

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 4 February 2004

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.

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.

DR THE HONOURABLE ERIC LI KA-CHEUNG, G.B.S., J.P.

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

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

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

THE HONOURABLE NG LEUNG-SING, J.P.

THE HONOURABLE MARGARET NG

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

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING, J.P.

THE HONOURABLE CHAN KWOK-KEUNG, J.P.

THE HONOURABLE CHAN YUEN-HAN, J.P.

THE HONOURABLE BERNARD CHAN, J.P.

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, G.B.S.

THE HONOURABLE WONG YUNG-KAN

THE HONOURABLE JASPER TSANG YOK-SING, G.B.S., J.P.

THE HONOURABLE HOWARD YOUNG, S.B.S., 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, J.P.

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, J.P.

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

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

THE HONOURABLE MA FUNG-KWOK, J.P.

MEMBERS ABSENT:

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

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE HENRY TANG YING-YEN, G.B.S., J.P.
THE FINANCIAL SECRETARY

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

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

THE HONOURABLE JOHN TSANG CHUN-WAH, J.P.
SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY

CLERKS IN ATTENDANCE:

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

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

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

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>
Land (Miscellaneous Provisions) (Amendment) Ordinance 2003 (17 of 2003) (Commencement) Notice 2004.....	1/2004
Air Transport (Licensing of Air Services) (Amendment) Regulation 2004	4/2004
Animals and Plants (Protection of Endangered Species) (Exemption) (Amendment) Order 2004.....	5/2004
Animals and Plants (Protection of Endangered Species) Ordinance (Amendment of Schedules) Notice 2004.....	6/2004
Nurses (Registration and Disciplinary Procedure) (Amendment) Regulation 2004.....	7/2004
Enrolled Nurses (Enrolment and Disciplinary Procedure) (Amendment) Regulation 2004.....	8/2004
Protection of Children and Juveniles (Places of Refuge) (Amendment) Order 2004.....	9/2004
Banking Ordinance (Amendment of Section 81(6)) Notice 2004.....	10/2004
Import and Export (General) Regulations (Amendment of Seventh Schedule) Notice 2004	11/2004

Tax Reserve Certificates (Rate of Interest)	
Notice 2004.....	12/2004
Employees Compensation Assistance (Amendment)	
Ordinance 2002 (16 of 2002) (Commencement) Notice	
2004.....	13/2004
Quarantine and Prevention of Disease Ordinance	
(Amendment of First Schedule) Order 2004	14/2004
Prevention of the Spread of Infectious Diseases Regulations	
(Amendment of Form) Order 2004.....	15/2004
Other Paper	
No. 54 — Employees Retraining Board	
Annual Report 2002-2003	

WRITTEN ANSWERS TO QUESTIONS

Provision of Student Hostels in Subvented Schools for Physically Handicapped Children

1. **MS AUDREY EU** (in Chinese): *Madam President, of the seven subvented schools for physically handicapped children in Hong Kong, two have hostels for students who need residential places. In this connection, will the Government inform this Council:*

- (a) *of the number of children currently waiting for admission to the two schools and their hostels, as well as the average time such children have so far been waiting; and*
- (b) *whether it has plans to provide hostels in the other five schools or redeploy the existing hostel resources; if so, of the details of the plans?*

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

- (a) Boarding facilities in special schools for children with physical disability are to cater for those students with long-term boarding needs. The provision is on a territory-wide basis. According to our information as at 15 January 2004, five students attending other schools have applied for schooling and boarding services in the two schools with hostels in the 2003-04 school year. Arrangements have been made and individual students, for personal reasons such as health or completion of a school term, would be transferred either in the second school term or at the beginning of the coming school year. Such arrangements have been agreed with the parents concerned.
- (b) In this school year, the two schools are providing 160 boarding places of which 11 are still vacant. According to past figures and the projected demand, the existing provision of boarding places in schools for children with physical disability should be sufficient to meet the demand. Hence, the Education and Manpower Bureau (the Bureau) has no plan to provide boarding places in the other five special schools for children with physical disability. Nonetheless, the Bureau will constantly review the demand and supply of boarding places in these schools. Should needs arise, the Bureau may explore the possibility of redeployment of resources for provision of appropriate services to cater for those students with long-term boarding needs.

Factory Inspections

2. **MISS CHAN YUEN-HAN** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *in respect of the past three financial years, of:*
 - (i) *the number of cases of non-compliance with the Hong Kong origin rules detected by the government departments concerned through inspections or reports from the public, the amount of money and the quantities of goods involved;*

- (ii) *the number of cases in which prosecution was successfully instituted for non-compliance with the Hong Kong origin rules, the amount of fines and the terms of imprisonment involved; and*
 - (iii) *the number of officers of the authorities responsible for carrying out inspections of factories and checking of cargoes consigned; whether they carry out surprise raids; if so, the number of such raids;*
- (b) *of the items checked by the authorities during factory inspections to enforce the Hong Kong origin rules, and whether they include records of wages (records of bank transfers), provident fund contributions and information about subcontractors rendering help to the factories concerned in the manufacture of goods, such as their full addresses, contact arrangements with the persons in charge and the number of employees and their wages; if not, whether the authorities will consider checking these records; and*
- (c) *of the number of applications for the Certificate of Origin under the Mainland/Hong Kong Closer Economic Partnership Arrangement received by the authorities so far and, among them, the number of applications already approved?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese): Madam President, my reply to the various parts of the Honourable CHAN Yuen-han's question is as follows:

- (a) Since financial year 2001-02,
 - (i) the number of cases of non-compliance with the Hong Kong origin rules detected by the Customs and Excise Department (C&ED) through its inspections and reports from the public, and the value and quantities of goods involved in these cases are as follows:

<i>Financial year</i>	<i>Number of substantiated cases of non-compliance with the Hong Kong origin rules</i>	<i>Value of goods involved</i>	<i>Quantities of goods involved</i>
2001-02	151	\$22,958,160	1 099 267 garment pieces and 13 028 kg of knitted items
2002-03	70	\$7,857,739	315 028 garment pieces
2003-04 (as at 31 December 2003)	35	\$6,216,973	242 972 garment pieces

- (ii) the number of successful prosecutions by the C&ED against non-compliance with the Hong Kong origin rules and the amount of fines involved are as follows:

<i>Financial year</i>	<i>Number of successful prosecutions¹</i>	<i>Total amount of fines</i>
2001-02	115	\$2,916,450
2002-03	50	\$1,401,000
2003-04 (as at 31 December 2003)	26	\$1,188,500

1 Number of successful prosecutions for a particular year may include those that were initiated in the year before.

In addition to fines, convicted cases of a more serious nature are also given imprisonment sentences. Since financial year 2001-02, an imprisonment term of three and four months was given respectively to defendants in two cases.

- (iii) The C&ED conduct all factory inspections and consignment checks in the form of surprise raids. The number of officers responsible for such work and the number of inspections conducted are as follows:

<i>Financial year</i>	<i>Number of officers responsible</i>	<i>Number of inspections</i>
2001-02	74	46 413
2002-03	82	53 055
2003-04 (as at 31 December 2003)	86	51 854

- (b) During factory inspections to enforce the Hong Kong origin rules, the C&ED will check records of purchase orders or contracts, invoices for purchase of raw materials, production records (for example, sewing records, assembling records), and books and records of the factory (including records of purchase, consumption and stock of raw materials; daily production logs; sales and stock of finished goods; cash accounts; workers' wage records, bank transfer statements, and so on).

Apart from checking the above documents, C&ED officers will also examine the goods concerned, inspect the production facilities of the factory and observe the skill level of workers in order to assess the capability of the factory in producing the goods concerned. If C&ED officers have doubts about the wage records, they will request the factory to provide records of Mandatory Provident Fund contributions for verification. In addition, for goods involving processing by subcontractors, C&ED officers will request the factory to provide information about its subcontractors and conduct inspections at the subcontractors' factories to confirm that the goods are in fact produced by the subcontractors.

- (c) As at 31 January this year, the Trade and Industry Department and the five Government Approved Certification Organizations have received a total of 117 applications for Certificates of Origin under the Mainland/Hong Kong Closer Economic Partnership Arrangement, of which 99 applications have already been approved.

Implementation of Special Traffic Control Arrangements at Popular Tourist Spots

3. **MR HENRY WU** (in Chinese): *Madam President, as the number of visitors to Hong Kong has increased considerably recently, will the Government inform this Council whether it has put in place special traffic control arrangements at popular tourist spots located in busy urban areas, such as the Golden Bauhinia Square, the Peak Tower and its vicinity and the Sik Sik Yuen Wong Tai Sin Temple, so as to avoid traffic obstructions caused by coaches waiting for and picking up visitors at the roadside?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President, we have put in place special traffic management measures at popular tourist spots in busy urban areas to prevent obstruction of traffic by coaches. Arrangements for the three locations specified are set out below:

(i) *Golden Bauhinia Square*

When there are special events that may attract a large number of tourists, we will suspend the roadside metered parking spaces along Expo Drive East and reserve them for temporary parking of coaches. Coaches that cannot be accommodated will be diverted to other coach parking spaces in the vicinity.

(ii) *Peak Tower and its Vicinity*

There is currently abundant supply of coach parking spaces at the Peak Galleria. On occasions when a large number of tourists are expected, special concessions will be offered to encourage the use of these spaces. We will also suspend the metered parking spaces along Peak Road and reserve them for temporary parking of coaches, where necessary.

(iii) *Wong Tai Sin Temple*

As for the Wong Tai Sin Temple, there are currently sufficient coach parking spaces at a nearby temporary car park. No traffic obstruction has been observed.

The Transport Department and the police will continue to monitor the traffic situation and maintain smooth traffic flow at popular tourist spots.

Two Ad Hoc Groups to Relaunch the Economy

4. **MR CHEUNG MAN-KWONG** (in Chinese): *Madam President, to relaunch the economy, the former Financial Secretary set up, in May 2003, two ad hoc groups, namely the Economic Relaunch Strategy Group (ERSG), to give advice on the overall plan of the projects, and the Economic Relaunch Working Group (ERWG), to vet the programmes funded by the projects. In this connection, will the Government inform this Council:*

- (a) of the dates of meetings of the two Groups, together with the chairperson and participants of each meeting;*
- (b) of the dates of the Groups' meetings at which the Hong Kong Harbour Fest was discussed and the specific details of the discussions; and*
- (c) whether the ERSG is still operating; if so, of the projects it is undertaking; if not, the reasons for terminating its operation by the Administration?*

FINANCIAL SECRETARY (in Chinese): Madam President, before answering the question, I would like to recapitulate the background leading to the Government's economic relaunch campaign. In the light of the impact of the

Severe Acute Respiratory Syndrome (SARS) to the local economy, the Chief Executive announced on 23 April 2003 a \$11.8 billion economic relief package to help the community tide over the difficulties and to revive the economy. Of this amount, \$1 billion was set aside to embark on large-scale publicity and promotional activities and to relaunch Hong Kong as the best place in Asia to do business and a great place to visit. There was a general sense of urgency that the Government needed to get the economy back on its feet and to boost the morale in the community.

