tour co-ordinators will not benefit from this scheme because the major part of their salaries comes from the tips given by the clients on a group tour. So I think there should be more flexibility in the Government's loan scheme and it should not be applicable to just one category of expenses.

If the Government is unable to make a greater commitment to this loan scheme because of the deficit problem, why can it not consider converting part of the Travel Industry Compensation Fund whose asset value has accumulated to over \$300 million for the purpose of temporary relief? Each travel agency is required by law to contribute to the Fund by paying a stamp duty equal to 0.3% of the tour fees charged. The Fund will ensure the payment of an *ex gratia* compensation to the amount of 90% of the tour fees paid by the clients in the event of the closure of a travel agency. As the present circumstances are urgent, the Government should consider using part of this Fund to provide temporary relief to the travel agencies so that they can tide over their difficulties. This suggestion has the double advantage of not using a single cent of public money while it will prevent travel agencies from closing down in times of adversities as these.

As for hotels, since the number of staffs involved is large, a loan of \$1 million per hotel may not be sufficient to pay for the salaries of all staffs of that hotel for one month. For some hotels, their occupancy rate during the atypical pneumonia epidemic fell by 90% and of the remaining 10%, half are leased to occupants on a long-term basis. So the actual rooms taken up may be just a few. I suggest that the Government should offer an alternative treatment to hotels since there are only 60 to 80 hotels in Hong Kong. The Government may consider waiving their rates for one year. I would also like to appeal to the banks on behalf of the sector that for hotels which have borrowed from the banks, they will be permitted to make repayments of the loan interest instead of the loan principal for the time being or that their monthly repayment amounts can be reduced. These will leave the hotels with sufficient cash to tide over the current difficult situation.

The aviation sector in Hong Kong is also severely hit by atypical pneumonia. With the drastic fall in visitors and the constant flight

cancellations, the airlines have been struggling hard to survive. The relief measures initiated by the Hong Kong Airport Authority (AA) last month included rental concessions for three months and deferred payment of half of the airport charges and so on, but they have not proved to be very helpful to the airlines. The Association of Asia Pacific Airlines representing 17 airlines in the region made another statement some time ago to demand the AA to lower its airport charges. Since the appeal made by the Association to airports in the region last month, airports in Taiwan, Bangkok, Singapore and Kuala Lumpur have reacted positively. But the AA has only made some half-hearted concessions. Since the operating costs of local airlines are higher than those of the nearby competitors, now when the nearby countries are offering concessions and waivers to the airlines affected by the epidemic, the AA should consider further reducing the airport charges to help the airline trade to overcome the adversity.

With respect to the recent fall in the number of confirmed atypical pneumonia cases, the tourism sector is well-prepared for the return of business. Once the WHO has lifted the travel advisory against Hong Kong, we can all work together to launch a series of promotions abroad to attract tourists to come here. But at this stage, still we cannot sit back and do nothing at all. The people of Hong Kong should come out and spend and prove to the world that it is safe to shop and spend in Hong Kong. This will serve to restore the confidence of foreign visitors and they can be attracted to come here. In a bid to boost consumption, the airlines, tourism and hotels sectors have formed the Tourism Coalition of Hong Kong and the "We Love Hong Kong" campaign was launched to boost the weak consumer sentiments. Response to the campaign has been good and many merchants are making all sorts of special offers to pump up spending. Sales turnover during the past Labour Day holiday rose slightly and this shows that the people are coming out to spend. It is therefore true to say that when people spend, everyone will stand to benefit.

Madam President, I welcome the tax rebate proposal made by the Government for it can boost the sagging economy. In last week's debate, I made the point that the Government should not be so adamant as to refuse to consider our proposal that contributions to the MPF should be suspended or reduced for the time being, for this would leave people with more money in their pockets to spend. I hope the Government would reconsider this proposal.

With these remarks, I support the motion.

MS LI FUNG-YING (in Cantonese): Madam President, a great philosopher has said that the condition of a civil community is an important indicator of the modernity of society. The efforts made by professional bodies and people to help one another have played important roles in this battle against Severe Acute Respiratory Syndrome (SARS). A newspaper initiated the Project Shield for the purchase of protective suits for medical staff and raised some \$8.7 million within three days; the Business Community Relief Fund for Victims of SARS set up by the business community has raised some \$19 million; civil servants have initiated the We Care Education Fund, performing artists have held singing shows and district groups have organized epidemic-fighting activities in various forms.

While the living standard of the Mainland is gradually drawing closer to that of Hong Kong, many Hong Kong people are worried that when Hong Kong no longer has a dominant position, what can restore their confidence and support Hong Kong in moving on, and what can enable us to face competition from our neighbouring places and to find out that Hong Kong still has the upper hand. I think this has been fully displayed in this battle against the SARS epidemic, for it is a caring civil community that is full of vitality and takes the initiative to help and find a way out in the face of adversities. The real edge that Hong Kong really has is in its possession of an active civil community with initiative and we must treasure it well. I do not think that depending upon the civil community alone can lead Hong Kong out of its plight but if the Government can sufficiently respect and listen to people's views, I am sure we can get twice the result with half the effort in bringing Hong Kong out of the abyss.

The Government announced measures for alleviating difficulties and revitalizing our economy at the end of last month and we cannot say that it has not listened to the opinions of the people, but I think that some principles have to be reconsidered insofar as the relief measures are concerned. In putting forward the relief measures, the Government should first consider whether there are enough resources for helping those in the community who are most in need of help rather than the scope of their benefits.

Among those people affected by the epidemic, who are in need or most in need of help? Families who have lost their relatives in the epidemic, especially their financial pillars, are in need of help; industries that are short of revolving funds or have their business substantially declined because of the epidemic are in need of help; the salaried class that have wages reduced or become unemployed under the impact of the epidemic are even more in need of

help; unemployed people shouldering heavy financial burdens and painfully struggling above the Comprehensive Social Security Assistance level are most in need of help and it will be even more difficult for them to find jobs in the future after the blow dealt by the SARS epidemic. Nevertheless, the Government has not mainly targeted the measures it announced for alleviating difficulties and revitalizing our economy that involve \$11.8 billion on members of the community who are most in need of care and at times it has even put the cart before the horse.

Under the present circumstances that there is a high rate of unemployment, I am most concerned about how the relief measures help the unemployed. Even if the measure for creating new jobs and increasing training places is included, only 21 500 people will receive the benefit at the most. The number has even not included or reflected unemployed people affected by the SARS epidemic and it only accounts for only 10% of the 260 000 unemployed people during the period from January to March this year. The Government has to spend \$432 million on creating new jobs and increasing employment training places, which is only one fifth of the \$2.3 billion of salaries tax refund by the Government. The concession on rates payment and water and sewage charges for households involves \$1.771 billion, which is more than four times the amount to be spent on creating new jobs and increasing employment training places. I have no objection to the Government's relief measures aiming to give people its feedback, but I am dissatisfied with the fact that the Government's measures have not given people who are most in need of help sufficient help and most resources are used on the feedback that is not urgently needed. If the Government thinks that the feedback is necessary, it should substantially increase the relief resources for helping people who are most in need.

At present, quite a few groups in the community hope that the Government can provide unemployment assistance to help unemployed workers, and the Federation of Hong Kong and Kowloon Labour Unions support their suggestion. However, we have also considered the Government's worry about the strain put on resources. Therefore, we suggest implementing the proposal for an unemployment loan fund with less impact on government finances. I call upon the Government to implement the proposal again in the face of the epidemic. We are willing to complement the Government's relief measures and negotiate further with the Government, for instance, the ceiling of the unemployment loan fund can be set at \$10,000 a month, repayable within a time limit of a quarter, and a borrower has to make repayments by instalments after he has found a job, and so on.

In the face of a high unemployment rate and the economic impacts of the SARS epidemic on Hong Kong, I hope the Government will not again make use of such so-called excuses as the loans have to be repaid and they will put additional financial burdens on unemployed people and so on as runaround.

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

MISS CHOY SO-YUK (in Cantonese): Madam President, there has been a continuous decrease in new cases of atypical pneumonia and a steady increase in the number of people discharged upon recovery, indicating that the epidemic has more or less come under control. We certainly cannot lower our guard in order to avoid the resurgence and comeback of the virus. Meanwhile, the Government can make suitable adjustment to the focal point of its work, switching from only preventing the epidemic in the past to concurrently considering how the image of an infected port can be removed. It also has to revitalize our economy and turn this epidemic crisis into opportunities.

The proposals for saving the market to the tune of \$11.8 billion earlier proposed by the Government have temporarily alleviated the difficulties of some people and merchants, and it is hoped that fewer merchants will close down their businesses and a surge in the unemployment rate can be prevented to alleviate the short-term impacts of the epidemic. However, in the final analysis, the prerequisite for a fundamental reform of our economy after all depends upon when the international atmosphere will calm down and when people's confidence in spending could be restored.

Everybody knows that speedy and decisive actions are most important to tackling this unprecedented epidemic. Therefore, all sectors of the community, including Honourable colleagues of this Council, should try our best to complement the battle against the epidemic and exert all efforts to strive for the early lifting of the travel advisory on Hong Kong by the World Health Organization (WHO). On this premise, if the community continues to exaggerate matters and infinitely magnify the blunders of the Government in fighting the epidemic and wantonly castigate it, for no purpose except venting a moment's anger, their actions are actually not helpful in solving the current problems at all.

I believe Honourable Members agree that having the courage to speak is not the same as hurling abuses, or opposing everything that we should encounter. Unity and mutual assistance is needed most especially when the community has encountered enormous difficulties in order to tide over the difficult times. Even when we are facing with problems, instead of merely criticizing, we should not forget that proposing a practical and feasible solution is more important and can really help the recovery of Hong Kong.

Madam President, the Government is facing three major problems and it is certainly most important to further control the epidemic but the upcoming tasks of trying to revitalize the economy and rebuilding the image of Hong Kong may be more arduous. Since several colleagues from the Democratic Alliance for Betterment of Hong Kong expressed last week and are going to express their opinions on the first two tasks in this debate, I am now going to express my views on rebuilding image.

Since the outbreak of the epidemic, the epidemic situation of Hong Kong has remained most transparent, which is commended by the international community. Therefore, at this stage, any activities promoting to foreign countries the idea that Hong Kong is very safe will certainly be regarded as publicity activities to present a false picture of peace and prosperity, and their effect will definitely be greatly reduced. Nevertheless, Hong Kong can still do a lot to prove that it has already come back to life and is again a suitable place for tourism, spending, business and investment for people around the world. Members of the community have also expressed a lot of views, for instance, we should try our best to maintain a persistently small number of new cases of infection and lobby the WHO to lift the travel advisory on Hong Kong. I am more inclined towards using a simpler and more direct method and taking practical actions to announce explicitly and effectively to the world that we have won the battle to remove the bad image of an infected port.