To take forward the economic relaunch campaign, the former Financial Secretary set up two ad hoc bodies in early May 2003, namely the ERWG, which comprised government officials only, and the ERSG, comprising the same government officials together with non-official participation. The membership lists of the two groups are at Annex I. The ERSG was to advise the Government on measures that were required to relaunch Hong Kong when SARS was brought under control, and to assist with the preparation and implementation of the various relaunch activities. The ERWG was charged with drawing up a substantive programme for the economic relaunch campaign.

- (a) The dates of meetings of ERSG and ERWG and the chairperson and participants of each meeting are at Annexes II and III respectively.
- (b) From the outset, the Government had the firm intention that the economic relaunch campaign should be a joint effort involving the community at large, the business sector and the Government. Many community-spirited bodies did respond enthusiastically with ideas and actions. Against this background, the American Chamber of Commerce in Hong Kong (AmCham) proposed to organize a large-scale international entertainment festival at Tamar, which subsequently became known as the Harbour Fest.

The AmCham first presented the conceptual plan to Invest Hong Kong (InvestHK) in June 2003. The plan was fine-tuned and put into a proposal. The AmCham then presented the proposal to the

ERWG on 2 July 2003. The ERWG agreed to support the proposal in principle and to underwrite the event up to a maximum of \$100 million of the net deficit, subject to further scrutiny of the detailed budget to the satisfaction of InvestHK. It also advised, among other things, that the AmCham should endeavour to make the event as commercially viable as possible, with a view to reducing the Government's subsidy and making it an annual event. In the subsequent meeting on 12 July 2003, the ERWG formally approved the proposal for the Government to underwrite the festival up to the capped ceiling of \$100 million. It was also emphasized that the Government would act as the sponsor only. The AmCham had to plan, organize, and implement the whole event.

The ERWG was kept updated of the progress and development throughout its subsequent meetings on 2 August, 20 August, and 20 October 2003. Specifically, the last ERWG meeting on 31 October 2003 was convened to take stock of the various issues pertaining to the festival in collaboration with the AmCham, the event organizer.

In the course of planning and implementing the festival, the AmCham representatives also briefed the ERSB of the event highlights on 1 August 2003, and made a presentation of the tentative programme line-up and logistical arrangements on 1 September 2003. Members of the ERSB were generally supportive of the initiative, having regard to the stated objectives of promoting Hong Kong as a safe place to visit both for business and leisure, lifting the morale of the community and fostering the sense of normalcy.

- (c) The last meeting of ERSB was held on 1 September. Since a substantive programme for economic relaunch had already been put in place, the ERSB had already achieved its objectives. It is not envisaged that there will be any further meetings.

Economic Relaunch Working Group and Strategy Group Membership List

(I) *Economic Relaunch Working Group*

Chairman	:	Financial Secretary
Members	:	Secretary for Commerce, Industry and Technology
		Secretary for Economic Development and Labour
		Secretary for Financial Services and the Treasury
		Secretary for Home Affairs
		Director of Chief Executive's Office
		Director of Information Services
Secretary	:	Director-General of Investment Promotion

(II) *Economic Relaunch Strategy Group*

Chairman	:	Financial Secretary
Members	:	Prof Chan Ka-keung, Dean of School of Business and Management, The Hong Kong University of Science and Technology
		Mr Chan Wing-kee, President of Chinese Manufacturers' Association of Hong Kong
		The Honourable Mrs Selina Chow, Chairman of Hong Kong Tourism Board
		Mr Ivan Choy Chi-keung, Lecturer, Division of Social Studies, City University of Hong Kong
		Dr Victor Fung, Chairman of Hong Kong Airport Authority
		Mr Ryota Honjo, President of Hong Kong Japanese Chamber of Commerce and Industry
		Mr Victor Lo, Chairman of Federation of Hong Kong Industries
		Mr Norman Lyle, Chairman of British Chamber of Commerce in Hong Kong
		Mr Bertrand Michaud, Chairman of The European Chamber of Commerce in Hong Kong
		Mr Anthony Nightingale, Chairman of Hong Kong General Chamber of Commerce
		Mr Raymond Or, Chairman of The Hong Kong Association of Banks
		Mr James Thompson, Chairman of American Chamber of Commerce in Hong Kong
		Dr the Honourable Philip Wong, Vice-Chairman of Chinese General Chamber of Commerce
		Dr Rosanna Wong, Executive Director of Hong Kong Federation of Youth Groups
		Mr Peter Woo, Chairman of Hong Kong Trade Development Council
		Mr Yip Kwok-wah, Chairman of Hong Kong Policy Research Institute Limited
		Mr Yu Pang-chun, Chairman of Hong Kong Retail Management Association
		Mr George Yuen, Chief Executive of The Better Hong Kong Foundation
		Mr Zhou Jie, Vice Chairman of Hong Kong Chinese Enterprises Association
		Secretary for Commerce, Industry and Technology
		Secretary for Economic Development and Labour
		Secretary for Financial Services and the Treasury
		Secretary for Home Affairs
		Director of Chief Executive's Office
		Director of Information Services
Secretary	:	Director-General of Investment Promotion

Annex II

Economic Relaunch Strategy Group

Dates of Meetings and Chairperson and Participants of the meetings

	<i>Date of Meeting</i>	<i>Chairman</i>
1st Meeting	10 May 2003	Mr Antony Leung, Former Financial Secretary
2nd Meeting	23 May 2003	Mr Antony Leung, Former Financial Secretary
3rd Meeting	6 June 2003	Mr Antony Leung, Former Financial Secretary
4th Meeting	20 June 2003	Mr Antony Leung, Former Financial Secretary
5th Meeting	1 August 2003	Mr Stephen Ip, Acting Financial Secretary
6th Meeting	1 September 2003	Mr Henry Tang, Financial Secretary

* Please refer to Appendix to Annex II for Attendance Lists

Appendix to Annex II

Economic Relaunch Strategy Group
The First Meeting held on 10 May 2003 (Saturday)
Attendance List

Present

Mr Antony Leung, Financial Secretary (Chairman)
Prof Chan Ka-keung
Mr Chan Wing-kee
The Honourable Mrs Selina Chow
Mr Ivan Choy Chi-keung
Dr Victor Fung
Mr Anthony Nightingale
Mr Raymond Or
Dr the Honourable Philip Wong
Dr Rosanna Wong
Mr Peter Woo
Mr Yip Kwok-wah
Mr Yu Pang-chun
Mr George Yuen
Mr Zhou Jie
Mr Henry Tang, Secretary for Commerce, Industry and Technology
Mr Stephen Ip, Secretary for Economic Development and Labour
Dr Patrick Ho, Secretary for Home Affairs
Miss Yvonne Choi, Director of Information Services
Mr M J T Rowse, Director-General of Investment Promotion (Secretary)

In Attendance

Brigadier Christopher Hammerbeck
Mr Frank Martin
Mr Ian McCabe, Burson-Marsteller
Mr Richard Mintz, Burson-Marsteller
Mr Raymond Young, Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry) (Acting)
Dr P Y Leung, Department of Health
Mr Howard Lee, Financial Secretary's Office
Mr Raymond Tam, Financial Secretary's Office
Ms Ophelia Tsang, Invest Hong Kong
Mrs Pamela Lai, Official Languages Agency (Interpreter)

Apologies

Mr Ryota Honjo
Mr Victor Lo
Mr Norman Lyle
Mr James Thompson
Mr Fredrick Ma, Secretary for Financial Services and the Treasury
Mr W K Lam, Director, Chief Executive's Office

Economic Relaunch Strategy Group
The Second Meeting held on 23 May 2003 (Friday)
Attendance List

Present

Mr Antony Leung, Financial Secretary (Chairman)
Prof Chan Ka-keung
Mr Chan Wing-kee
Mr Ivan Choy Chi-keung
Dr Victor Fung
Mr Victor Lo
Mr Norman Lyle
Mr Hiroshi Matsui (representing Mr Ryota Honjo)
Mr Bertrand Michaud
Mr Anthony Nightingale
Mr Raymond Or
Mr James Thompson
Dr the Honourable Philip Wong
Dr Rosanna Wong
Mr Peter Woo
Mr Yip Kwok-wah
Mr Yu Pang-chun
Mr George Yuen
Mr Zhou Jie
Mr Henry Tang, Secretary for Commerce, Industry and Technology
Mr Stephen Ip, Secretary for Economic Development and Labour
Mr Frederick Ma, Secretary for Financial Services and the Treasury
Mr W K Lam, Director of Chief Executive's Office
Miss Yvonne Choi, Director of Information Services
Mr M J T Rowse, Director-General of Investment Promotion (Secretary)

In Attendance

Mr Ian McCabe, Burson-Marsteller
Mr Richard Mintz, Burson-Marsteller
Ms Denise Yu, Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)
Ms Shelley Lee, Permanent Secretary for Home Affairs
Mr Howard Lee, Financial Secretary's Office
Mr Raymond Tam, Financial Secretary's Office
Ms Ophelia Tsang, Invest Hong Kong
Mr David Chiu, Invest Hong Kong
Ms Helen Lam, Official Languages Agency (Interpreter)
Ms Candice Lo, Official Languages Agency (Interpreter)

Apologies

The Honourable Mrs Selina Chow
Mr Ryota Honjo
Dr Patrick Ho, Secretary for Home Affairs

Economic Relaunch Strategy Group
The Third Meeting held on 6 June 2003 (Friday)
Attendance List

Present

Mr Antony Leung, Financial Secretary (Chairman)
Prof Chan Ka-keung
Mr Ivan Choy Chi-keung
Mr Bertrand Michaud
Mr Raymond Or
Mr James Thompson
Dr the Honourable Philip Wong
Dr Rosanna Wong
Mr Peter Woo
Mr Yu Pang-chun
Mr George Yuen
Mr Zhou Jie
Mr Henry Tang, Secretary for Commerce, Industry and Technology
Mr Stephen Ip, Secretary for Economic Development and Labour
Mr Frederick Ma, Secretary for Financial Services and the Treasury
Mr W K Lam, Director of Chief Executive's Office
Miss Yvonne Choi, Director of Information Services
Mr M J T Rowse, Director-General of Investment Promotion (Secretary)