One of the feasible suggestions is to organize a series of celebrations in Hong Kong to let all Hong Kong people share the joy of overcoming atypical pneumonia. To encourage the whole population to be devoted to the great event, the Government can ask the whole community to take three days' leave and organize different types of activities such as parades, shows, carnivals, balls and parties every day within two consecutive weeks. All restaurants, food establishments, shops and places of entertainment in the territory can provide various kinds of discounts and concessions to complement the

celebrations. For instance, restaurants and food establishments can offer tea and pickles free of charge, bars can offer beers at half price or even free of charge, the Ocean Park and museums can offer half-price or free admission and hotels can let guests staying for two nights get two-night free accommodation so as to create the festive atmosphere of participation and enjoyment by the whole community, which would help in building up to the climax of this great event. It will allow people to throw away their masks, really go out and immerse in revelries and spending to their hearts' content to celebrate when the epidemic is over. The whole event can expressly be called "Two-week Revelries for the Victory of Hong Kong".

In so doing, people in various parts of the world will feel deeply through media reports that Hong Kong is really a safe place that is full of vitality and foreign tourists will be attracted to Hong Kong. Hong Kong people will spend money in Hong Kong and become more united and cohesive, and various industries and trades will become more prosperous. Consumer confidence may rise and our economy may have a turn for the better.

Lastly, I wish to say that, as a member of the community, I understand very well that many people have grievances but we really do not have much time and there is not much room for us to quibble over pointless disputes or work that is not crucial because the barely remaining energy of our society will be consumed and it will be hard to attain recovery within the foreseeable future.

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

MR JAMES TIEN (in Cantonese): Madam President, a few colleagues from the Liberal Party have just expressed their views on the motion proposed by Dr David CHU on behalf of their sectors. Madam President, I wish to express my views on other areas. Dr David CHU has just expressed his views on real estates and the linked exchange rate, I think that his views are right and the Government should consider the relevant matters on the basis of the views that he has just expressed.

A few Members have just discussed the long-term measures related to atypical pneumonia but I think we can also take some short-term measures. As I have recently noticed, the situation may become better if the existing businesses can stick it out. It is 7 May today and as compared with last

Wednesday when we discussed the same subject, the economic situation has turned better when we discuss this subject today, and more people have gone out to spend money last Saturday and Sunday. Actually, several Members have mentioned that the number of infected people has recently started falling to a single digit and the number of deaths has also fallen to a single digit — except the fact that 11 people died today — I believe Hong Kong people will find the situation heartening and they will think that the epidemic has gradually come under control. Concerning short-term measures, the Liberal Party has asked many bosses why they still stick it out and what short-term measures can help them if they stick it out for a month or two more. Recently, we have asked several times whether banks can deal with loans and working capital more leniently. Of course, we definitely understand the opinion of Mr Joseph YAM, Chief Executive of the Hong Kong Monetary Authority (HKMA), that Hong Kong needs a strong banking system, but I wonder if the quality of banks will be affected if banks implement a short-term measure for a month or two during which a client only repays the monthly interest (though the interest rate is very low) but not the principal. I think that there is not any problem and banks can do so.

Now that many businessmen start having problems with their working capital, I wonder if banks would refrain from reducing their credit facility amounts in view of poorer business for a month or two? Can these businessmen be allowed to maintain their usual credit facility amounts to enable them to stick it out for a month or two? Actually, in view of the situation last Saturday and Sunday, a lot of businesses have already slightly recovered. Many shop owners have said that their turnover dropped by half at the end of April when atypical pneumonia first broke out but their turnover picked up last week and it was only around 20% to 30% less than before. The situation has actually become better. If we give them further support (I am not asking the Government to give out money to support them, I am only asking the HKMA to issue guidelines; neither am I asking banks not to manage finances prudently, I am asking them instead to increase the credit facility amounts as far as possible, as a short-term measures for a month or two) and if various quarters are willing to extend a helping hand, there will be a turn for the better. I have heard many landlords (including developers) say that if banks can be less strict and allow them to use \$150,000 out of the monthly rents of \$300,000 they collected for the repayment of interest and \$150,000 for the repayment of principal, and if they are allowed to just repay the interest but not the principal for two months, there will be room for them to reduce the rents of tenants within these two months. If landlords are willing to do so, banks should give such a

concession, but they have to obtain the approval of the HKMA if they are to give such a concession. If the HKMA does not grant its approval, individual banks that may not be as strong as the HSBC will encounter difficulties. I hope that the Financial Secretary can take the situation into account. I am only asking for measures to be taken for a very short term and I think that it will not really affect the robustness of the banking system.

Moreover, many airlines have asked whether anybody has been infected after taking a flight. The Government frequently make appeals on television to people who took certain flights to report to the Government but nothing is heard after the investigation. If the Government steps forward and tell people that it has been confirmed after the investigation on those people that all of them have not been infected, and give foreign countries the message, foreign tourists will visit Hong Kong and businessmen will have the courage to come to Hong Kong. They will not shrink back because they think that they will very easily be infected after taking flights, especially long-haul flights of more than 10 hours. If these messages can be given, I believe it will be more or less helpful to the aviation and tourism industries in the short term.

In my opinion, we can now begin to consider making efforts to stimulate spending. If we asked for spending by people a week ago, I also worried whether it was right to do so. Nevertheless, the epidemic situation has recently improved and I think that it is time for us to make preparations. I hope that we can begin to implement these measures for stimulating spending a week or two later when the epidemic situation has become even better.

Madam President, the last point I wish to make has already been mentioned by several Members and Mr Joseph YAM, that is, I ask the Financial Secretary to consider issuing bonds, which is also supported by Dr David CHU. However, the Liberal Party's opinion on this issue is rather conservative. The HKMA has indeed indicated that our reserves will have a yield of 5.1%. On the basis of the remark made by the HKMA, if five-year bonds are issued at a yield of 4%, we will still have a yield of 1.1%. I am not sure if giving such a message can really achieve our objective.

In addition, the Liberal Party always thinks that the Government should reduce expenditures in view of the overall government finances. I am a bit worried, if we have a reserve of some \$300 billion and issue \$100 billion in bonds, will it make things difficult for the Financial Secretary when he starts

out to reduce expenditures? For example, when he has to tackle the issue related to the civil service, will it give civil servants an excuse that it is no longer necessary to talk about reducing expenditures because the reserve of some \$300 billion has not decreased and the Government will issue \$100 billion to \$200 billion in bonds? It is something that we do not want to see it happen.

Madam President, the Liberal Party expresses again that it will support Dr David CHU's motion. Thank you.

DR TANG SIU-TONG (in Cantonese): Madam President, when Hong Kong is under attack by atypical pneumonia, we have to restore the confidence of the public, tourists, investors and the international community in Hong Kong within a short period of time, and the most important target is to strive for the lifting of the travel advisory on Hong Kong by the World Health Organization (WHO). Although negotiations are underway between the Government and the WHO over the criteria for lifting the travel advisory, the focal point is whether we can convince the world that Hong Kong has the ability and means to control the epidemic, and also to enable people to put their minds at rest and take off their masks. Otherwise, even if the WHO lifts the travel advisory on Hong Kong today, people on the street are still wearing all kinds of masks, then visitors will panic and they will hardly come to Hong Kong, with their minds at rest, for tourism, spending or to increase their investments.

In my opinion, besides continuing with the existing efforts to fight the epidemic, the Administration should grasp the opportunity of the gradual stabilization of the epidemic situation to implement central co-ordination, and put together experienced medical and health care personnel and sufficient equipment to form a hospital specialized in the treatment of infectious diseases or Severe Acute Respiratory Syndrome (SARS). This can more effectively control the epidemic and resume the normal operation of other hospitals, more importantly, the experience of other countries have proven that centralized handling can prevent the epidemic from spreading to the community and the resurgence of SARS. The Administration must start forming a permanent centre for disease control and prevention, specialized in dealing with infectious diseases and the prevention, monitoring, research, control and treatment of other unexpected diseases. In so doing, it can declare to the public and the world that even if there is a sudden attack by another epidemic or unfortunately SARS has become a local disease, the Government would have a perfect

mechanism and would be sufficiently able to meet an emergency swiftly. I welcome the donation of \$500 million by the Hong Kong Jockey Club to support the establishment of the centre for disease control and prevention, and I hope that the Administration will make the relevant arrangements very quickly and establish the good image of a fighter against the epidemic.

A Member has just said that we may have celebrations for our success in fighting the epidemic, but I think that absolutely we cannot do anything of the sort. Fighting the epidemic is different from fighting a battle. If we fight a battle, we will know the situation of our enemy and whether we have largely controlled our enemy's abilities to fight back, however, the epidemic will break out again at any time and it may mutate to such an extent that it would be beyond the scope of our abilities to tackle it.

Madam President, we can start with disease control if we want people to take off their masks, but we have to start with revitalizing our economy if we want people to spend money with their minds at ease. Fighting the epidemic is the same as fighting recession and the Government must put together the efforts and wisdom of the community, implement overall central co-ordination, and use strong tactics in a targeted and forward-looking manner in order to turn crisis into opportunities within a short period of time.

Earlier on, although the Administration has introduced measures for saving the market to the tune of \$11.8 billion, the effect is a mere "extension of life" but they cannot restore people's confidence at all. Nevertheless, the deficiencies of these measures have been evidently shown and the Administration must change its course when it introduces the second round of measures for saving the market.

First, the measures have not targeted the stimulation of local spending. People will only benefit from the tax rebate and concession on rates payment by the Administration in July or August at soonest. Except giving people emotional relief, the timeframe is basically not helpful in reviving the weak local consumer market and is not in tune with the incentives for stimulating spending offered by the business sector in May. As a result, efforts have been made separately and though the situation is not as bad as "dropping a stone into the sea", it is more or less the same as "a clay ox entering the sea". More importantly, the measures for tax rebate and concession on rates payment, taken several times since 1998, have already demonstrated that these measures are just like additional red packets given to people, which are not helpful to the

economic situation, and the reduction of rates has increased deflation pressure. Thus, if the Administration plans for the second round of measures for saving the market, the efforts it makes must be in tune with the efforts made by the business sector to enable the tax rebate and incentives to complement one another, for the opportunity must be grasped to give play to the chain and resonating effects. It should also think hard about the forms to be adopted, for instance, it can substitute shopping coupons for cheques, offer extra discounts upon presentation of the tax refund cheques or even offer tax deduction upon presentation of receipts of local spending and so on, in order to inject life-saving money into the local consumer market and prevent the wastage of life-saving money again.

Second, the conditions for loans to enterprises are too strict and the scope is too narrow. The loans introduced by the Administration are only for application by four specified industries and the scope is too narrow indeed. If only the Administration has noticed the unprecedented desolation at the recent exhibitions to invite investments and the rapid shrinkage of the consumer market of late, it will be able to foresee that the aftermath of SARS will be evident in other industries, especially the export and re-export industries and the related industries that rely on the consumer market on the Mainland. Therefore, the loan scheme must be extended to other industries that urgently require assistance. The purposes of the loans must also be flexible because the industries have different modes of operation and wages may not necessarily be the crucial factor for determining whether they are continuing or closing down. In these unusual times, the Administration has undoubtedly given much thought to the matter in showing particular concern for the rice bowls of wage earners but excessive restrictions on the purposes of the loans and the strict conditions of the loan guarantee will ultimately turn the scheme into something of little value, yet, it may be a pity to discard it. When companies close down because of rental or other operating fund problems, finally the rice bowls of employees will still be broken. Now that the Administration is prepared to offer 100% guarantee for loans and there are not so many restrictions for similar loans in Taiwan and Singapore, why should the Government have so much reservations?