In Attendance

Brigadier Christopher Hammerbeck (representing Mr Norman Lyle)
Mr Hiroshi Matsui (representing Mr Ryota Honjo)
Mr Eden Woon (representing Mr Anthony Nightingale)
Mr Ian McCabe, Burson-Marsteller
Ms Denise Yue, Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)
Ms Anissa Wong, Director of Leisure and Cultural Services
Ms Janet Wong, Director of Home Affairs
Mrs Ella Tam, Deputy Director of Information Services
Mr Howard Lee, Financial Secretary's Office
Mr Raymond Tam, Financial Secretary's Office
Ms Ophelia Tsang, Invest Hong Kong
Mr David Chiu, Invest Hong Kong
Ms Winnie Mak, Official Languages Agency (Interpreter)

Apologies

Mr Chan Wing-kee
The Honourable Mrs Selina Chow
Dr Victor Fung
Mr Ryota Honjo
Mr Victor Lo
Mr Normal Lyle
Mr Anthony Nightingale
Mr Yip Kwok-wah
Dr Patrick Ho, Secretary for Home Affairs

Economic Relaunch Strategy Group
The Forth Meeting held on 20 June 2003 (Friday)
Attendance List

Present

Mr Antony Leung, Financial Secretary (Chairman)
Prof Chan Ka-keung
Mr Chan Wing-kee
Mr Ivan Choy Chi-keung
Dr Victor Fung
Mr Victor Lo
Mr Norman Lyle
Mr Raymond Or
Dr the Honourable Philip Wong
Dr Rosanna Wong
Mr Yip Kwok-wah
Mr Yu Pang-chun
Mr Zhou Jie
Mr Stephen Ip, Secretary for Economic Development and Labour
Mr Frederick Ma, Secretary for Financial Services and the Treasury
Dr Patrick Ho, Secretary for Home Affairs
Mr M J T Rowse, Director-General of Investment Promotion (Secretary)

In Attendance

Mr Hiroshi Matsui (representing Mr Ryota Honjo)
Mr Eden Woon (representing Mr Anthony Nightingale)
Miss Denise Yue, Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry) (representing Secretary for Commerce, Industry and Technology)
Ms Eva Cheng, Commissioner for Tourism
Ms Ella Tam, Deputy Director of Information Services (representing Director of Information Services)
Ms Clara Chong, Hong Kong Tourism Board
Miss Ellen Kwan, Hong Kong Tourism Board
Mr Ian McCabe, Burson-Marsteller
Mr Raymond Tam, Financial Secretary's Office
Ms Mary Leung, Financial Secretary's Office
Ms Ophelia Tsang, Invest Hong Kong
Mr David Chiu, Invest Hong Kong
Miss Holly Lo, Official Languages Agency (Interpreter)
Ms Alice Wong, Official Languages Agency (Interpreter)

Apologies

The Honourable Mrs Selina Chow
Mr Ryota Honjo
Mr Bertrand Michaud
Mr Anthony Nightingale
Mr James Thompson
Mr Peter Woo
Mr George Yuen
Mr Henry Tang, Secretary for Commerce, Industry and Technology
Mr W K Lam, Director of Chief Executive's Office
Miss Yvonne Choi, Director of Information Services

Economic Relaunch Strategy Group
The Fifth Meeting held on 1 August 2003 (Friday)
Attendance List

Present

Mr Stephen Ip, Acting Financial Secretary (Chairman)
Mr Chan Wing-kee
Mr Ivan Choy Chi-keung
Mr Norman Lyle
Mr James Thompson
Dr Rosanna Wong
Mr Peter Woo
Mr George Yuen
Mr Yip Kwok-wah
Mr Yu Pang-chun
Mr Frederick Ma, Secretary for Financial Services and the Treasury

In Attendance

Mr He Tong-bao (representing Mr Zhou Jie)
Dr Eden Woon (representing Mr Anthony Nightingale)
Mr Alan Wong, Director, International, Hong Kong Trade Development Council
Mr Ian McCabe, Burson-Marsteller
Miss Denise Yue, Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry) (representing Secretary for Commerce, Industry and Technology)
Mr Leo Kwan, Acting Permanent Secretary for Home Affairs (representing Secretary for Home Affairs)
Ms Ella Tam, Deputy Director of Information Services (representing Director of Information Services)
Ms Ophelia Tsang, Associate Director-General of Investment Promotion (representing Director-General of Investment Promotion) (Secretary)
Mr Jacky Lum, Financial Secretary's Office
Mr Laurie Lo, Financial Secretary's Office
Mr David Chiu, Invest Hong Kong
Miss Holly Lo, Official Languages Agency (Interpreter)
Ms Winnie Mak, Official Languages Agency (Interpreter)

Apologies

Prof Chan Ka-keung
The Honourable Mrs Selina Chow
Dr Victor Fung
Mr Ryota Honjo
Mr Victor Lo
Mr Bertrand Michaud
Mr Anthony Nightingale
Mr Raymond Or
Dr the Honourable Philip Wong
Mr Zhou Jie
Mr Henry Tang, Secretary for Commerce, Industry and Technology
Mr Patrick Ho, Secretary for Home Affairs
Mr W K Lam, Director of Chief Executive's Office
Mr Mike Rowse, Director-General of Investment Promotion
Miss Yvonne Choi, Director of Information Services

Economic Relaunch Strategy Group
The Sixth Meeting held on 1 September 2003 (Monday)
Attendance List

Present

Mr Henry Tang, Financial Secretary (Chairman)
Mr Chan Wing-kee
The Honourable Mrs Selina Chow
Dr Victor Fung
Mr Victor Lo
Mr Bertrand Michaud
Mr James Thompson
Dr the Honourable Philip Wong
Mr Yip Kwok-wah
Mr Yu Pang-chun
Mr Geroge Yuen
Mr Zhou Jie
Mr Stephen Ip, Secretary for Economic Development and Labour
Mr Frederick Ma, Secretary for Financial Services and the Treasury
Miss Yvonne Choi, Director of Information Services
Mr Mike Rowse, Director-General of Investment Promotion (Secretary)

In attendance

Mr Christopher Hammerbeck (representing Mr Normal Lyle)
Mr Frank Martin, American Chamber of Commerce in Hong Kong
Mr Jon Niermann, American Chamber of Commerce in Hong Kong
Mr Mike Denzel, American Chamber of Commerce in Hong Kong
Mr John Berrick, American Chamber of Commerce in Hong Kong
Mr Ian McCabe, Burson-Marsteller
Miss Denise Yue, Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry) (Representing Secretary for Commerce, Industry and Technology)
Mr Alex Choi, Assistant Director of Information Services
Ms Ophelia Tsang, Associate Director-General of Investment Promotion
Miss Shirley Yuen, Financial Secretary's Office
Mr Laurie Lo, Financial Secretary's Office
Mr David Chiu, Invest Hong Kong
Miss Holly Lo, Official Languages Agency (Interpreter)
Miss Winnie Mak, Official Languages Agency (Interpreter)

Apologies

Prof Chan Ka-keung
Mr Ivan Choy Chi-keung
Mr Ryota Honjo
Mr Norman Lyle
Mr Anthony Nightingale
Mr Raymond Or
Dr Rosanna Wong
Mr Peter Woo
Dr Patrick Ho, Secretary for Home Affairs
Mr John Tsang, Secretary for Commerce, Information and Technology
Mr W K Lam, Director of Chief Executive's Office

Annex III

Economic Relaunch Working Group
Dates of Meetings and Chairperson and Participants of the meetings

	<i>Date of Meeting</i>	<i>Chairman</i>
1st Meeting	3 May 2003	Mr Antony Leung, Former Financial Secretary
2nd Meeting	9 May 2003	Mr Antony Leung, Former Financial Secretary
3rd Meeting	19 May 2003	Mr Antony Leung, Former Financial Secretary
4th Meeting	26 May 2003	Mr Antony Leung, Former Financial Secretary
5th Meeting	2 June 2003	Mr Antony Leung, Former Financial Secretary
6th Meeting	7 June 2003	Mr Antony Leung, Former Financial Secretary
7th Meeting	23 June 2003	Mr Antony Leung, Former Financial Secretary
8th Meeting	2 July 2003	Mr Antony Leung, Former Financial Secretary
9th Meeting	12 July 2003	Mr Antony Leung, Former Financial Secretary
10th Meeting	2 August 2003	Mr Stephen Ip, Acting Financial Secretary
11th Meeting	20 August 2003	Mr Henry Tang, Financial Secretary
12th Meeting	20 October 2003	Mr Henry Tang, Financial Secretary
13th Meeting	31 October 2003	Mr Henry Tang, Financial Secretary

* Please refer to Appendix to Annex III for Attendance Lists

Appendix to Annex III

Economic Relaunch Working Group
The First Meeting held on 3 May 2003 (Saturday)
Attendance List

Present

Mr Antony Leung, FS	(Chairman)
Mr Henry Tang, SCIT	
Mr Stephen Ip, SEDL	
Mr Frederick Ma, SFST	
Mr Patrick Ho, SHA	
Miss Yvonne Choi, DIS	
Mr M J T Rowse, DGIP	(Secretary)

In attendance

Ms Sandra Lee, PS(ED)
Ms Eva Cheng, CT
Mrs Ella Tam, DD2/ISD
Mr Howard Lee, AA/FS
Mr Raymond Tam, PS/FS
Ms Ophelia Tsang, ADG(3), InvestHK

Apology

Mr Richard Yuen, DD/CEO

Economic Relaunch Working Group
The Second Meeting held on 9 May 2003 (Friday)
Attendance List

Present

Mr Antony Leung, FS	(Chairman)
Mr Henry Tang, SCIT	
Mr Stephen Ip, SEDL	
Mr Patrick Ho, SHA	
Mr W K Lam, D/CEO	
Miss Yvonne Choi, DIS	
Mr M J T Rowse, DGIP	(Secretary)

In attendance

Mr Alan Lai, PS(Tsy)
Mr Raymond Young, PS(CI) (Ag)
Ms Eva Cheng, CT
Mr Howard Lee, AA/FS
Mr Raymond Tam, PS/FS
Ms Ophelia Tsang, ADG(3), InvestHK
Mr Ian McCabe, Burson-Marsteller
Mr Richard Mintz, Burson-Marsteller

Apology

Mr Frederick Ma, SFST

Economic Relaunch Working Group
The Third Meeting held on 19 May 2003 (Monday)
Attendance List

Present

Mr Antony Leung, FS	(Chairman)
Mr Henry Tang, SCIT	
Mr Stephen Ip, SEDL	
Mr Frederick Ma, SFST	
Mr Patrick Ho, SHA	
Mr W K Lam, D/CEO	
Miss Yvonne Choi, DIS	
Mr M J T Rowse, DGIP	(Secretary)

In attendance

Miss Denise Yue, PS(CI)
Ms Eva Cheng, CT
Mr Howard Lee, AA/FS
Mr Raymond Tam, PrS/FS
Mrs Avia Lai, AA/SFST
Mr Ian McCabe, Burson-Marsteller
Ms Ophelia Tsang, ADG(3), InvestHK
Mr David Chiu, CEO(SD), InvestHK