Third, the new proposals for saving the market must be creative, forward-looking and earthshaking and have pooled the wisdom of the community and co-ordinated the resources available in the community. The Government has introduced proposals for saving the market several times in the past and adopted a consistent mode, and most of the time it did so by giving out money, for example, tax rebates, concession on rates payment and setting up loan funds become the "routine practices". Under such circumstances, seldom

was there participation from the community and the business sector and the measures failed to mobilize the resources available in the community. A more serious point was that such measures were not forward-looking or overwhelming enough and failed to change the public's view on the future. At the end, it turned out that all measures that were supposed to revitalize our economy in a broad manner could only narrowly alleviate difficulties. Frankly speaking, these are the worst of times and the Government should no longer be sloppy in administration and it cannot make the same mistakes again.

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

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, as I pointed out in the amendment I proposed which was passed by this Council last week, the Severe Acute Respiratory Syndrome (SARS) is jeopardizing the whole society. It has not only affected the infected patients, but also the long depressed economy of Hong Kong as well as the confidence of the people. Therefore, the Government must take resolute measures to strengthen the economy. Yet the Government is still working in the "TUNG's way of prudent deliberation" in solving problems. It falters in making decisions and never acts with determination, hence failing to provide any comprehensive economic revitalization plan. The actual problems of the people are not adequately tackled. It has not been able to put forward any significant proposal for rebuilding the confidence of the people.

The \$11.8 billion relief plan proposed by the Financial Secretary on 23 March was obviously inadequate. Only four industries are eligible for application for the low-interest loans. As I mentioned at the debate held last week, due to actions implemented by the Government, such as the suspension of school and other relevant anti-epidemic measures, many industries have suffered from significant economic loss and are on the brink of closing down. Many of the affected industries are not included in the four major industries mentioned in the Government proposal. Quite a lot of kindergartens are also suffering from financial problems. In fact, many kindergartens may have to close down as parents refused to pay the school fees for April and May. At a meeting of the Panel on Education held last Monday, Mrs Fanny LAW, Permanent Secretary for Education and Manpower, said the Government was not willing to provide assistance on the matter and advised the affected kindergartens to solve their financial problems when they collected the school fees for the second term. By adopting this approach, the Government obviously had not taken the immediate difficulties of kindergartens into

consideration. We think the Government does not realize or understand the present difficulties of the people. The \$11.8 billion plan proposed by the Government cannot solve the difficulties of many industries. Apart from kindergartens, nanny cars, private tutorial schools and so on are also facing similar problems.

In its \$11.8 billion plan, the Government proposed to create 21 500 temporary jobs and training places. However, I am still worried that, as many people keep saying, as a result of the SARS outbreak, the unemployment rate may surge to double-digit. If so, will the 21 500 jobs/places be adequate? Of course, we are glad to see from this plan that the Government has noticed the need for training and improvement of skills. In fact, to some workers, it is good for them to join some training and skill improvement courses at a time when they are unemployed. But if such courses are limited to industries like catering and tourism, then, in my opinion, they are insufficient because other industries may also have such a need. Perhaps the problem may seem unimportant to the Government, so only temporary jobs are provided, but I am a bit worried because the temporary jobs would last for just three to six months. What should the unemployed do after this period? Will it be possible for the economy to fully recover in such a short period of time so that they can find a job? This is where my worries lie. Therefore, I truly hope that the Government could provide not only temporary jobs, but also a long-term plan that will turn such temporary jobs into permanent ones, enabling the job holders to enjoy stability at work. This is the only way that the people can restore their confidence. Apart from enhancing the confidence of the people, it is most important for the Government to restore the consumption sentiment of the people so that the economy may recover genuinely.

Perhaps the Financial Secretary will think that the above suggestions may further increase Government expenditure and worsen the fiscal deficit. However, with an enormous reserve, the Government should strengthen its efforts in this regard. As mentioned by several Honourable Members earlier on and pointed out by Mr Joseph YAM, Chief Executive of the Hong Kong Monetary Authority, at an earlier meeting of the Panel on Financial Affairs, it was hard to imagine why we did not make use of our reserve now. When, if not now, will it be used? \$11.8 billion is not a huge amount. When we interfered with the market in 1998, we had made use of \$118 billion, that was 10 times as much as \$11.8 billion proposed by this plan. So in this regard, we should think twice whether it is really not possible for us to make use of the reserve to relieve the present difficult situation.

As a matter of fact, making use of the reserve under extremely difficult economic situations will not only help the people, but it will also relieve our fiscal deficit. In the Budget delivered by the Financial Secretary in March, one of the ways to solve the fiscal deficit was to rely on economic growth. At that time, it was estimated that the real growth would be 3%, which was a rather optimistic forecast, and judging from the present circumstances, it would be really difficult to attain this growth rate. So if the Government refuses to increase its expenditure to boost the economy, it can hardly attain the estimated economic growth and the aim of reducing the deficit. Therefore, the long-term target of our relief plan should be to reduce the deficit, but meanwhile, if the Government does not strengthen its efforts, such target can hardly be achieved.

Also, with the SARS outbreak, people come to realize that the four pillars of our economy, as the Government stressed in the past one to two years, that is, tourism, logistics, creative industry and finance, are actually very vulnerable. Why is it so? One SARS outbreak alone could make us feel that our tourism, logistics and other industries are at stake, and find that these industries are heavily affected. We should therefore learn a lesson from this incident and re-examine the industrial structure of Hong Kong to see whether we should, say, develop certain domestic industries. As some scholars had pointed out, that the SARS outbreak highlighted the edges of the system of Hong Kong. In comparison with mainland China, Hong Kong enjoys an obvious advantage in its free flow of information and its legal system, which are factors that would attract foreign investors to Hong Kong. Therefore, for certain industries that require stringent standardization, we may reconsider developing them.

Madam President, as the Financial Secretary pointed out in his Budget, it is the best of times and it is the worst of times. We believe that if the Government can devote more sincere efforts to strengthening its relief work, Hong Kong will surely be able to overcome its difficulties. The question remains whether or not the Government is willing to make more efforts in relieving this difficult situation.

Madam President, I so submit.

MR ALBERT CHAN (in Cantonese): Madam President, before I proceed to discuss the economic proposals specifically for overcoming the predicaments brought about by the outbreak of atypical pneumonia, I would like to offer my

Honourable colleagues a piece of advice: You have to be very careful when you propose to hold any activities. Miss CHOY So-yuk just says something like holding an extravagant carnival to have a crazy celebration. Somehow it sounds bad to the ears. Many people have died of atypical pneumonia. If soon after their death we mention something like holding an extravagant carnival or plan to have a crazy celebration, to me it seems not respectful to the deceased. Besides, when we plan any activities, we need to consider and care about the feelings of the families of the deceased.

Madam President, the financial turmoil, the Iraqi War and the outbreak of atypical pneumonia have all dealt severe blows to the economy of Hong Kong. Among the affected industries, the restaurant, retail and tourist industries suffer the worst impact. It is estimated that the atypical pneumonia outbreak alone has already caused direct and indirect financial losses amounting to over one hundred billion dollars. The unemployment rate also keeps on surging. The economy will continue to be weak, and the livelihood of the Hong Kong people will be seriously affected. In the face of the tough economic situation in Hong Kong now, the Government should implement some special measures to stimulate the development of the local economy. But I hope such measures will not again be the sort of activities like "the poor men's nightclub".

Under the unusual circumstances as at present, the Government should adopt unusual measures to overcome the predicaments. We should allow people or consortia with the right financial strength to put forward creative and feasible projects and we should facilitate the implementation of such projects. In this way, it will help to revitalize the economic activities of Hong Kong and create more job opportunities. In the past, many people had put forward a lot of creative suggestions to the Government. However, due to the present bureaucratic hierarchy in the Government as well as the complicated tendering and awarding procedures, many such proposals could not be implemented.

At the outbreak of the financial turmoil in 1997, the Hong Kong Government awarded the development rights of the Cyberport to a single consortium in an unfair and backdoor manner. This had aroused the criticism and condemnation from different sectors of society. The Government should learn from past experience, so that in future it should approve creative projects in an open and fair manner, thereby promoting the economic prosperity of Hong Kong.

As far as creative projects are concerned, the Government should take the following principles into consideration in approving the development opportunities of such projects. I would like to present eight points of basic principles:

1. The Government should allow for open competition and invite applications by open tenders, so as to facilitate the implementation of creative projects;
2. The Government should announce the deadlines for receiving project proposals. It may consider giving the consortia six months for submitting the proposals. On expiry of the submission deadlines, all proposals shall be considered invalid. The Government should complete examining the proposals within three months and announce the results;
3. The Government should establish an independent committee which is vested with the policy-making authority. The committee should be charged with the responsibility of supervision and awarding rights. The committee should consist of scholars, independent persons and internationally famous and authoritative persons. It should not be dominated and controlled by the bureaucratic hierarchy of the Government;
4. Creative projects should not be property development projects. Priority should be given to creative industries and tourism projects. Meanwhile, projects highlighting the special characteristics and historic features of Hong Kong should be given preferential consideration;
5. No project should involve an injection of capital by the Government. Private enterprises should finance the construction, development and management of such projects. The Government may provide a guaranteed period of operating rights for the investment projects. For example, the Government may award such enterprises with franchises of 10 to 30 years;

6. Creative projects should not bring in any direct competition with existing or approved projects. Creative projects should promote economic development, create more local jobs opportunities and attract more people to stay in Hong Kong or to come to Hong Kong for spending;
7. If a certain creative project involves the use of government land, the Administration should give some priority to the applicants in using the land in question, as well as considering the offer of the land for creative projects at preferential premiums; and
8. Applicants should be responsible for the application and eventual acquisition of the land in question, whereas the Government should actively assist and expedite the processing of such applications with priority.

Regarding the ideas and the scope of the creative projects, special characteristics of Hong Kong as well as local creative scenic spots should be used as far as possible. For example, the special features of the silver mine caves and the neighbouring areas in the Silvermine Bay can be developed into an educational and recreational scenic spot for rural exploration. Besides, such projects may stage periodic demonstrations and shows, operate special theme shops selling souvenirs, open restaurants and organize recreational activities with regional characteristics. These ventures will provide some enjoyable places for the people to visit in their holidays for rural exploration, leisure and spending.

There are a lot of special characteristics in Hong Kong which can be developed for meaningful purposes. Notable examples include the river village of Tai O, the Cheung Po Chai Cave in Cheung Chau and the Hakka Village in the New Territories and so on. Yet, such places are usually not fully developed due to problems arising from the development rights of the land in question. The Cyberport and the Disneyland have been able to proceed with their respective development plans just because the Government had given them special treatment. We hope that such special privileges are not just enjoyed exclusively by certain people or consortia. The Government should provide the same chances for everyone in Hong Kong, so that all of us could give full play to our strengths, create new projects and make useful contributions to society.

Hong Kong has since survived the negative impact brought about by the financial turmoil, the Iraqi War and the atypical pneumonia outbreak, and many Hong Kong people are still in possession of large amounts of capital. However, as they have no confidence in the Government, they are not confident enough to put their money into investment projects in traditional industries. Therefore, the Government should adopt fair and impartial measures to allow people with the financial strength and creativity to put forward creative and feasible projects, and provide them with the chance of implementation. If such projects could be launched as soon as practicable, they would help revitalize the economic activities in Hong Kong, thereby creating more job opportunities.