Economic Relaunch Working Group
The Fourth Meeting held on 26 May 2003 (Monday)
Attendance List

Present

Mr Antony Leung, FS	(Chairman)
Mr Henry Tang, SCIT	
Mr Stephen Ip, SEDL	
Mr Frederick Ma, SFST	
Mr Patrick Ho, SHA	
Mr W K Lam, D/CEO	
Miss Yvonne Choi, DIS	
Mr M J T Rowse, DGIP	(Secretary)

In attendance

Miss Denise Yue, PS(CI)
Ms Eva Cheng, CT
Mr Howard Lee, AA/FS
Mr Raymond Tam, PrS/FS
Mr Ian McCabe, Burson-Marsteller
Mr Richard Mintz, Burson-Marsteller
Ms Ophelia Tsang, ADG(3), InvestHK
Mr David Chiu, CEO(SD), InvestHK

Economic Relaunch Working Group
The Fifth Meeting held on 2 June 2003 (Monday)
Attendance List

Present

Mr Antony Leung, FS	(Chairman)
Mr Stephen Ip, SEDL	
Mr Frederick Ma, SFST	
Mr Patrick Ho, SHA	
Mr W K Lam, D/CEO	
Miss Yvonne Choi, DIS	
Mr M J T Rowse, DGIP	(Secretary)

In attendance

Miss Denise Yue, PS(CI)
Ms Eva Cheng, CT
Mr Tam Wing-pong, DD/BO
Mrs Ella Tam, DDIS2
Mr Howard Lee, AA/FS
Mr Jacky Lum, AA/FS (Des)
Mr Raymond Tam, PrS/FS
Mrs Avia Lai, AA/SFST
Ms Ophelia Tsang, ADG(3), InvestHK
Mr David Chiu, CEO(SD), InvestHK
Miss Rosa Ho, PA/DGIP

Apology

Mr Henry Tang, SCIT

Economic Relaunch Working Group
The Sixth Meeting held on 7 June 2003 (Saturday)
Attendance List

Present

Mr Antony Leung, FS	(Chairman)
Mr Stephen Ip, SEDL	
Mr Frederick Ma, SFST	
Mr W K Lam, D/CEO	
Miss Yvonne Choi, DIS	
Mr M J T Rowse, DGIP	(Secretary)

In attendance

Miss Denise Yue, PS(CI)
Ms Eva Cheng, CT
Ms Anissa Wong, DLCS
Mr Howard Lee, AA/FS
Mr Raymond Tam, PrS/FS
Mrs Avia Lai, AA/SFST
Ms Ophelia Tsang, ADG(3), InvestHK
Mr David Chiu, CEO(SD), InvestHK
Mr Ian McCabe, Burson-Marsteller
Mr Chris Sun, AD2/HAD
Miss Rosa Ho, PA/DGIP

Apologies

Mr Henry Tang, SCIT
Mr Patrick Ho, SHA

Economic Relaunch Working Group
The Seventh Meeting held on 23 June 2003 (Monday)
Attendance List

Present

Mr Antony Leung, FS	(Chairman)
Mr Stephen Ip, SEDL	
Mr Frederick Ma, SFST	
Mr Patrick Ho, SHA	
Mr M J T Rowse, DGIP	(Secretary)

In attendance

Miss Denise Yue, PS(CI)
Ms Eva Cheng, CT
Ms Anissa Wong, DLCS
Mrs Ella Tam, DDIS
Mr Raymond Tam, AA/FS
Mrs Mary Leung, PrS/FS
Mrs Avia Lai, AA/SFST
Ms Ophelia Tsang, ADG(3), InvestHK
Mr David Chiu, CEO(SD), InvestHK
Mr Richard Mintz, Burson-Marsteller
Mr Ngai Wing-chit, PAS(C)/HAB
Mr Fong Ngai, AS(C)/HAB
Mr Chris Sun, AD2/HAD
Mr Johnny Woo, AD(LS)/LCSD
Ms Clara Chong, ED/HKTB
Mrs Grace Lee, HKTB
Miss Rosa Ho, PA/DGIP
Miss Hannafew Chan, AA/ADG3/InvestHK

Apologies

Mr Henry Tang, SCIT
Mr W K Lam, D/CEO
Miss Yvonne Choi, DIS

Economic Relaunch Working Group
The Eighth Meeting held on 2 July 2003 (Wednesday)
Attendance List

Present

Mr Antony Leung, FS (Chairman)
Mr Henry Tang, SCIT
Mr Stephen Ip, SEDL
Miss Yvonne Choi, DIS

In attendance

Miss Denise Yue, PS(CI)
Mr Alan Lai, PS(Tsy)
Mrs Pamela Tan, DHA
Ms Eva Cheng, CT
Mrs Ella Tam, DDIS
Mr Raymond Tam, AA/FS
Mrs Mary Leung, PrS/FS
Mr Ian McCabe, Burson-Marsteller
Ms Ophelia Tsang, ADG(3), InvestHK (Note-taker)
Mr David Chiu, CEO(SD), InvestHK
Miss Hannafew Chan, AA/ADG3/InvestHK
Mr Chris Sun, AD2/HAD
Mr James Thompson, American Chamber of Commerce in Hong Kong
Mr Jon Niermann, Walt Disney Co Ltd
Mr Mike Denzel, NBA Asia, Ltd
Mr John Berrick, Walt Disney Co Ltd

Apologies

Dr Patrick Ho, SHA
Mr Frederick Ma, SFST
Mr W K Lam, D/CEO
Mr M J T Rowse, DGIP (Secretary)

Economic Relaunch Working Group
The Ninth Meeting held on 12 July 2003 (Saturday)
Attendance List

Present

Mr Antony Leung, FS (Chairman)
Mr Henry Tang, SCIT
Mr Stephen Ip, SEDL
Mr Frederick Ma, SFST
Miss Yvonne Choi, DIS

In attendance

Mr Raymond Young, PS(CI) (Ag)
Ms Eva Cheng, CT
Ms Anissa Wong, DLCS
Mrs Ella Tam, DDIS
Mr Raymond Tam, AA/FS
Mrs Mary Leung, PrS/FS
Mr Ian McCabe, Burson-Marsteller
Ms Ophelia Tsang, ADG(3), InvestHK (Note-taker)
Mr David Chiu, CEO(SD), InvestHK
Miss Hannafew Chan, AA/ADG3/InvestHK
Mr Tam Wing-pong, DDBO
Mr Ngai Wing-chit, PAS(C)1/HAB
Mr Joe Cheng, CLM/LCSD

Apologies

Dr Patrick Ho, SHA
Mr W K Lam, D/CEO
Mr M J T Rowse, DGIP (Secretary)

Economic Relaunch Working Group
The Tenth Meeting held on 2 August 2003 (Saturday)
Attendance List

Present

Mr Stephen Ip, FS (Ag)/SEDL (Chairman)
Mr Henry Tang, SCIT
Mr Frederick Ma, SFST
Miss Yvonne Choi, DIS

In attendance

Miss Denise Yue, PS(CI)
Mr Duncan Pescod, CT (Ag)
Ms Janet Wong, DHA (Ag)
Mr Alan Siu, DD(LS)
Mrs Ella Tam, DDIS
Mr Jacky Lum, AA/FS
Mr Laurie Lo, PrS/FS
Ms Ophelia Tsang, ADG(3), InvestHK (Note-taker)
Mr David Chiu, CEO(SD), InvestHK
Miss Hannafew Chan, AA/ADG3/InvestHK
Mr Ian McCabe, Burson-Marsteller
Mr K F Yeung, DD/Lands
Ms Winnie Shiu, Land Surveyor/Lands
Mr Gorden Andreassend, 7th SEASC 2003 Organizing Committee
Mr Hak Chan, 7th SEASC 2003 Organizing Committee

Apologies

Dr Patrick Ho, SHA
Mr W K Lam, D/CEO
Mr M J T Rowse, DGIP (Secretary)

Economic Relaunch Working Group

The Eleventh Meeting held on 20 August 2003 (Wednesday)

Attendance List

Present

Mr Henry Tang, FS	(Chairman)
Mr John Tsang, SCIT	
Mr Stephen Ip, SEDL	
Dr Patrick Ho, SHA	
Mr M J T Rowse, DGIP	(Secretary)

In attendance

Miss Denise Yue, PS(CI)	
Mr Alan Lai, PS(Tsy)	
Ms Eva Cheng, CT	
Ms Janet Wong, DHA (Ag)	
Mr Alan Siu, DLCS (Ag)	
Mrs Ella Tam, DDIS	
Miss Shirley Yuen, AA/FS	
Mr Laurie Lo, PrS/FS	
Ms Ophelia Tsang, ADG(3), InvestHK	(Note-taker)
Miss M Y Chan, ISO(SD), InvestHK	
Mr Ian McCabe, Burson-Marsteller	
Miss Rosa Ho, PA to DGIP	

Apologies

Mr Frederick Ma, SFST
Mr W K Lam, D/CEO
Miss Yvonne Choi, DIS

Economic Relaunch Working Group

The Twelfth Meeting held on 20 October 2003 (Monday)

Attendance List

Present

Mr Henry Tang, FS	(Chairman)
Mr Frederick Ma, SFST	
Mr M J T Rowse, DGIP	(Secretary)

In attendance

Miss Denise Yue, PS(CI)
Mr Leo Kwan, DSHA
Mr Duncan Pescod, CT (Ag)
Mrs Ella Tam, DDIS
Ms Janet Wong, DDHA(1)
Mr Alan Siu, DDLCS (LS)
Ms S K Choi, DDLS(C)
Mr David Chiu, CEO(SD), InvestHK
Mr W C Ngai, PAS(C)1, HAB
Mr Fong Ngai, AS(C)1, HAB
Mr Patrick Li, AD2, HAD
Ms Michelle Li, DO(SSP), HAD
Mr Jeffrey To, Ch Ops Officer (AS), CAD
Mr Martin Craigs, Aerospace Forum Asia
Ms Elizabeth Boshier, Aerospace Forum Asia

Apologies

Mr John Tsang, SCIT
Mr Stephen Ip, SEDL
Dr Patrick Ho, SHA
Mr W K Lam, D/CEO
Miss Yvonne Choi, DIS

Economic Relaunch Working Group
The Thirteen Meeting held on 31 October 2003 (Friday)
Attendance List

Present

Mr Henry Tang, FS	(Chairman)
Mr John Tsang, SCIT	
Mr Stephen Ip, SEDL	
Mr Frederick Ma, SFST	
Dr Patrick Ho, SHA	
Miss Yvonne Choi, DIS	
Mr M J T Rowse, DGIP	(Secretary)