I hope the Government could act with determination and confidence in promoting the work in this regard. However, the Government must not allow any person or consortium to obtain special personal or corporate benefits by adopting the backdoor approach, thereby ignoring public interests. Thank you, Madam President.

MR MICHAEL MAK (in Cantonese): Madam President, it can be said that Hong Kong is suffering double hardship. With its economy continuing to worsen since the occurrence of the Asian financial turmoil in 1997, it was thought that happiness would finally come this year after years of suffering. Unexpectedly, our sweet dream was shattered by the merciless storm stirred up by atypical pneumonia.

The SARS incident has underlined the deplorable, atypical response of the Government. Owing to its poor awareness of crises and its fear for losing face, the Government had initially kept on denying the possibility of the virus spreading to the community and has over and over again missed excellent opportunities to control the spread of the virus. Eventually, the epidemic ran out of control. The Government initially thought that it could, by way of a self-deceiving tactic, preserve the image of Hong Kong. The virus, however, has paid no heed to the order of the Chief Executive and continued to go unchecked in the territory. Subsequently, the WHO decided to issue a travel advisory on 2 April to warn overseas travelers against coming to Hong Kong for travel purposes for the time being. On grounds of the SARS outbreak, the Switzerland authorities prohibited Hong Kong businessmen from taking part in a timepieces and watches exhibition in Basel this year. Such countries as the United Kingdom, Norway, the United States, South Korea, Finland, and so on,

also followed suit by issuing travel advisory, urging their nationals to avoid Hong Kong. While a tour group from Hong Kong was recently put into confinement by Taiwan, a number of mainland cities have also demanded that the people of Hong Kong be put into confinement. Six countries in the Middle East have even gone so far as to bar the entry of people from Hong Kong. Like pestilence sufferers, Hong Kong people are shunned by people everywhere. Our atypical government has completely destroyed the territory's international image and inflicted economic losses reaching astronomical figures on the territory.

At this very moment, the Government should all the more remedy its mistakes by doing good deeds, and implement decisive policies to help SARS victims. A variety of funds have been set up one after another by people from all walks of the community to collect donations from members of the public to help the needy. While we are deeply moved by the readiness of the public to take up the cudgels for a just cause, their acts have at the same time exposed the indifference of the Government, major consortia and public bodies. SARS has created numerous broken families, with some losing the breadwinners of their families, others finding it difficult to sustain their living, in addition to the bereavement they suffer. I see it the Government's duty to provide them with basic livelihood protection. I urge the Government to administer the right medicine in offering hardship relieving measures to help the people tide over their difficulties. Public transport, electricity tariff and gas charges are still standing high despite diminishing wages. At this moment of extreme hardship, the Government must not allow major consortia and public bodies to squeeze the hard-won possessions of the public, for only an unscrupulous government will do something of the sort.

The impact of SARS on the territory has been far-reaching — a number of major financial institutions have one after another lowered their forecast economic growth for Hong Kong this year. In recent years, the territory has shifted to rely mainly on its service industry. However, Hong Kong has now become an infectious port shunned by people. Not only has the number of inbound travellers dropped sharply, the people of Hong Kong are in constant fear of SARS. This has dealt further blows to the already flagging spending desire of the internal sector. Such badly-hit sectors as tourism, retailing, entertainment and catering have suffered most severely, with tens of thousands of people being affected. The \$11.8 billion rescue package introduced by the Government last month can merely offer temporary medical relief like giving

an ordinary shot for killing pain. The foremost task of the Government is to introduce decisive and effective measures to bring the epidemic under control so as to rid Hong Kong of its bad reputation for being an infectious port. This can achieve such purposes as restoring the confidence of the people from the Mainland and other parts of the world and bring them back to Hong Kong, as well as restoring the confidence of the Hong Kong people to enable them to lead a normal life again.

For now, the SARS situation has apparently stabilized. The Government can be said to be doing nothing to help resolve the present economic situation should it refuse to relinquish its over-cautious financial policies. What Hong Kong lacks most at the present moment is confidence. Hong Kong people have no confidence because they can see no future, and the Government has failed to demonstrate to them that it is able to implement powerful and vigorous policies and initiatives to promote economic development. For these reasons, it is imperative of the Government to, as a long-term strategy, formulate visionary policies to promote economic development to enable the people to look into the future in a bid to recover their confidence in internal spending.

Atypical pneumonia has dealt a severe blow to Hong Kong economy. With these remarks, I beg the Government to help the public to tide over their difficulties and expeditiously restore the confidence of the public, travellers, investors and the international community in Hong Kong. I so submit.

MR HUI CHEUNG-CHING (in Cantonese): Madam President, in the past couple of days, the infection rate of atypical pneumonia has apparently shown a tendency to drop. Since the epidemic has been brought under control, the time should now be suitable for resources to be deployed to strengthen support for relaunching the economy.

The \$11.8 billion initiatives launched by the Government earlier to rescue the market have certainly helped relieve hardship. However, its effect can generally last three months only and is confined to such badly-hit sectors as tourism, catering, retailing, entertainment, and so on. For instance, taxpayers in general are merely offered a tax rebate amounting to several hundred dollars. Even if they are willing to spend in Hong Kong, the benefit reaped will not last long and is not enough to reverse the vicious circle resulted from shrinking spending and investment. Take the \$3.5 billion loan scheme as another

example. Despite the fact that the Government can be described as having given much thought to enterprises by offering them full guarantee, it can merely help them with their payment of wages. It has, however, failed to do anything in terms of introducing sources of clients and boosting turnover. It is most disappointing that, following the severe damage inflicted on the consumption industries by the epidemic, the Government has introduced no rescue measures to help our external trade, which was a major momentum that drove Hong Kong economy to recovery last year. The Government should indeed mend the fold before it is too late; otherwise, the status of Hong Kong's as an international commercial and trade centre will definitely be badly hit.

As the epidemic continues to go unchecked, our import and export trade can be described as being attacked from all sides. The Swiss authorities have taken advantage of the opportunity to deter Hong Kong businessmen from taking part in a timepieces and watches exhibition. A gift exhibition organized by the Trade Development Council (TDC) this year was scaled down by 90%. In a fashion exhibition to be staged in Paris on 13 May and attended by a delegation led by the TDC, the organizer has sought to isolate all Hong Kong stalls in a corner, treating Hong Kong people as if they were extremely fearful. Let us just wait and see how Hong Kong businessmen come up with wonderful tricks to drag customers back to their counters.

As the epidemic continues to spread on the Mainland, Hong Kong's production bases such as Guangdong and even provinces in the middle and northern parts of China are in great fright. Not only has internal demand shrunk rapidly, business activities between Hong Kong and the Mainland have also been impeded. According to an earlier announcement by the State Statistical Bureau, the Mainland has seen its economy grow in the first quarter of this year by 9.9% over the corresponding period last year. This is also the fastest growth recorded in the same period over the past six years. In the first quarter of this year, Guangdong also saw its economy grow by 13%, or 2.5% over the corresponding period last year. Nevertheless, as the spread of the epidemic on the Mainland has yet to show signs of slowing down, the mainland economy is feared to have suffered the most severe setback since 1989, with its growth rate projected to drop up to 25% from 6% to 8%. As the epidemic started to kill and injure in mid-March, Hong Kong's overall external trade is poised to plunge by the middle of this year unless the epidemic on the Mainland is brought under control in a couple of months, given the close ties between the two places.

External trade is crucial to the recovery of Hong Kong economy. The Government must do its utmost to preserve this economic pillar and prevent it from being toppled by the epidemic. For the sake of avoiding atypical pneumonia, various provinces on the Mainland have, even preparing to sacrifice their economic interests, shut the door on Hong Kong people one after another, without giving prior notice to the Government of the Hong Kong Special Administrative Region (SAR). As a result, robust business activities carried out in such places as Hong Kong, Beijing, Shanghai, Shijiazhuang, and so on, are now confronted with such immediate problem as postponement of quality control, sample inspection by buyers, order placement, and so on. Various sectors relating to import and export are now sustaining incalculable tangible and intangible losses. It is imperative for the SAR Government to learn a lesson from this and capitalize on such organs as the Beijing Office and the Hong Kong Office to establish channels to communicate with various provinces on the Mainland so that, in the event of sudden incidents, information on the latest situation can be obtained promptly and contingency measures be taken accordingly.

On the other hand, the Government should expeditiously appoint senior officials (such as the Chief Secretary for Administration, or the Secretary for Commerce, Industry and Technology) to pay separate visits to our trade partners to publicize our achievement in combating the epidemic and demonstrate to the outside world that the medical and health care sector in Hong Kong has reached the highest international standard in tracking sources, making pathologic diagnosis, testing viruses, treating the epidemic, and so on. This can prevent overseas places from triggering a tide of excluding goods and businessmen from Hong Kong due to misunderstanding. As for some over-reacting countries, such as Bahrain, Qatar and Saudi Arabia, that have sought to bar the entry of Hong Kong travellers, their information on the SARS situation in Hong Kong is very often based on the biased reports from certain western media. The SAR Government should indeed take the initiative to invite the heads of these countries or officials responsible for heading the trade, commerce or tourism departments in those countries to visit the territory so that they could see for themselves the SARS situation here. In doing so, they will understand that things have gradually been brought back to normal in Hong Kong. Actually, the SARS situation has precisely demonstrated such uniqueness of Hong Kong being an international trade and commerce centre, as free flow of information, high transparency of government operation, respect for human rights and freedoms, adherence to the rule of law, social tolerance, and so on. The Government should indeed highlight these strengths to win

back the confidence of foreign investors, travellers and the international community.

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

MR HENRY WU (in Cantonese): Madam President, as atypical pneumonia is a disease that has never been seen before, the medical sector is still unable to acquire a full understanding of its cures and preventive vaccines. As such, although all parties concerned have made their best efforts, they can still not curb the spread of the epidemic in the community completely. Since the outbreak of the incident, despite recent signs that the epidemic has begun to come under control, the epidemic has seriously impacted on the running and operation of various trades and industries and inflicted severe losses on the overall economy. It is estimated that the impact will persist for a considerable period of time.

As the financial industry is one of the four major pillar industries in Hong Kong and the financial services industry is a branch of the financial industry, it is vital for us to further understand the impact of atypical pneumonia on the financial services industry. Actually, the impact might not be fully felt shortly after the outbreak of the epidemic. Nevertheless, the incident, should it persist, is going to impact on the operation of the industry. It will also affect the performance of listed companies and the confidence of investors, thereby negatively affecting the industry and plunging it into hardship.

In order to grasp the impact on the financial services industry in the course of the atypical pneumonia incident and in the hope of helping the relevant authorities to obtain a clearer understanding of the situation of the industry, particularly the situation facing small and medium companies, I have issued a questionnaire on 30 April (last Wednesday) to members of the industry represented by me. As of today, a total of 140 replies, or nearly 20% of the expected replies, have been received. I would like to take this opportunity to express my gratitude for the active support and response rendered by the industry to me in just a couple of days.

The findings of the relevant survey are now being possessed and analysed in detail by my colleagues. It is preliminarily shown that the atypical pneumonia incident has impacted seriously on the businesses of the financial services industry, and the impact is expected to long at least six months.

The findings of the questionnaire survey will be submitted to the Financial Secretary shortly and are expected to reach him when he returns to his office after this meeting ends today. I hope the Financial Secretary can carefully read the findings and recommendations of the report, pay attention to and address the impact of atypical pneumonia on the financial services industry. I would also like to take this opportunity to urge the relevant authorities to introduce concessionary measures which should include relaxing the eligibility for applying to the low-interest loan guarantee scheme targeted at badly-hit industries and allowing the financial services industry to submit their applications in the same manner, and even setting up a more specific financial aid scheme, in order to relieve the impact and operational pressure brought about by the atypical pneumonia incident on the industry.

Madam President, in a meeting held by the Panel on Financial Affairs of this Council on the low-interest loan guarantee scheme and another meeting discussing a report presented by a tripartite working group on improving the business environment of the securities industry, I raised the point that the atypical pneumonia incident had seriously hit the investment desire of investors, affected the performance of listed companies, and led to further drops in the volume of transaction of the shrinking securities market, thereby dealing a heavy blow to the financial services industry in a far-reaching manner.

Given the far-reaching impact of atypical pneumonia on the financial services industry and the estimate by the industry that the impact will last at least six months before things will slowly recover, the Government should consider relaxing the supportive measures offered to affected industries and include the financial services industry in its scope of assistance.

In the meantime, the Government should consider relaxing eligibility and requirements when reviewing the \$3.5 billion low-interest loan guarantee scheme currently offered or formulating new financial aid schemes. It is feared that the threshold, if exceedingly high, will affect the effectiveness of the relevant supportive measures. Take the offer of loans to affected industries as an example. The requirement of having 90% of shareholders to act as guarantors before a loan can be granted is apparently exceedingly harsh. In order to truly relieve the hardship of the industry and help it to tide over its difficulties, the exceedingly high threshold must be removed to ensure that timely assistance is offered.

Madam President, as regards the preservation of room for long-term operation of the financial services industry, improving the business environment is vital in addition to short-term assistance measures. It is disappointing that the recommendations contained in the "Report of the Working Group on the Business Environment of the Stockbroking Industry" submitted earlier by a tripartite working group set up for the purpose of improving the business industry of the securities environment are unrealistic.

The survey carried out by me this time has precisely reflected the actual situation and difficulties facing the financial services industry. I hope the Financial Secretary can, after receiving the report, seriously consider and expeditiously implement the various concessionary measures targeted specifically at the industry in order to relieve the impact of atypical pneumonia on the industry and its operational pressure in a more effective manner, while introducing long-term measures to improve the business environment of the industry, and will not disappoint the industry again and again.

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

MR SIN CHUNG-KAI (in Cantonese): Madam President, very soon, we can say "Happy Birthday" to Buddha. I think the best news today is that no health care personnel have been "hit" today. This is really a matter for rejoicing.

On 23 April, Mr TUNG Chee-hwa announced that a total of \$11.8 billion would be used for measures to boost the economy. One of these measures is the reservation of \$1 billion for revitalizing the economy or rebuilding the image of Hong Kong when the epidemic subsides. I think the Government must tackle this matter with extreme caution and use this \$1 billion with great care. It is not easy at all to alter our international image or to change the ways in which the world looks at us. That is why I am afraid that the money which is going to be spent on building up our international image may all be wasted. If the Government spends the \$1 billion on international advertising, screening short promotion films on overseas television and taking out advertisements in the airports of other countries, it may well be wasting money. And, frankly speaking, it may not necessarily achieve the desired results. Therefore, if the Government really intends to spend this \$1 billion, it should spend it within Hong Kong as much as possible, instead of benefitting overseas media and advertising agencies.

In the meantime, however, we must think of ways to make foreigners come to Hong Kong willingly again. This cannot be done very easily in the short run, because even when Hong Kong succeeds in combating the epidemic, it will still be difficult to make foreigners come again as long as the epidemic state in China has failed to make any improvements. The Government must tackle this problem.

I suppose we may adopt some unconventional measures to revitalize our economy. Let me make a bold suggestion. In the case of international conferences, for example, we wish to restore people's desire to hold such conferences in Hong Kong again. Can the Government offer cash coupons to those who are willing to come, so as to encourage them to spend money here? This is an unprecedented measure, but it is worth consideration, for the money will not be drained away from Hong Kong anyway. A couple of years ago, the Cathay Pacific Airways did something similar — it offered free tickets, allowing one passenger to match with another passenger for their air journey to Hong Kong. A scheme like this does involve direct subsidy, but the point is that those who receive the benefits, particularly business people coming to Hong Kong, will be able to personally witness our actual situation and tell the true story back home. They will have first-hand experience here, and when they return home, what they are going to tell their business friends will also be such first-hand experience. Therefore, as far as the revitalization of the economy is concerned, while I do not object to the holding of carnivals by the people as suggested by Miss CHOY So-yuk, I do believe that the most urgent task of the Government should be to restore our strength in respect of some conventional activities such as the holding of trade shows and fairs. We should consider how we can restore our strength in these respects, so as to ensure that exhibitions can be held as usual. At least, we must make sure that we do not lose our edge. I even hope that we can maintain this edge during this very difficult period.

We should also consider how to mobilize the people as much as possible for the purpose of boosting the economy. In this connection, the Government should play a supportive role. Actually, every year, many functions are organized by various professional organizations and chambers of commerce. All these functions can also boost the economy directly. During this period, if the Government can capture the initiative of these organizations, or if it can set aside a small portion of the \$1 billion for them to make efforts to induce foreigners to come, then at least, we can make sure that the money will be spent in Hong Kong instead of being used to benefit foreign advertising

agencies. I hope that in future the Government can consider how to spend this \$1 billion from many different perspectives, so as to make sure that the money will be spent in Hong Kong instead of being used to benefit overseas media or companies. At the same time, I also hope that the Government can listen to the views of different organizations in the course of formulating its economic revitalization schemes.

However, we must also consider when should be the best time. We must not become optimistic too early. Before the World Health Organization (WHO) lifts its travel advisory regarding Hong Kong, the amount of money we can exhaust may be very limited. Even if the WHO lifts the travel advisory, we must not forget that over the past few years, many business people have been going to the Mainland via Hong Kong. Even if foreigners do come back to Hong Kong, are they still willing to go farther to the Pearl River Delta, to go onward to the Mainland via Hong Kong? Therefore, the Government must also tackle this problem with great skills.

Therefore, I think the only direct way to boost the economy should to consider how best we can provide assistance in maintaining our existing strengths. This must be adopted as the underlying principle. I hope that the Government will not over-spend when trying to revitalize the economy. Naturally, I also hope that the Government can announce all the details on how it is going to use the \$1 billion for examination by all of us. This will be very useful. I so submit.

MR AMBROSE LAU (in Cantonese): Madam President, the economy of Hong Kong has in the doldrums continuously since the outbreak of the financial turmoil, and the sudden onslaught of atypical pneumonia has added further difficulties to the already much weakened economy, inflicting severe wounds on the various trades and industries. Although the number of new infected cases has gone down to the single-digit level, we must not become complacent. It is thus extremely necessary for the Government to conduct an in-depth assessment on the impacts of the epidemic on our economy and government finances and to introduce a series of measures to turn the crisis into an opportunity, in the process of seeking to bring the epidemic under control.

At the height of the epidemic, the most pressing task of the Government should be to save lives. When the epidemic subsides, it should then shift its

attention to saving the economy and healing the wounds inflicted by the epidemic. To heal the wounds inflicted by the epidemic on the economy, we should remember the "Four R's": "Reconstruction of a Safe Environment", "Restoration of Confidence", "Revitalization of Small and Medium Enterprises" and "Recapturing the opportunity for Hong Kong-Guangdong Co-operation".

First, "Reconstruction of a Safe Environment". The Chief Executive has instructed the Chief Secretary for Administration to lead the Team Clean, a high-level, inter-departmental team with the aim of ensuring a clean, hygienic and healthy living environment for the people. This is extremely important to the reconstruction of a safe environment. The many years of prosperity enjoyed by Hong Kong has resulted in an oversight of many filthy spots, and with defects in our town planning and building designs, potential hygiene hazards were caused. The onslaught of atypical pneumonia has made us realize very deeply that environmental hygiene is extremely important to people's health and safety, to the maintenance of a sound investment environment and also to the main pillars of our economy, such as tourism and the import/export trade. Therefore, the reconstruction of a safe environment is essential to attracting inward investment and promoting industries such as tourism and import/export. It is also of primary importance to the maintenance of Hong Kong's status as a world city in Asia.

Second, "Restoration of Confidence". The second Special Administrative Region Government has set up a special Panel on Social Cohesion, but has achieved very little effect. However, under the attack of atypical pneumonia, we have witnessed how the various sectors of society join hands with one another and work with one heart to combat the epidemic, donating money or making various efforts. Over the past two months, many people have expressed their concern about front-line health care personnel and infected patients of their own accord. People have also donated money to help SARS patients and the families of the deceased, and they have shown support for a territory-wide cleaning campaign. All this is a good proof of social cohesion. The Government should pay full heed to and make good use of the emerging social cohesion. This is really a vantage moment for restoring people's confidence. I would also like to call upon the various social sectors to show more support, understanding and unity. Under the attack of atypical pneumonia, if we still try to bring in disputes, conflicts and social division, grievances in society will only increase, dealing an even heavier blow to people's confidence. That is why in order to restore confidence, the Government and the various sectors of society must treasure the emerging social cohesion.

Third, "Revitalization of Small and Medium Enterprises". Atypical pneumonia has dealt an especially heavy blow to small and medium enterprises (SMEs). Many SMEs are battered by severe business difficulties, so the Government must provide them with financing assistance, for this is the only way to deliver them from the difficulties and help them regain their vitality. The Government has no doubt increased its assistance in respect of SME loans, raising the guarantee amount from \$1 million to \$2 million, and providing a subsidy of several ten thousand dollars to SMEs taking part in exhibitions, but it must still streamline the loan application procedures to help more SMEs cope with their financing difficulties.

Fourth, "Recapturing the opportunity for Hong Kong-Guangdong Co-operation". It is pointed out in the Chief Executive's policy address that besides co-operating with each other in the traditional areas of infrastructure, industries and environmental protection, Hong Kong and Guangdong should adopt a loftier starting point and a common objective of jointly building up a large, modern economic zone. The studies and exploration of new areas of co-operation and fields in need of enhanced efforts should all be expedited. For the time being, Hong Kong and Guangdong should of course join hands to combat atypical pneumonia, but as the life and economic activities in the two places resume normal gradually, they could rebuild their co-operation. Lessons should be learnt from the co-operation of the two places in hygiene issues and epidemic prevention when it comes to issues such as the co-ordination of infrastructure construction at the regional level, world-class logistics development, the development of western Pearl River Delta, a full-scale development of the services industries and financial co-operation. Amongst these, the most important lesson to be learnt is that the two places are inter-dependent. Their experience in their joint combat against atypical pneumonia has borne out this relationship ever more clearly.

Madam President, I so submit.