In attendance

Mr Jim Thompson, AmCham
Miss Denise Yue, PS(CI)
Miss Clara Tang, PAS(CI)1
Miss Amy Chan, AS(CI)1A
Mr Alan Siu, DDLCS (LS)
Mrs Ella Tam, DDIS
Miss Shirley Yuen, AA/FS
Mr Laurie Lo, PrS/FS
Mr Te Chi-wang, AS/FSO
Mr Daniel Cheng, AA/SCIT
Ms Alice Cheung, AA/SEDL
Mrs Avia Lai, AA/SFST
Mr David Chiu, CEO(SD), InvestHK

Apologies

Mr W K Lam, D/CEO

Campus Violence

5. **MR WONG SING-CHI** (in Chinese): *Madam President, it was reported that in late December last year, a case of campus violence occurred in a secondary school in the North District, in which a schoolboy was beaten up by several schoolmates on a number of occasions. In this connection, will the Government inform this Council:*

- (a) *of the follow-up actions on the case taken by the Education and Manpower Bureau (the Bureau);*
- (b) *whether it has conducted surveys on the problem of bullying in secondary schools; if so, of the survey findings and how the departments concerned have followed up the problem; if not, whether it will consider conducting such surveys; and*
- (c) *of the measures to alleviate the problem of bullying in schools, and whether life education will be strengthened to make students learn to respect life, manage their emotions and get along with peers?*

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

- (a) In respect of the above case of campus violence, the Bureau has taken the follow-up actions below:
 - (i) officers of the North District School Development Section and an educational psychologist have been sent to the school to discuss with the Principal, the guidance and discipline teachers and the other teachers about the follow-up actions and arrangements to be made on resumption of classes after the Christmas and New Year holidays. Appropriate guidance and counselling services have been worked out for all the students;
 - (ii) both the educational psychologist of the Bureau and the social worker of the school have provided guidance and counselling services to the students and parents concerned;

- (iii) as the students involved have been temporarily suspended from school, the School Development Officer is studying their case with the school with a view to helping them complete Secondary Five and participate in the Hong Kong Certificate of Education Examination; and
 - (iv) the educational psychologist of the Bureau has discussed with the social worker of the school the progress of the follow-up actions taken regarding the victim and the students involved. Proposals have been made to the school on how to follow up its guidance programme in the longer term, for example, to assist teachers in enhancing students' ability to solve problems.
- (b) Every year, the Bureau conducts a survey on the behavioural problems of students in secondary schools, collecting statistics on cases reported to have been handled by discipline teachers. Such statistics help us understand the common behavioural problems of students and facilitate planning of work in prevention, development and teacher training in relation to student guidance and discipline. Survey results show that in the 2002-03 school year, the number of "bullying" cases handled by discipline teachers in secondary schools was 643, accounting for 0.14% of the total number of secondary school students.
- (c) The Bureau has always attached great importance to and encouraged the launching of preventive and developmental guidance and discipline activities in schools. The objective is to create a harmonious, orderly and happy learning environment, nurture in students good characters and conduct, and enhance their ability in self-understanding, mutual respect, conflict management, socialization and communication.

To pursue the goal of whole-person development in education, the Bureau has increased coverage of themes or modules relating to life education as well as physical and mental health in the school curriculum. Schools are encouraged to integrate elements of life education into various subjects and train students through diversified learning activities. Students are also helped to realize their

personal needs in different development stages, understand the proper ways to handle their emotions, develop positive values and outlooks on life, enhance their ability to stand up to adversities, treasure their lives and attain physical and mental balance.

In addition, special teaching materials have been produced. Good educational practices with a library of life experiences and materials on Personal Growth Education (online version) have been uploaded to the Bureau's website for schools' reference. Recently in late January 2004, a resource package on "Co-creating a Harmonious School" was distributed to primary and secondary schools to advise teachers on how to prevent and handle campus bullying cases and assist schools in formulating a whole school policy against bullying.

To enhance the knowledge and skills of discipline and guidance teachers as well as the other teachers in handling behavioural problems of students, the Bureau arranges in-service training on a regular basis in the form of talks, workshops or seminars to strengthen the skills of teachers in tackling the problems of students.

Food Safety of Dried Seafood

6. **MR MICHAEL MAK** (in Chinese): *Madam President, it has been reported that in December last year, the Guangdong authorities uncovered the use of industrial hydrogen peroxide, which contained impurities hazardous to human health, by some merchants to bleach shark's fins. Some of these bleached shark's fins had already been transported to Hong Kong for sale. In this connection, will the Government inform this Council:*

- (a) *of the major sources of dried seafood sold in Hong Kong and the average amount and value of dried seafood consumed per person every year;*
- (b) *of the number of dried seafood samples taken for laboratory tests by the relevant departments in the past five years; the number and details of the cases in which the samples were found to contain substances unfit for human consumption or breached other requirements; and*

- (c) *given that it has set up a reciprocal notification mechanism on food safety matters with the relevant mainland authorities, whether the latter have notified their Hong Kong counterpart of the above incident; if they have, of the details of the notification; if not, the reasons for that?*

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

Madam President,

- (a) Based on the data provided by the Census and Statistics Department, dried seafood sold in Hong Kong mainly comes from the Mainland, Japan, Canada, Australia and Southeast Asian countries. More than 50 000 tonnes of dried seafood, with a value HK\$6.6 billion was imported to Hong Kong in 2003.
- (b) Since the establishment of the Food and Environmental Hygiene Department (FEHD) in 2000 to end 2003, a total of 249 samples of dried seafood were taken for laboratory tests. Out of the 24 samples found to be unsatisfactory, 14 were found to have contained hydrogen peroxide (all were samples of shark fin), seven were found to have contained excessive heavy metal, two were tested to have sulphur dioxide and one with formaldehyde. Twenty-four warning letters were issued to relevant parties to prohibit the sale of these dried seafood and, in one particular case, the FEHD instituted prosecution action.
- (c) Under the existing notification and liaison arrangement on food safety between Hong Kong and the Mainland, the liaison officer of the FEHD immediately liaised with the relevant mainland authority on the use of industrial hydrogen peroxide, which contained impurities hazardous to human health, by some merchants to bleach shark fins. They were informed that the factory involved was not approved for exporting processed seafood. Based on the regulation of the Mainland, only factories registered with the inspection and quarantine authorities in the Mainland are permitted to export food products to Hong Kong.

Poisonous Rat Baits

7. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, it was reported that there were recently a number of incidents in which dogs died after eating poisonous rat baits placed recklessly by members of the public in public places. In this connection, will the Government inform this Council:*

- (a) *whether there is any legislation regulating the use of poisonous rat baits by the public; if so, of the details of the relevant statutory provisions and whether they apply to the above incidents; if such provisions are not applicable, of the legislation in place to deal with such incidents; and*
- (b) *of the government department responsible for investigating such incidents, as well as the relevant enforcement and prosecution procedures?*

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

- (a) The Pesticides Ordinance (Cap. 133) regulates the manufacture, import, supply, storage and sale of all pesticides, including rodenticide, in the territory, through registration of pesticides, licensing of pesticide dealers and requirements for labelling and packaging of pesticides. The main purpose of the Ordinance is to safeguard human health by precluding the availability of those highly toxic pesticides from members of the public. Furthermore, to enable safe and proper use of pesticides, pesticide products for sale to the public are required to label clearly the following information under the existing legislative framework:
 - the word "Poison";
 - the expression "Keep out of reach of children";
 - instructions on the manner in which the pesticide is to be used together with the precautionary measures to be taken when applying the pesticide; and

- the antidote and first-aid action to be taken in the case of poisoning.

Rodent disinfestations in public places are generally conducted by the Food and Environmental Hygiene Department. The staff carry out the work in accordance with the rodent control technical guidelines issued by the department. Warning notices are posted in conspicuous sites where poisonous baits have been laid to prevent accidents of poisoning.

- (b) There are no laws regulating individual's use of pesticides for the purpose of pest control at present and hence the question of enforcement does not arise. As regards intentional dog poisoning, the police will initiate investigation upon receipt of such reports. Investigative actions include collecting evidence at the scene, locating eyewitnesses and making other enquiries that may reveal useful clues. Should there be evidence to suggest that any person has deliberately left rodenticides or other poisons to poison dogs, the police will arrest and charge the person with the offence of "destroying or damaging property" under the Crimes Ordinance (Cap. 200).

Provision of Medical Services to Patients in North Lantau

8. **DR TANG SIU-TONG** (in Chinese): *Madam President, regarding the provision of medical services to patients in North Lantau, will the Government inform this Council:*

- (a) *of the progress and the estimated completion date of the review on the construction plan for North Lantau Hospital;*
- (b) *of the respective average response times of ambulances for conveying patients from North Lantau to the Accident and Emergency (A&E) departments of various hospitals in the Kowloon West cluster; how they compare with the average response time for the whole territory;*

- (c) *of the total number of patient-trips taken by ambulances from North Lantau to the A&E departments of public hospitals over the past three years, together with a breakdown by triage categories; and*
- (d) *whether it has plans to set up a clinic in North Lantau to provide round-the-clock non-urgent medical services; if not, of the reasons for that?*

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

- (a) The Government is reviewing the remaining development and land use planning of the Tung Chung New Town. This includes the location of the hospital for North Lantau. The review is expected to be completed in 2005.
- (b) In normal circumstances, Fire Services ambulance will convey patients/casualties from North Lantau who require acute and emergency care to Princess Margaret Hospital (PMH) for treatment. The average travelling time from Tung Chung to PMH is 33 minutes. The average time for conveying a patient/casualty from other areas in Hong Kong to a public hospital is 17 minutes.
- (c) Data on patients/casualties sent by ambulance to an A&E department of public hospitals broken down by the site of incident and triage category is not readily available. According to the records collated by the Hospital Authority (HA), a total of 3 917 patients who resided in Tung Chung or Chek Lap Kok had attended the A&E department of PMH between 2001 and 2003. The triage categories of these patients are set out in the table below:

<i>Triage Category</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
Category 1 (Critical)	14	24	28
Category 2 (Emergency)	25	32	43
Category 3 (Urgent)	511	818	810
Category 4 (Semi-urgent)	402	557	633
Category 5 (Non-urgent)	11	3	6

- (d) The HA is currently operating a general out-patient clinic in Tung Chung, providing primary care services to residents of the neighbouring areas. Apart from the daytime opening hours, the clinic offers consultation service in the evening from 6 pm to 10 pm from Monday to Friday. While there is no immediate plan to extend the operating hours of Tung Chung clinic at the moment, the HA is planning to conduct an overall review of the services provided by its general out-patient clinics, including the one in Tung Chung, this year.

Rugged Surfaces of Slab-paved Pavements

9. **MR TAM YIU-CHUNG** (in Chinese): *Madam President, I often receive complaints from members of the public about rugged surfaces of slab-paved pavements which may endanger the safety of the public, especially the elderly. Regarding the quality of and repair works on these pavements, will the Government inform this Council:*

- (a) *of the respective numbers of complaints received and repair works carried out by the Highways Department (HyD) in respect of uneven pavement surfaces in each of the past two years;*
- (b) *whether it will formulate measures, including the use of paving slabs that are harder and of better quality, to minimize the occurrence of uneven pavement surfaces; and*
- (c) *of the measures in place to handle complaints from the public in a timely manner and expedite the repair works on uneven pavement surfaces?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President,

- (a) The number of complaints received by the Integrated Call Centre (ICC) and the HyD on uneven surface of paving slab footway for the last two years was about 950 each year. The number of maintenance works on paving slabs was about 1 050 each year.

- (b) There are many factors which contribute to the uneven surface of precast paving slabs. This may be due to the heavy loading caused by illegal parking of vehicles on the footway; improper construction methods and substandard reinstatement works after road excavation. The strength and quality of the block pavers used on footways are already sufficient for the designed purposes and have not been found to be the contributing factors towards the uneven surfaces. To enhance the workmanship, the HyD promulgated guidelines on construction of paving slab footpath and offered in-house refresher courses to train up their supervisory staff to ensure good quality. In addition, the HyD has incorporated contract provisions requiring workers engaged in the works to receive satisfactory training on laying of paving slabs. Defective works, once discovered, will be rejected by the Engineer on site and rectified at the contractor's own expense.
- (c) The HyD accepts complaints and reports from all channels, including telephone, email, letter, fax, and through receipt of "Road Damage or Defect Form". The public can also report road defect online through the HyD's homepage. The HyD 24 hours complaint hotline (2926 4111) has been amalgamated with that of the ICC since end 2001 to enhance efficiency. All these channels are made known to the public via the pamphlet "HyD Performance Pledge" and the HyD homepage at <www.hyd.gov.hk>.

Upon receipt of complaints on uneven precast paving slabs, the HyD will make prompt inspections. For road defects with potholes which endanger public safety, the HyD would endeavour to complete such repair works once spotted. For other defects such as uneven or undulating surface that cover a larger area or that cannot be carried out immediately, the HyD would liaise with the Transport Department/Traffic Police, where appropriate, and the affected parties, such as the adjoining shop owners, and plan for the repair works without undue delay.

Safety of MTR Passengers

10. **MR FREDERICK FUNG** (in Chinese): *Madam President, will the Government inform this Council whether it knows:*

- (a) *the number of cases in which passengers entered the track areas of the MTR Corporation Limited (MTRCL) without authorization and the casualty toll concerned in each of the past five years, broken down by the nature of such cases;*
- (b) *the progress on the installation of screen doors by the MTRCL at each of its station, and the estimated completion date for the installation of screen doors at all stations; and*
- (c) *the measures the MTRCL has in place to safeguard the safety of passengers who wait for trains on platforms not installed with screen doors?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President, the number of cases in which passengers entered the track areas of the MTRCL without authorization and the casualty toll concerned in each of the past five years, broken down by nature of cases, are summarized in the Annex.

For the station platforms along the Airport Express Line, Tseung Kwan O Line and Tung Chung Line, screen doors had been installed during the construction stage. As regards the other railway lines, the MTRCL first retrofitted screen doors at platforms in use in March 2002, with Tsim Sha Tsui Station as the starting-point. By 2003, platforms have been retrofitted at the following nine stations: Sheung Wan, Admiralty, Tsim Sha Tsui, Jordan, Yau Ma Tei, Mong Kok, Prince Edward, Shek Kip Mei and Kowloon Tong. According to the MTRCL's schedule, 74 platforms in all the 30 underground MTR stations^{Note} will be retrofitted with platform screen doors by 2006.

The MTRCL always considers passenger safety its primary responsibility. Stringent safety standards and safety devices have been built into the MTR system and are strictly adhered to in the MTRCL's daily operation. CCTV cameras are installed at every station platform to facilitate effective monitoring and management of platforms. Station Control Room and Platform Supervision Booths are equipped with sufficient communication and control facilities to

^{Note} The 30 underground stations are: Sheung Wan, Central, Admiralty, Wan Chai, Causeway Bay, Tin Hau, Fortress Hill, North Point, Quarry Bay, Tai Koo, Sai Wan Ho, Shau kei Wan, Lam Tin, Choi Hung, Diamond Hill, Wong Tai Sin, Lok Fu, Kowloon Tong, Shek Kip Mei, Tsim Sha Tsui, Jordan, Yau Ma Tei, Mong Kok, Prince Edward, Sham Shui Po, Cheung Sha Wan, Lai Chi Kok, Mei Foo, Lai King and Tai Wo Hau.

prevent untoward incidents. Emergency Train Stop Buttons are available along platforms on the pillars or wall panels. Station broadcasting is also used to remind passengers to stand behind the yellow lines at platforms. In order to cope with the large number of passengers at platforms during peak hours, the MTRCL also deploys Platform Assistants to maintain order and keep a close watch over platform conditions. Appreciating the importance of support and co-operation from passengers in running a safe mass transit system, the MTRCL organizes platform safety campaigns to enhance passengers' awareness on using the MTR service in a safe manner. Public education pamphlets and safety guides are available in MTR stations. Warning labels and messages are also displayed to keep passengers vigilant.

Annex

Analysis on cases in which passengers entered the track areas of MTRCL without authorization over the past five years

1999

<i>Causes</i>	<i>Death</i>	<i>Injury</i>	<i>Unhurt</i>	
Trespassing onto Track	0	2	59	
Suicide	10	0	0	
Attempted Suicide	0	8	0	
Falling from Platform Accidentally	0	31	9	
Total	10	41	68	119

2000

<i>Causes</i>	<i>Death</i>	<i>Injury</i>	<i>Unhurt</i>	
Trespassing onto Track	0	0	49	
Suicide	7	0	0	
Attempted Suicide	0	3	2	
Falling from Platform Accidentally	0	16	5	
Total	7	19	56	82

2001

<i>Causes</i>	<i>Death</i>	<i>Injury</i>	<i>Unhurt</i>	
Trespassing onto Track	0	0	22	
Suicide	6	0	0	
Attempted Suicide	0	7	1	
Falling from Platform Accidentally	0	11	5	
Total	6	18	28	52

2002

<i>Causes</i>	<i>Death</i>	<i>Injury</i>	<i>Unhurt</i>	
Trespassing onto Track	0	3	26	
Suicide	4	0	0	
Attempted Suicide	0	4	0	
Falling from Platform Accidentally	0	20	4	
Total	4	27	30	61

2003

<i>Causes</i>	<i>Death</i>	<i>Injury</i>	<i>Unhurt</i>	
Trespassing onto Track	1	0	12	
Suicide	2	0	0	
Attempted Suicide	0	7	1	
Falling from Platform Accidentally	0	15	6	
Total	3	22	19	44

Air Pollution in Kwun Tong

11. **MR FRED LI** (in Chinese): *Madam President, it has been reported that according to the records of the Environmental Protection Department's general station in Kwun Tong, the air pollution level in the district was "Very High" for a total of 18 hours in 2001, and the respective figures for 2002 and 2003 were 64 and 136 hours, which shows that air pollution in the district has been worsening; and based on the total number of hours per annum for which the air pollution level was "Very High", the air pollution level in Kwun Tong was the most serious among all districts in the territory in 2003. In this connection, will the Government inform this Council:*

- (a) *of the hours of the day, weather and environmental conditions in which the air pollution in Kwun Tong was often more serious;*
- (b) *as quite a number of industrial buildings in the district have been converted to non-industrial uses in recent years, whether it has studied why air pollution in the district has worsened instead; if it has, of the study results; and*

- (c) *whether it has established a long-term strategy to reduce air pollution in the district; if it has, of the details of the strategy; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President,

- (a) Air pollution is a complex phenomenon. The concentration of air pollutants at a particular place and at a particular time in Hong Kong is affected by many factors. These include emissions from sources at that particular place, other areas in Hong Kong and the mainland part of the Pearl River Delta (PRD) Region. Moreover, the density of urban development, topography and meteorology can all affect the movement and dispersion of air pollutants, and hence their concentration. Generally speaking, taking aside meteorological factors, the situation in Kwun Tong District is similar to that in most other urban areas in Hong Kong in that it is exposed to a higher level of air pollution during daytime (especially in the early morning and the evening rush hours) when there are more traffic and commercial and industrial activities. As mentioned in the foregoing paragraph, meteorological conditions can have a significant impact on the concentration of pollutants. For instance, hot weather and rising air can help dispersion of air pollutants; rainfall can wash out certain pollutants in the air; an occasional phenomenon known as temperature inversion can trap air pollutants in the lower atmosphere; and still wind conditions can inhibit effective dispersion of air pollutants. Moreover, when a weak northerly wind prevails in Southern China, the impact of regional air pollution on Hong Kong will become more serious.

- (b) and (c)

The station in Kwun Tong is a general air quality monitoring station. The data collected at the station in 2003 show an upward trend of air pollutant concentrations similar to that recorded at the general air quality monitoring station in Kwai Chung, a district with land use

(an urban area with mixed residential, commercial and industrial developments) similar to that in Kwun Tong. Therefore, the upward trend of ambient air pollution is not a localized phenomenon peculiar to a particular district. In fact, the total number of hours of "Very High" air pollution level recorded at the roadside air quality monitoring stations has dropped by 35% compared with 1999. However, the same for the general air quality monitoring stations has increased by 8%. This demonstrates that on the whole, while the roadside air quality in Hong Kong has improved since the implementation of the measures to reduce motor vehicle emissions in 1999, the regional air pollution problem has remained serious and occasionally affects Hong Kong's local air quality.

To arrest the deterioration of air quality in the PRD Region, the Government of the Hong Kong Special Administrative Region (SAR) and the Guangdong Provincial Government reached a consensus in April 2002 to reduce, on a best endeavour basis, by 2010 the regional emissions of sulphur dioxide (SO₂), nitrogen oxides (NO_x), respirable suspended particulates (RSP) and volatile organic compounds (VOCs) by 40%, 20%, 55% and 55% respectively, using 1997 as the base year. Achieving the targets will enable Hong Kong to meet its current air quality objectives and also significantly improve the air quality in the whole of the PRD Region.

To work out air pollution control measures and monitor the progress of their implementation, the two Governments have set up a "Pearl River Delta Air Quality Management and Monitoring Special Panel" under the Hong Kong/Guangdong Joint Working Group on Sustainable Development and Environmental Protection. The Special Panel is responsible for working out a regional air quality management plan for achieving the emission reduction targets.