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

DR LUI MING-WAH (in Cantonese): Madam President, our economy has been in the doldrums after the Asian financial turmoil in 1997 that dealt a blow to Hong Kong and the September 11 incident in the United States in 2001 which have already cast impacts on Hong Kong. It is more unfortunate that Hong Kong has recently been attacked by atypical pneumonia, which has seriously

affected various activities in the community, consequently our economy suffered another serious setback and declined rapidly. The *Far East Economic Review* estimates that the economic losses of Hong Kong will reach US\$1.7 billion and the *BOC Economic Review Monthly* of Hong Kong forecasts that, if the epidemic situation persists and only comes under control in the third quarter, Hong Kong will have zero economic growth this year and there will be an economic recession again. The situation is worrying and the prime task of the Government of the Hong Kong Special Administrative Region (SAR) within a short period of time is to save the weak economy after the epidemic has come under control.

Although the measures to the tune of \$11.8 billion recently introduced by the Government for saving the market can alleviate people's difficulties for a short period, they are inadequate to revitalize the weak economy. Facts have proven that, after the attack by atypical pneumonia, the tourism and logistics industries among the four major economic pillars that the Government has always energetically advocated have almost collapsed while the catering, retail and wholesale and aviation industries have almost come to a standstill. Atypical pneumonia has nearly ruined our economy and it reveals the fragility of our economy. The SAR Government should be clear about the fact that the difficulties encountered by our economy originate from structural deficiencies. We must realize that, to revive our economy, we must attract investment and create social wealth. Industries and trades can then have prosperous development and steady economic progress can be made. Otherwise, all measures taken will only be stopgap rather than radical measures and they will hardly have lasting substantive effect. I have always proposed revitalizing the local manufacturing industries for the purposes of generating foreign exchange, maintaining a high employment rate and revitalizing our economy. Nevertheless, there are still quite a few difficulties in attracting factory operators who have moved away to return to Hong Kong. Our economy is in a miserable state and a slow remedy cannot meet urgent needs, so we must have an effective cure with a rapid effect. In this connection, the SAR Government should consider "borrowing the east wind" for revitalizing the local manufacturing industries, that is, attracting private enterprises on the Mainland to make investments and establish factories in Hong Kong to revitalize the manufacturing industries and promote economic recovery.

After over 20 years of reform and opening up, the Mainland has acquired an economic take-off and private enterprises on the Mainland have developed very rapidly, and many of them have attained substantive strength and a certain scale, and thus have the abilities to gain a share of the international market.

However, there are quite a number of constraints and difficulties in regard to the export of the products of mainland enterprises. In comparison, Hong Kong has advantageous conditions for business, better goodwill, and explicit and specific rules, regulations and systems for business and trade; it has established close international links in respect of business and trade and has rich experience in international trade. Along with the growth of mainland enterprises, many of these enterprises are interested in making investments and establishing factories in Hong Kong, exporting their products and entering the international market directly. There are 2.1 million private enterprises on the Mainland at present, if Hong Kong can grasp this opportunity to provide them with favourable conditions for establishing factories in Hong Kong so that they will use Hong Kong as their door to the international market and make sufficient use of our extensive international business networks, it will create unlimited business opportunities and have positive effects on our economy.

Recently, to make use of our business and trade conditions and facilitate export, a very successful vehicle windshield factory, which is a private enterprise on the Mainland, has invested and purchased a 120 000 sq ft factory, machinery and equipment in Hong Kong, and it can employ more than 100 employees when production is at full swing. This is a typical example. As far as I understand it, other private enterprises have also set their eyes on the advantages of Hong Kong and are interested in establishing factories in Hong Kong. It is only required of the SAR Government to formulate competitive policies such as allowing the importation of some technical workers, providing preferential treatment in land use and giving investors and their families the right of abode in Hong Kong, and Hong Kong will become attractive to private enterprises on the Mainland. The SAR Government should expeditiously set up a task force to consider and formulate comprehensive policies and take the initiative to visit the Mainland and attract private enterprises to establish factories in Hong Kong. It will be able to bring to Hong Kong considerable long-term investments, create job opportunities and promote the development of various services, thereby giving new impetus to our economy.

At this critical moment, I dearly hope that the SAR Government can change its passive way of thinking and its mentality in the past, and it should set up a team to invite investments to hit out forcefully on the basis of commercial principles and actively open up "new sources of income" for Hong Kong. By "borrowing the east wind" from private enterprises on the Mainland to vitalize our economy, it will dispel the worries of Hong Kong people and change their gloomy mood. I so submit.

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

(No Member responded)

FINANCIAL SECRETARY (in Cantonese): Madam President, first of all, I would like to thank Dr David CHU for proposing a motion on "atypical pneumonia dealing a blow to Hong Kong's economy" and Honourable Members for making various suggestions to the Government when they spoke.

I would also like to take this opportunity to pay my highest respects to all personnel who have made efforts to fight the epidemic, including the front-line medical and health care personnel, colleagues in various government departments, personnel of non-governmental organizations and volunteers. They have battled against the epidemic with all their heart and all their might, although quite a number of them have to bear the risk of being infected, they have not flinched and they have conversely faced up to the challenge actively and bravely, and conscientiously fulfilled their duties. Their selflessness and professional spirit is worthy of our praises and commendation.

I also have to thank Honourable Members for speedily handling and supporting the Government when it presents to the Legislative Council proposals for the control of the epidemic and alleviating people's difficulties, hence facilitating the expeditious implementation of the relevant measures.

For the battle against atypical pneumonia to be successful, the concerted efforts and co-operation of various sectors are necessary. During these unusual times, even though we only clean our homes well and improve personal hygiene, we are making important contributions to society. I hereby express my heartfelt thanks to every person who has made efforts to tackle the epidemic.

In fact, the transmission of the atypical pneumonia epidemic since its outbreak in early March has seriously impacted on the gradual recovery of our economy. Industries including the tourism, aviation, hotel, retail, catering, transport, commercial and trade industries have been affected to various extents. There have also been adverse effects on the financial position of the Government.

During the past two months, colleagues in the relevant government departments kept paying close attention to the effects of the epidemic on our

economy and the Government's finances, and they actively maintained close ties with the relevant sectors and evaluated the impacts of the epidemic on various industries and trades. I am now going to give a report to Honourable Members on them.

Beginning from mid-March, there has been a substantial reduction in visitor arrivals and a very heavy blow has been dealt to the tourism and related industries. During the period from mid-March to 15 April, there were only 880 000 visitor-arrivals, one third less than that during the corresponding period last year, and there was a strong contrast to the total surge during January and February, which was almost 30% on average. The shortening of the 1 May Golden Week holidays announced by the Mainland further reduced visitor-arrivals from the Mainland.

The number of Hong Kong people travelling overseas has also substantially reduced. People are less willing to travel under the impacts of the epidemic and the imposition of travel restrictions on Hong Kong people by some regions has also caused the reduction of the number of people travelling overseas. There has been a substantial reduction in the number of tours booked with travel agents organizing overseas tours and it is very common for people to cancel tours booked or postpone travelling overseas. As a result, the number of outbound tours in April dropped by 70%.

The aviation industry is naturally affected while the tourism industry is facing adversity. Two local airlines have recently reduced flights by more than 40%. There have also been serious impacts on the hotel industry and the average hotel occupancy rate has reduced from 87% during the corresponding period last year to less than 10%.

With reduced visitor-arrivals and people spending less outside because they are worried about being infected, local spending that was pretty weak has further slackened, dealing a blow to the retail, catering and consumer industries. Since these industries are more labour-intensive, a reduction in their turnover may make the employment situation worse. However, initial information shows that the degree to which the employment market is affected may not be as serious as what was imagined earlier.

During the past two weeks, the Government conducted a generalized survey on the impacts of the atypical pneumonia epidemic on some selected

industries, mainly industries that are more seriously affected by the epidemic. On the whole, the turnover of these industries has reduced by 12% on average but the total number of employees has more moderately reduced by around 1% to 2%. In the face of a reduced turnover, most industries take a wait-and-see attitude and hope that the epidemic would come under control and the turnover would revert to normal as soon as possible. Most of them would adopt short-term measures such as reducing overtime work or asking employees to take turns to take leave. They hope that employees will pool efforts to sustain and they will try their best not to adopt more radical measures such as closing down or layoffs. Although some industries to which a heavier blow has been dealt would cut some jobs, the jobs so reduced would be offset by the jobs to be created by other industries such as the cleansing industry which has an increased demand because of the epidemic. Therefore, I hope that the impact of the epidemic on the labour market as a whole would not be as serious as imagined earlier. The actual situation depends upon the development of the epidemic and we will continue to pay close attention to it.

In respect of cargo trade, the situation of cargo export is no different from the usual situation at present and the total export value of cargoes in March has risen by 15% as compared with the corresponding period last year. Initial information shows that the total export value of cargoes has risen in April and the actual figure will be announced late this month. Nevertheless, if the incident affects such commercial activities as business negotiations and order placing for cargoes in Hong Kong, it may affect exports in the latter half of this year.

Concerning the financial and banking industries, the epidemic will affect the business environment of banks and exert pressure on the number of mortgage loans on negative equity assets, the default rate and credit card business. The Hong Kong Monetary Authority has indicated that it will pay close attention to the impact of the incident on the quality of bank assets. We will also pay close attention to the balance of payments and capital flow as well as the response of the financial market to the economic impacts of atypical pneumonia.

Besides directly dealing a blow at various industries and trades in Hong Kong, the atypical pneumonia epidemic has impacted on the economies of the markets for our exports of cargoes and services within the region, including the Mainland and Southeast Asian regions to various extent, and it will also indirectly impact on our economy. However, it is still quite difficult to accurately determine how big the impact is at this stage.

Summing up, in light of the present economic situation, we will not be able to attain 3% of real economic growth this year as forecast earlier. Since the epidemic has not completely come under control, we cannot comprehensively assess and accurately quantify the impacts of the epidemic on our economy now. We will continue to pay close attention to and monitor the epidemic situation and other developments, and we hope that we can revise the economic forecast for this year at the end of this month.

To alleviate the impacts of atypical pneumonia on our economy, after listening to and making reference to the large amount of views expressed by Honourable Members, the relevant sectors and other members of the community, the Government has announced on 23 April a series of short-term measures to mitigate the impacts of the epidemic on various industries and trades, assist the community in tiding over the difficult times, and start making preparations for the upcoming work in the prevention of epidemics and our economic revival. The suggested measures include:

First, reducing the business costs of various industries, such as reducing rates payments, water and sewage charges, trade effluent surcharges and various licensing fees and the rents for most shops in public housing estates and properties managed by the Government, and promising not to make any proposals for adjusting government fees and charges within the coming six months.

Second, reducing rates payments, water and sewage charges payable by the general public, and refunding to taxpayers part of the salaries tax.

Third, establishing a loan scheme with the Government as the guarantor for extending through banks short-term loans to four industries, that is, the tourism, catering, retail and entertainment industries, to which the heaviest blow has been dealt by the epidemic for the payment of employees' wages and protection of the employment of employees.

Fourth, creating 21 500 training and short-term jobs to enable various industries struck by the epidemic to enhance services and training, provide needy elderly and poor people with free cleaning services to the homes as well as repair services, and step up efforts to clean up Hong Kong.

Fifth, setting aside \$1 billion for launching large-scale publicity and promotional activities in the international arena, the Mainland and Hong Kong after the epidemic has come under control to promote and assist in the expeditious reversion to normal of various commercial activities, including tourism, exhibition and business activities. I am going to elaborate on the relevant programmes later on.