The regional air quality management plan has now been drawn up. The details of the enhanced pollution control measures to be implemented in Hong Kong and Guangdong are set out at the Annex.

Enhanced Control Measures of the SAR

<i>Measure</i>	<i>Implementation Programme</i>
Encourage the replacement of diesel light buses with light buses using cleaner fuels	Programme has started since the third quarter of 2002 to provide incentives to encourage early replacement of diesel light buses with ones that are run on liquefied petroleum gas (LPG) or electricity.
Require the retrofitting of particulate removal devices on pre-Euro diesel vehicles	Programme providing financial assistance to retrofit pre-Euro light diesel vehicles with particulate removal devices has been completed and the installation has been made mandatory for those vehicles. Programme providing financial assistance to retrofit pre-Euro heavy diesel vehicles is going on and is expected to complete by end-2004 following which the installation will be made mandatory for those vehicles.
Enhance the vapour recovery systems at petrol filling stations	To introduce proposed legislation into the Legislative Council in 2004 to require the recovery of petrol vapour emitted during vehicle refueling at petrol filling stations.
Tighten the motor fuel standards	To tighten the motor petrol standard to Euro IV by 2005 in parallel with European Union (the motor diesel standard has already been tightened to Euro IV since 2002).
Tighten vehicle emission standards	To tighten the motor vehicle emission standard for newly registered vehicles to Euro IV by 2006 in parallel with the European Union.
Reduce the emission of VOC from printing operations, paints and consumer products	To introduce proposed legislation into the Legislative Council in 2004/2005 to require the labelling of products with VOC contents.
	To introduce proposed legislation into the Legislative Council to reduce the use of products with a high VOC content and to develop VOC emission standards for printing operations.
Reduce emissions from power stations	Set up an effective and flexible mechanism (which may include emissions trading) to control the total emissions of SO ₂ , NO _x and RSP from power stations to achieve their respective reduction targets by 2010.

Enhanced Control Measures of Guangdong Province

<i>Measure</i>	<i>Implementation Programme</i>
Use cleaner energy	To achieve by 2005 the energy consumption rate of 0.85 tonne standard coal per RMB 10,000 yuan of GDP. To construct by 2010 an energy production and supply system that is safe, stable, economical, efficient and clean.
	To construct an LNG trunk pipeline and carry out the associated works. To complete in 2005 Phase I that will have a capacity of 3 million tonnes/year. To complete Phase II in 2009 that has a capacity of 3 million tonnes/year and to finish construction of a number of LNG power plants.
	To upgrade by 2005 the 500 kV dual circuit annular core transmission grid to cater for the transmission of electricity from western provinces.
Control the sulphur contents of fuels	To restrict use of high sulphur fuels. To limit the sulphur content of the fuel oil and coal used in the acid rain control zone to below 0.8% by 2005.
Reduce emissions from coal-fired and oil-fired power stations	To close down small power generation units. After implementation of this measure, the power generation units of capacity above 300 MW will make up more than 70% of the total installed generation capacity of the Region by 2005 — an increase by 35% as compared with 2000.
	To finalize by 2005 plans for installing flue gas desulphurization systems at power plants in Shajiao, Huangpu, Taishan and Zhuhai.
	To require all oil-fired and coal-fired power generation units of capacity above 125 MW to be equipped with flue-gas desulphurization systems by 2007.
Control emissions from industrial boilers and industrial processes	To phase out coal-fired boilers of capacity less than 2 tonnes/hour in the urban areas of cities. By 2005, to prohibit the use of coal-fired boilers of capacity below 2 tonnes/hour in the built-up areas of major cities, and to require all large and medium-size industrial boilers to install desulphurization systems or adopt clean combustion technologies to reduce emissions.
	To continue to phase out various production technologies or installations that cause serious pollution by emitting sulphur dioxide, smoke and particulates.

<i>Measure</i>	<i>Implementation Programme</i>
Reduce the emission of VOC from paints	To replace paints using VOCs like Xylene as solvents.
Reduce exhaust emissions from motor vehicles	To commence the construction of a regional rapid light-rail system by 2005. To construct expressways in major cities, such as the district expressway in Southern Guangzhou and the Shenzhen-Changping Express Trunk Road.
	To develop green transport by implementing clean vehicle action programmes in major cities within the region. To encourage the use of clean fuels, develop electric vehicles and actively promote the use of advanced clean fuel motor vehicles.
	To require all new motor vehicles to meet emission standards. To step up annual inspection and on-road spot checks of in-use vehicles. To strengthen the control of in-use vehicles with the objective of ensuring that over 90% of motor vehicles in the cities within the region will meet emission standards by 2005.

Monitoring Initial Public Offerings of Enterprises in Hong Kong

12. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, it has been reported that during the recent initial public offering (IPO) in Hong Kong of the China Life Insurance Company Limited (Chinf Life), a series of blunders occurred. First, some securities firms complained that receiving banks had refused to accept yellow application forms dedicated for use by brokers. When the listing was about to take place, mistakes were found in the allocation lists, and some investors had made short selling wrongly and suffered losses as a result. In this connection, will the Government inform this Council whether:*

- (a) *it has assessed if the Securities and Futures Commission (SFC) has sufficient measures to monitor IPOs of enterprises in Hong Kong under the existing financial and securities regulatory regime; if it has and the assessment results show that the measures are sufficient, of the reasons for the occurrence of the series of blunders during IPO of the above company;*

- (b) *the SFC has taken the initiative to investigate the above blunders, with a view to tracking down the responsible party and exploring ways to avoid the recurrence of such blunders; and*
- (c) *the SFC has received complaints from the above investors; if so, how the SFC assists them in seeking compensation from the relevant company and its listing sponsor?*

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

- (a) In an IPO, the sponsor has an overall responsibility of ensuring that the whole issue process is conducted smoothly and in a fair and orderly manner. Sponsors are regulated by the SFC under the licensing regime enshrined in the Securities and Futures Ordinance (SFO) (Cap. 571). Under the SFO, sponsors are required to have a licence to carry out Type 6 regulated activity, that is, advising on corporate finance^{Note}. The SFC shall refuse to grant a licence unless the Commission is satisfied that the applicant is a fit and proper person for the regulated activity. In considering whether one is fit and proper, the SFC will have regard to, amongst others, the applicant's ability to carry on that regulated activity competently, honestly and fairly, and his reputation, character, reliability and financial integrity.

After an applicant is granted a licence, the licensee is required to remain fit and proper at all times and to comply with codes and guidelines issued by the SFC. Amongst others, sponsors have to comply with obligations set out in the SFC's Corporate Finance Adviser Code of Conduct concerning "role of sponsor in a public offer". Under the Code, a sponsor is responsible for the overall management of the public offer and for putting in place sufficient arrangements and resources to ensure that the public offer and all matters ancillary thereto are conducted in a fair, timely and orderly manner. He also has to avoid events of disorder or failure which may arise during the public offer period.

^{Note} Under Schedule 5 to the SFO, there are totally nine types of regulated activity.

If a licensee is found to be guilty of misconduct or not fit and proper to be or remain the same type of regulated person, the SFC may take disciplinary action against him, ranging from private or public reprimand, fines, to suspension or revocation of a licence.

This licensing regime was recently modernized and improved in April 2003 when the SFO came into effect, and market views have been taken into account in shaping the new regime to improve the regulation of intermediaries.

That said, we note that there is always room for improving the regulation of IPO intermediaries. In this connection, the SFC and the Hong Kong Exchanges and Clearing Limited (HKEx) issued in May 2003 a consultation paper on the Regulation of Sponsors and Independent Financial Advisers (IFAs) proposing, amongst others, to have a list of acceptable sponsors and IFAs to prospective applicants or listed issuers in accordance with established criteria for admission to the list. The proposals involve, amongst others, amendments to the Listing Rules administered by the HKEx. We understand from the SFC that the Commission and the HKEx are now considering the response to the consultation and will come up with new proposed measures and amendments to Listing Rules in the first quarter of 2004.

In the light of market concerns on the IPO process of China Life, the Administration urged the SFC, the HKEx and the Hong Kong Monetary Authority (HKMA) in December 2003 to review whether adequate regulatory measures were in place to ensure an orderly IPO process. We understand that the regulators have identified and are following up some improvement measures. We will continue to monitor the regulators to ensure that an appropriate regulatory framework is in place for governing the IPO process.

- (b) The SFC has asked the HKEx and the sponsor of the IPO of China Life for a full report of the events leading up to the publication of allocation results and the subsequent handling of the problem. The SFC is currently analysing the reports and other information provided by various parties. The Commission aims to release a

report in early February 2004 on this issue, setting out the facts of, and reasons for, the occurrence of the incident, and recommendations on how to improve the IPO process in future.

Separately, in response to the allegation of receiving banks refusing to accept yellow application forms with brokers' chop, the HKMA has conducted a thorough investigation. The investigation does not reveal any evidence to substantiate the allegation. All the receiving banks of the IPO of China Life have confirmed to the HKMA that the collection boxes at the receiving branches were there at all times until the closing date. There was nothing obstructing or prohibiting the investing public from putting in the applications forms, be they white or yellow.

The HKMA's investigation, nevertheless, revealed that there might have been some internal communication problems at a receiving bank. Certain staff members of some of the receiving branches of the bank might have confused the internal deadline for the bank's own securities customers who wished to apply through the bank (using yellow forms) with the deadline for other investors to submit yellow forms. They had therefore provided somewhat confusing messages when answering telephone enquiries. The HKMA has requested the bank concerned to take appropriate measures to improve its internal communication to prevent similar incidents in future IPO exercises.

- (c) A stockbroking industry organization has advised the SFC and the HKEx that clients of a few brokerage firms had experienced problems in submitting their application forms bearing brokers' chop to some of the receiving banks. This however does not involve any compensation from the relevant company and its listing sponsor. The SFC has not received any complaint from investors directly on this issue.

As regards the HKMA, it has not received any complaint on the matter from investors. There were three enquiries which have been referred to the relevant banks direct in accordance with the established procedures of the HKMA.

As regards the errors in the newspapers concerning the allotment results of the IPO of China Life, the SFC has not received any complaints from investors for having sold the wrong number of shares. The SFC, the HKEx and parties working on the IPO had rectified the problem prior to the commencement of China Life's trading on 18 December 2003.