Sixth, setting aside \$1.3 billion for the control of epidemics, conducting the relevant medical researches and improving public hygiene, and allocating \$200 million to provide medical and health care personnel with assistance and training. The Chief Executive has announced on 5 May the setting up of Team Clean chaired by the Chief Secretary for Administration and a research body similar to the Centers for Disease Control & Prevention in the United States. \$500 million is also allocated to support local universities in tackling infectious diseases.

The whole package of proposals made by the Government involves \$11.8 billion.

Moreover, individual departments and public organizations also provide immediate assistance to individual industries or relax the original restrictions to assist the relevant industries in tiding over the difficult times. For example, the Transport Department has lifted some restrictions on boarding and alighting applicable to the taxi industry; the Hong Kong Airport Authority has reduced some charges on airlines, retailers, food establishments and other franchised service providers at the airport; the Kowloon-Canton Railway Corporation and the Hong Kong Housing Authority have introduced rent concession measures for subordinate commercial tenants; the Hong Kong Trade Development Council would later arrange for additional exhibitions or refund the exhibition expenses in response to the different needs of exhibitors; and the Hong Kong Export Credit Insurance Corporation will refund to its clients the annual premium collected last year. Some public utilities and private enterprises have also provided their clients with concessions in different forms in order to tide over the difficulties together with their clients.

An Honourable Member hopes that banks can help clients tide over difficulties and I have met the banking sector several times in the hope that banks can suitably offer exceptions in favour of clients affected by atypical pneumonia, including rescheduling the repayment periods. I am very pleased

to see the representatives of banks indicate that they will actively consider that in line with the spirit of helping one another in the same boat.

The measures proposed by the Government would certainly enlarge the deficit in this year's Budget but I believe we all understand that we are taking some one-off measures to deal with a special incident. We are dealing with a structural fiscal deficit and the proposals we made in this year's Budget can solve the structural problem in the medium term. The Government is determined and confident that it can control the fiscal deficit by revitalizing the economy, reducing expenditures and suitably increasing revenues, thereby restoring the financial stability of Hong Kong in the medium term.

It is quite gratifying that we have begun to see a favourable turn despite a lot of negative news and unclear factors. The number of new cases of infection has recently reduced steadily, the people's willingness to spend has recently improved and the fact that people have made fewer trips overseas has helped local spending a bit.

I have also seen various industries and trades exerting all efforts to find a way out in adversity in line with the combative and resilient spirit of Hong Kong people. For instance, the "We love Hong Kong" campaign jointly organized by the aviation, hotel, tourism, catering and retail industries early this month encourages spending by people in Hong Kong. Atypical pneumonia has aroused people's concern for environmental hygiene and brought the relevant industries new business opportunities. Many factory owners and trading companies maintain contacts and have business negotiations with overseas clients via the Internet and video conferences even though they had failed to arrange for meetings in person.

Madam President, it is the prime task of the Government to exert all efforts to control the atypical pneumonia epidemic at present. Various government departments, the Hospital Authority, public and private organizations are continuously making efforts. There has recently been a steady reduction in the number of new cases of infection with atypical pneumonia, which shows that the relevant measures have gradually achieved the desired results.

We must expeditiously bring about social recovery and economic revival after atypical pneumonia has come under control. We must put together the

strengths of various industries and trades and mobilize various sectors of the community and social resources to restore the confidence of the public, visitors, investors and the international community in Hong Kong.

As announced on 5 May, the Chief Executive has ordered me to head a task force for revitalizing our economy, to make and implement a plan to comprehensively promote Hong Kong after the epidemic has come under control in the hope of achieving economic revival as soon as possible. The task force comprises the Bureau Directors concerned and other government colleagues and Invest Hong Kong will assist in co-ordination. Various Bureau Directors will maintain close contacts with the relevant sectors and listen to various views. Among them, the Secretary for Economic Development and Labour will co-ordinate the proposals in respect of the tourism, retail and consumer industries; the Secretary for Commerce, Industry and Technology will be responsible for co-ordinating the activities of the industrial, commercial and trade industries and the conference and exhibition industry; the Secretary for Financial Services and the Treasury will keep in contact with the financial services sector; the Secretary for Home Affairs will be responsible for district work and large-scale cultural and sports activities; the Director of Information Services will be responsible for publicity and public relations work in the international, mainland and local media. The task force is responsible for cross-sectoral activities and co-ordinating various programmes to guarantee the consistency of information given out and the dovetailing of various programmes. The task force has started making the relevant preparations last week.

We will also set up a strategy team comprising people from the relevant sectors, major local and foreign commercial associations and academics to provide strategic advice to the Government and jointly promote this exercise involving several industries in the hope of pooling the wisdom and efforts of everyone to do the best. The strategy team will hold its first meeting this Saturday. We are also arranging through the Legislative Council Secretariat meetings with Honourable Members in batches to listen to their views beginning from next week. We also welcome submissions by the general public.

Our plan is to expeditiously launch a series of measures and activities after the World Health Organization has lifted the travel advisory on Hong Kong to allow local and mainland people, the governments of various countries, travellers, investors, foreign businessmen and the media to understand more clearly about the actual situation in Hong Kong.

By then, we must give the messages that the atypical pneumonia epidemic has already come under control in Hong Kong, Hong Kong is a safe and hygienic place and travellers and investors can come to Hong Kong for business and tourism with their minds completely at rest. The financial and commercial activities in Hong Kong have all along been operating as usual, more importantly, the basic advantage of Hong Kong has not been crippled at all and Hong Kong is still the most satisfactory place in the Asia-Pacific Region for setting up regional headquarters as well as the best doorway through which enterprises enter the Mainland to make investments.

Actually, various non-governmental bodies and industries have already carried out various promotional activities and we would try our best to enable the dovetailing of these activities. The \$1 billion put aside by the Government for revitalizing the economy and organizing promotional activities will be able to bring about beneficial effects. We will file an application for allocation with the Legislative Council within the next few weeks.

Concerning the proposal just made by Dr David CHU, as Dr CHU has said, it is a structural proposal that may not be directly linked with atypical pneumonia. Dr CHU hopes that the Government can resolve the vicious cycle of deflation and fiscal deficit by means of a monetary policy. As Hong Kong has adopted a linked exchange rate since 1983, it has very little flexibility as far as its monetary policy is concerned. In fact, different monetary policies have different limitations, merits and demerits and there is no perfect monetary policy or system. I have to restate that the Government does not have any plan to change the linked exchange rate and it clearly knows that the most important factor for the competitiveness of Hong Kong as an international financial, business and trade centre within the region is not low cost, for it is of prime importance to enhance competitiveness and compete on the basis of creativity, quality and efficiency. The medium to long term economic policies of the Government target structural problems in order to enhance the competitiveness of Hong Kong. The policies of the Government can be classified under several major groups: first, "big market, small government", to give full play to the potentials of the market, which will be achieved by reforming of the public sector, reducing the expenditures by the public sector, streamlining procedures and improving the business environment; second, stepping up co-operation with the Mainland to ensure that Hong Kong can take full advantage of the opportunity of the rapid economic development of the country; third, upgrading the talents and infrastructure of Hong Kong. In a knowledge-based economy,

talent is the most important means of competition, and the Government will continue to improve its education and migration policies to ensure that Hong Kong can bring together talents; and fourth, assisting high value-added industries such as the financial, tourism, logistics and professional services industries in enhancing competitiveness. These policies have been introduced in detail in the Budget and the policy address of the Chief Executive. Honourable Members can see that these are measures aim at laying a firm foundation and fostering vitality and they tally with the actual situation in Hong Kong. On one hand, they can maintain economic and social stability, and on the other, they can enhance the overall competitiveness and maintain our status as the international financial, business and trade, logistics and tourism centre within the region. The Government will continue to carry through these policies and its work will not be affected by atypical pneumonia.

Madam President, atypical pneumonia has brought to Hong Kong an unprecedented challenge, but this sudden adversity has sufficiently reflected the commendable features of Hong Kong and its people. The professionalism and spirit of contribution of our medical and health care personnel and scientific research personnel, and the intelligence, magnanimity and co-operation of the people have sufficiently displayed that Hong Kong is civilized and advanced. We have remained open and transparent throughout the incident, which sufficiently demonstrates the freedom and open-mindedness of Hong Kong. The hard work and resilience of various industries and trades in Hong Kong sufficiently show forth the vitality of Hong Kong. These important factors underpin the success of Hong Kong in the past and they have not been impaired by the economic difficulties in the past few years. On the contrary, the outbreak of the epidemic makes Hong Kong people stand more united than before and causes them to attach more importance to personal health and the hygiene conditions of their homes and the environment. All these have made us love Hong Kong, our home, even more, and so Hong Kong will become a better place. The epidemic will come under control one day and I believe that day will come very soon. So long as all Hong Kong people are of one mind, the vitality of Hong Kong will certainly be restored and it will shine again.

Thank you, Madam President.

PRESIDENT (in Cantonese): Dr David CHU, you may now reply. You have five minute 18 seconds.

DR DAVID CHU (in Cantonese): First of all, my apology to Members for keeping them here so late. I wish to thank Honourable Members for their many valuable views and their support for me. I am particularly interested in Miss CHOY So-yuk's suggestion of "going wild with joy", so to speak. (*Laughter*) But in my present situation, it is easier for me to "go wild" but rather difficult to feel the "joy". (*Laughter*)

I hope that the Government, in handling economic issues in the future, can react more quickly and put in greater efforts. I wish to cite some examples. I remember a long time ago in this Chamber when Secretary Michael SUEN had just announced "SUEN's nine strokes", I said to him at the entrance that this policy lacked punch. Recently, seldom have we heard of the term "SUEN's nine strokes" anymore.

I still remember that a few years ago, I asked Mr Charles LEE several months before the implementation of the Mandatory Provident Fund Scheme whether the Scheme could be put on hold for the time being given that the economy had begun to go downhill at that time, Chairman Charles LEE said that it was already too late and that the Scheme must go ahead since all the arrangements had been made. Now, we can all see the result.

I still recall that three years ago, Mr Ambrose LAU and I discussed an important proposal under which we proposed that 50 000 temporary posts be provided by the Government to promote the work on Clean Hong Kong, and that each of these posts be remunerated between \$7,000 and \$8,000 monthly. Mr LAU and I met with a senior government official at the Government Offices. He was in a very, very high position, but I do not wish to name him (*laughter*). My legs were even trembling a bit, because 50 000 was a fairly large number at that time as the unemployment figure was below 200 000. So, we "pulled back" at the eleventh hour and reduced the number to 30 000 and then formally submitted our proposal to the Government. That was three years ago and certainly, nothing had come out of it. Two years ago, Mr LAU and I went to the same place and met with the same senior official in a very, very high position. On that occasion, we did consider ourselves to be quite tactful. Unemployment at that time was more serious, but we still reduced the number to 20 000, proposing the creation of 20 000 temporary posts to clean up Hong Kong. Still, there was no response. It was only until recently that a response came, as I saw on yesterday's newspaper that the Government is prepared to create 7 500 temporary posts to clean up Hong Kong. I think we may have to wait for a few more years before these 75 000 posts to be materialized.

Is it that I, the "Flying CHU", am a person with foresight? Absolutely not, for this is a matter of relativity. The Government will be going nowhere if it continues to be as slow as such in responding to the needs of the times. It is because insofar as the economic problems brought by Severe Acute Respiratory Syndrome is concerned, if we are to express the gravity of the problem in numerical terms, the number should exceed \$100 billion. From this we can see that we are currently faced with a huge economic problem. To resolve the problem, we need great courage and must pay a high price. If the Government does not have the courage and is unwilling to pay this price, the economic problems may give rise to political problems and by then, the Government of the Hong Kong Special Administrative Region and the country may have to pay an even bigger price.

Madam President, I so submit.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr David CHU be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 14 May 2003.

Adjourned accordingly at two minutes to Midnight.

Annex**OCCUPATIONAL DEAFNESS (COMPENSATION)
(AMENDMENT) BILL 2002****COMMITTEE STAGE**Amendments to be moved by the Secretary for Economic
Development and LabourClauseAmendment Proposed

3

By adding -

"discotheque" (的士高) means any premises used mainly for the purpose of carrying out an activity where -

- (a) the main attribute of the activity is dancing by the persons participating in the activity;
- (b) recorded music characterized by a heavy rhythmic element is provided for the activity; and
- (c) the control or operation of a system for playing back and broadcasting the music referred to in paragraph (b) by a disc jockey forms part of the activity;".

New

By adding -

"4A. Government payments

Section 7(1) is amended by repealing "法局" and substituting "法會".

ClauseAmendment Proposed

New

By adding -

**"5A. Director of Audit's
examination**

Section 10(3) is amended by repealing "局" and substituting "會".

**5B. Statements and reports
to be laid on table of
Legislative Council**

Section 11 is amended -

- (a) by repealing "Governor" where it twice appears and substituting "Chief Executive";
- (b) by repealing "法局" and substituting "法會".

7

By deleting everything after "額," and substituting "而與該裁定有關的根據第15條提出的申請不論於何日提出，該裁定須按照在該裁定的日期有效的附表5作出。"。

New

By adding -

**"14A. Regulations by Chief
Executive in Council**

Section 37 is amended by repealing "Governor" and substituting "Chief Executive".

ClauseAmendment Proposed

15

(a) By deleting paragraph (a) and substituting -

"(a) in subsection (1), by repealing "Governor" and substituting "Chief Executive";

(aa) in subsection (2) -

(i) by repealing "and 5" and substituting
", 5 and 7";

(ii) by repealing "局" and substituting "會";".

(b) In paragraph (b), by deleting "教育統籌局".

New

By adding -

**"15A. Provisions with respect
to the Board and
members thereof**

Schedule 1 is amended -

(a) in section 3(1), by repealing "Governor" wherever it appears and substituting "Chief Executive";

(b) in section 3(3), by repealing "Governor" and substituting "Chief Executive";

(c) in section 4(2), by repealing "Governor" where it twice appears and substituting "Chief Executive";

(d) in section 4(3), by repealing "Governor" and substituting "Chief Executive";

ClauseAmendment Proposed

- (e) in section 4(4), by repealing "Governor" and substituting "Chief Executive";
- (f) in section 5, by repealing "Governor" wherever it appears and substituting "Chief Executive".

**15B. Provisions with respect to
the Medical Committee and
members thereof**

Schedule 2 is amended, in section 1(1)(e), by repealing "覺" and substituting "力".

16 By deleting paragraph (c) and substituting -

"(c) by adding -

- "(z) work wholly or mainly in the immediate vicinity of a place where the electric stunning of pigs for the purpose of slaughter takes place;
- (za) playing mahjong (as the main duty) inside a mahjong parlour licensed under section 22(1)(b) of the Gambling Ordinance (Cap. 148);
- (zb) preparing or serving drinks (as the main duty) in the immediate vicinity of the dancing area of a discotheque; or
- (zc) controlling or operating a system for playing back and broadcasting recorded music in a discotheque.".

ClauseAmendment Proposed

19

In the proposed Schedule 7 -

- (a) in item 1, by deleting "\$6,000" and substituting "\$9,000";
- (b) in item 2, by deleting "\$15,000" and substituting "\$18,000".

Appendix I

WRITTEN ANSWER

Written answer by the Secretary for the Environment, Transport and Works to Dr Raymond HO's supplementary question to Question 1

Please find attached at Annex the summary of public works contracts awarded in the past three years with contract sums exceeding \$50 million. As shown, 260 contracts were awarded in the period. The single contractor awarded with the largest total contract value has only taken up 10 of these contracts, that is, less than 4%. We therefore consider that there has been no monopolization in public works contracts.

Annex

Summary of Public Works Contracts Awarded in 2000-03 with Contract Sums

<i>Names of Contractors</i>	<i>No. of Contracts Awarded</i>	<i>Total Contract Sum \$ Million</i>
China State Construction Engineering (HK) Limited	10	7,851.61
HAM-HK Construction Joint Venture	1	3,977.07
China Harbour Engineering Company (Group)	7	3,389.42
Cheung Hing Construction Company Limited	11	2,713.56
Able Engineering Company Limited	11	2,095.80
Hip Hing Construction Company Limited - China State Joint Venture	1	2,087.36
Penta-Ocean Construction Company Limited	7	2,037.45
Dickson Construction Company Limited	12	1,934.32
Chun Wo Construction and Engineering Company Limited	6	1,832.00
China State Construction Engineering Corporation	6	1,786.35
China Road & Bridge Corporation	7	1,362.33
Sun Fook Kong (Civil) Limited	5	1,351.19
Barbican Construction Company Limited	7	1,345.48
China State - China Railway Joint Venture	1	1,073.80
Gammon Shanska Limited	6	991.24

WRITTEN ANSWER — Continued

<i>Names of Contractors</i>	<i>No. of Contracts Awarded</i>	<i>Total Contract Sum \$ Million</i>
Shui On Building Contractors Limited - Shui On Construction Company Limited Joint Venture	2	914.98
Wing Hong Contractors Limited	2	879.44
Chinney Construction Company Limited	2	878.54
Wo Hing Construction Company Limited	2	775.10
Maeda Corporation	1	764.00
Downer Construction (Hong Kong) Limited	6	748.45
HK Construction (Holdings) Limited	1	735.95
Wan Chung Construction Company Limited	6	716.09
Shui On Construction Company Limited	2	695.30
Gammon Construction Limited	1	688.00
China State Construction Engineering (HK) Limited - Sam Sung Corporation Joint Venture	1	666.00
China Civil Engineering Construction Corporation	3	646.44
Hip Hing Construction Company Limited	1	626.71
Chee Cheung Hing and Company Limited	2	559.78
Shun Yuen Construction Company Limited	3	469.20
Shun Shing Construction and Engineering Company Limited	2	452.00
Hsin Chong Construction Company Limited	3	435.37
Leighton - Kumagai Joint Venture	1	426.39
Fong Wing Shing Construction Company Limited	4	413.70
Fook Lee Construction Company Limited	1	405.61
Hopewell Construction Company Limited	4	382.29
China Harbour-Transfield Joint Venture	1	382.04
Yick Hing Construction Company Limited	4	373.78
China Civil, Road & Bridge Joint Venture	1	367.79
Leader Civil Engineering Corporation Limited	2	351.35
China State-ATAL Joint Venture	1	345.60
Biwater Man Lee Limited	1	339.23
Kin Shing Construction Company Limited	3	327.68
Yau Lee Construction Company Limited	2	319.73
Guangdong Overseas Construction Corporation	4	309.96
Nishimatsu Construction Company Limited	2	308.70

WRITTEN ANSWER — Continued

<i>Names of Contractors</i>	<i>No. of Contracts Awarded</i>	<i>Total Contract Sum \$ Million</i>
Sun Fook Kong Construction Company Limited	4	302.37
Woon Lee Construction Company Limited	1	298.00
Kwan On Construction Company Limited	4	296.06
China Geo-Engineering Corporation	4	285.01
Kim Hung Construction and Engineering Company Limited	3	277.51
Hop Lee Construction Company	4	275.60
Sui Chong Construction and Engineering Company Limited	4	267.47
China Metallurgical Construction (Group) Corporation	3	264.38
The Jardine Engineering Corporation Limited	2	262.75
China Civil Engineering Construction Corporation - The Express Builders Company Limited Joint Venture	1	247.23
Legend Expert Systems Limited	1	238.29
Ching Chit Cheung Construction Company Limited	2	234.79
Excel Engineering Company Limited	2	220.94
System-Pro Computers Limited	1	219.56
Zhuhai International Economic and Technical Co-operation Corporation	1	218.60
Shun Hing Construction Company Limited	2	217.91
Swire SITA Waste Services Limited	1	216.40
Goldfield N & W Construction Company Limited	3	212.77
Techoy Construction Company Limited	2	198.90
W. Hing Construction Company Limited	2	191.45
CITIC Guo Hau International Contracting (Overseas) Limited	2	189.71
Sun-Tech Business Systems Limited	1	188.33
Paul Y Construction Company Limited	2	188.30
Bilfinger Berger AG	1	186.00
Lam Construction Company Limited	2	185.37
Enpack (Hong Kong) Limited	2	183.60
ATAL Engineering Limited	1	177.80
CHEC-CWE Joint Venture	1	169.30
China Resources Construction Company Limited	1	167.70
HITT Holland Institute of Traffic Technology BV	1	158.45
HAM-DI Joint Venture	1	155.51

WRITTEN ANSWER — Continued

<i>Names of Contractors</i>	<i>No. of Contracts Awarded</i>	<i>Total Contract Sum \$ Million</i>
Sum Kee Construction Limited	1	148.30
Fuk Shing Construction Company Limited	2	123.14
Unistress Building Construction Limited	1	117.98
Hintak Construction Company Limited	2	111.40
Carrier Construction Limited	1	97.99
Welcome Construction Company Limited	1	96.31
Paul Y - CCECC Joint Venture	1	96.00
Wah Seng General Contractors Limited	1	95.49
Mitsubishi Corporation (Hong Kong) Limited	1	91.38
Zhuhai International Economic	1	89.29
Ming Hing Waterworks Engineering Company Limited	1	87.60
Marshall-Karson Construction and Engineers Limited	1	79.50
Siemens Limited	1	76.54
Chevalier (Construction) Company Limited	1	75.75
Kumagai Gumi Company Limited	1	73.50
Hong Kong Construction (Civil Engineering) Limited	1	71.10
China Nation Chemical Engineering Corporation	1	68.80
Geotech Engineering Limited	1	65.50
New City Construction Company Limited	1	63.80
Lam Geotechnics Limited	1	58.86
Wah Fai Construction and Engineering Company Limited	1	58.30
Man Wah New Concepts Engineering Limited	1	55.00
The General Electric Company of Hong Kong Limited	1	53.85
Wui Yip Civil Engineering Limited	1	53.80
Rankine Engineering Company Limited	1	52.19
Tarzan Contractors Limited	1	51.00
HK & Macau Scent On Engineering and Construction Limited	1	13.00
Total	260	61,555.60

Appendix II**WRITTEN ANSWER****Written answer by the Secretary for Housing, Planning and Lands to Mr LAU Ping-cheung's supplementary question to Question 5**

Drainage systems in public housing are designed to comply with the standards of the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) Regulations. In some flats, waste water from the lavatory basin is discharged into the trapped gully immediately below the basin, while waste water from the shower area is discharged into the trapped gully of the floor outlet through waste pipes not exceeding 1 m in length. Both these designs meet the statutory requirements. Installation of additional water seal traps is therefore unnecessary.