Setting up a Special Industrial Zone in River-loop Area of Shenzhen River

13. **MISS CHOY SO-YUK** (in Chinese): *Madam President, it has been reported that the Government is currently studying the feasibility of setting up a special industrial zone in the river loop area of Shenzhen River. However, as a number of endangered avian species and national protected animals are in the vicinity in the area, implementing the development plan will cause serious damage to the ecological environment there. In this connection, will the Government inform this Council whether:*

- (a) in carrying out the above feasibility study, the authorities will conduct ecological survey of the relevant area to ascertain the animal species dwelling there; and*
- (b) the authorities will regard the preservation of animal species dwelling in the area as a prerequisite when considering whether or not the above development plan should be implemented?*

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

- (a) The Planning Department is conducting a long-term planning study entitled "Hong Kong 2030: Planning Vision and Strategy" ("Hong Kong 2030") which covers, among other things, the long-term development of the border area, including the river loop area. The scope of study includes the development potential and constraints of the border area. In the course of the study, the Planning Department has made reference to many ecological surveys and relevant study results pertaining to that area, as well as information and advice from the Agriculture, Fisheries and Conservation

Department. The technical report concerned is available on the "Hong Kong 2030" website (at <<http://www.info.gov.hk/hk2030>>, Working Paper No. 32). As a strategic planning study, the "Hong Kong 2030" only explores the development of the border area (including the river loop area), at a conceptual level, and puts forward development options for public consideration and discussion. The Administration has not yet come to a conclusion on the development of the border area (including the river loop area). When a clear idea on the use and development of that area is available, the relevant bureaux and departments will conduct a feasibility study on the development concept, including an assessment on the environmental impact. The need for a field ecological survey will then be ascertained in the light of relevant departments' advice.

- (b) In examining and deciding the planning and future development of the river loop area, the Administration will take into account all relevant factors, including the possible impact on the environment (including the ecological environment), the geographical position and the transport and infrastructural support. This is in line with what we do for other planning proposals. We will certainly take into account the views from different sectors of the community and consider the economic and social development needs of Hong Kong, with a view to striking a right balance between development and environmental protection and comply with the important principle of sustainable development.

Monitoring of Debt-collection Companies

14. **MR ALBERT CHAN** (in Chinese): *Madam President, in reply to my question on 19 June 2002, the Administration said that some measures had been taken to monitor the tactics used by debt-collection agencies for recovering debts. However, I am still receiving many complaints from members of the public alleging that they have been seriously distressed by the tactics used by debt-collection agencies, to the extent that they have even contemplated committing suicide out of frustration. While it is legal for banks to hire debt-collection agencies or take legal actions to recover debts, such actions have put debtors under immense psychological pressure. In this connection, will the Government inform this Council:*

- (a) *of the number of cases reported to the police over the past 15 months about debt-collection agencies' harassment;*
- (b) *of the progress of the study conducted by the Law Reform Commission (LRC) on the making of laws to regulate the activities and debt recovery practices of debt-collection agencies; and*
- (c) *whether it will consider stepping up enforcement to curb the harassing practices of debt-collection agencies; if so, of the details; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) From October 2002 to December 2003, there were 2 242 reports of criminal cases in relation to debt collection activities, such as criminal damage, intimidation and wounding, and so on; and 22 532 reports of non-criminal behaviour in relation to debt collection activities, such as telephone nuisance and issuance of numerous dunning letters.
- (b) The LRC published its report on "The Regulation of Debt Collection Practices" in July 2002. The report's recommendations include the creation of a criminal offence of harassment of debtors and others, and the introduction of a licensing system for debt collection agencies and individual debt collectors. Relevant bureaux and departments, including the Security Bureau, the Financial Services and the Treasury Bureau, the Hong Kong Monetary Authority (HKMA) and the police are studying the recommendations.
- (c) The Administration is mindful of the public's concern over abusive debt collection practices. The Administration will continue to enforce existing laws to combat illegal practices employed by debt collection agencies. Such laws cover, *inter alia*, offences of intimidation, assaults with intent to cause certain acts to be done or omitted, destroying or damaging property and threats to destroy or damage property under the Crimes Ordinance; blackmail under the Thefts Ordinance; sending letters threatening to murder and forcible taking or detention of persons under the Offences Against the Person Ordinance.

In addition, since 2000, the police have streamlined their procedures in handling reports of harassment relating to debt-collection agencies. In the past, depending on the scale and nature of the cases, these reports might be handled by uniformed branch officers or crime investigation officers. Under the streamlined procedures, all such reports go directly to crime investigation officers in the first instance.

The HKMA is also aware of the public's concern over possible malpractices of authorized institutions (AIs) in the course of recovering debts. The Code of Banking Practice (the Code), which is issued by the industry associations, specifies that AIs should prohibit debt-collection agencies from collecting debts by harassment or other improper means. The Code also requires AIs to put in place suitable systems and procedures to monitor the performance of these agencies. AIs should consider terminating their relationship with an agency if they become aware of unacceptable practices or breaches of contractual undertakings by that agency.

The HKMA will monitor AIs' compliance with the Code as part of its regular supervision. Since March 2002, all AIs are required to submit a quarterly return on the number of complaints received against the debt collection agencies that they employ. The objective of the survey is to encourage AIs to tighten up their monitoring of debt collection agencies to ensure that they comply with the Code. Since the introduction of the survey, the number of debt-collection agencies-related complaints in relation to AIs has been decreasing, indicating that AIs have strengthened their supervision over debt-collection agencies' conduct.

Developing Hong Kong into a Capital of Medical Services

15. **DR RAYMOND HO** (in Chinese): *Madam President, it has been reported that Hong Kong has the potential to become a capital of medical services. In this connection, will the Government inform this Council:*

- (a) *of the number of persons who came to Hong Kong for medical treatment in the past year and the countries they mainly came from;*
- (b) *whether market research companies have compared the standards of the medical services in various places in the world; if so, of the ranking of Hong Kong's medical services; and*
- (c) *whether it has plans to promote Hong Kong as a capital of medical services; if so, of the details; if not, the reasons for that?*

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

- (a) The Government has no readily available information on the number of persons who came to Hong Kong for medical treatment in the past year, or the countries they mainly came from.
- (b) We are not aware of any market research that have systematically compared the standard of Hong Kong's medical services with other places in the world. What are available for an indirect comparison are some key health indices which in part reflect the quality of medical services. In this respect, our health indices are among the best in the world. In 2002, our life expectancy at birth was 78.6 for men and 84.5 for women, and the infant mortality rate was as low as 2.4 per thousand live births.
- (c) In this year's policy address, the Chief Executive has said that given the high professional standards of our medical and health services, they could be further developed to serve people in the Mainland and elsewhere in Asia. Since medical needs of the local population are predominantly met by the heavily subsidized public health care sector, we consider it more appropriate for the private sector to capitalize on the opportunities as portrayed in the policy address. In this connection, we have been working with the Trade Development Council (TDC) and local private hospitals/practitioners on how to promote Hong Kong's medical services overseas in particular in the Mainland. In fact, a consultancy study to identify and assess the options available is

being planned by the TDC. We will continue to maintain close liaison with the local private health care sector and consider how our policies can facilitate development of their services for the clientele beyond Hong Kong.

Clearance Delays Caused by Completion of Health Declaration Forms

16. **MR LAU KONG-WAH** (in Chinese): *Madam President, it has been reported that travellers from the Mainland are required to complete and submit Health Declaration (HD) Forms to the Hong Kong authorities when they enter Hong Kong. They are also required to declare their state of health to the mainland authorities when they return to the Mainland. Some mainland travellers fill in the forms while travelling on the trains from other mainland provinces and cities to Shenzhen, so as to expedite immigration clearance. However, not all passengers on every train are given HD Forms. Many of them have to obtain and complete the forms at the Joint Inspection Terminal beside the Lo Wu Railway Station, thereby causing delay in immigration clearance. Moreover, mainland travellers who enter Hong Kong and return to the Mainland via other land boundary control points (BCPs), the airport and seaports suffer a similar delay. In this connection, will the Government inform this Council whether:*

- (a) *it knows which government department in the Mainland is currently responsible for distributing HD Forms to mainland travellers visiting Hong Kong; if no government department has been designated to be responsible for this, whether the Hong Kong authorities will put forward proposals and offer assistance to the mainland authorities in this respect;*
- (b) *it has received complaints about the above delays from mainland travellers who enter Hong Kong and return to the Mainland via land BCPs, the airport and seaports; if so, how the Hong Kong authorities follow up such complaints with their mainland counterparts; and*
- (c) *since the implementation of the "Individual Visit Scheme" for mainland travellers visiting Hong Kong, it has measures to resolve the problem of clearance delays encountered by mainland travellers*

in entering Hong Kong and returning to the Mainland as referred to above; if so, of the effectiveness of these measures?

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

- (a) The Government has enlisted the assistance of the mainland authorities to make the HD Forms available for mainland travellers at the Exit and Entry Administration (EEA) Offices of the Guangdong Public Security Bureau so that individual travellers may complete the forms as required before entering Hong Kong.

Besides, to facilitate the process of health declaration and passenger movement at the BCPs, the Department of Health (DH) has enlisted the assistance of the Kowloon-Canton Railway Corporation to distribute the HD Forms and broadcast health messages on the through-trains arriving Hong Kong. Transport companies operating cross-boundary coaches have also been assisting in making the HD Forms available for arriving passengers on board. Similar arrangements have been made for travellers arriving by air or by sea. All airlines as well as the ferry lines arriving from Macao and the Pearl River Delta area have been distributing the HD Forms to their passengers.

- (b) Since the introduction of HD Forms, over 75 million passengers and crews have filled out the forms. Two complaints have so far been received by the DH which were related to the distribution of the HD Forms by the transport operators. Upon investigation into these complaints, the transport operators concerned were reminded to distribute the HD Forms to their passengers on board well before arriving at Hong Kong.
- (c) Since the implementation of the Individual Visit Scheme on 28 July 2003, there has been a significant increase in the number of mainland travellers coming to Hong Kong. In order to cope with the increasing passenger flow while maintaining quality immigration service, the Immigration Department (ImmD) has taken a series of measures to enhance the handling capacity of BCPs, such as

deploying staff flexibly to reinforce the BCPs; applying advanced automation technology through measures such as introducing faster optical character recognition readers and installing the "Expeditious Immigration Clearance System" (EIC System); and maintaining close liaison and co-operation with stakeholders within and outside the Government, particularly the tourism and transport sectors.

To minimize any delay that may be caused by the requirement regarding HD Forms as referred to above, the DH has deployed staff at the BCPs to remind and assist people in filling out these forms. In addition, with the assistance of the Tourism Commission, the ImmD deploys about 200 Tourism Development Assistants at Lo Wu, Lok Ma Chau, Man Kam To and China Ferry Terminal to assist mainland visitors in using the EIC System, undergoing temperature checks, and completing the HD Forms and arrival cards. In conjunction with the installation of the EIC System, the arrangement has shortened the clearance time and improved the efficiency of immigration counter officers by about 10%.

Apart from the HD Forms mentioned in part (a), the ImmD has also enlisted assistance of mainland authorities to make the Arrival Cards available at the EEA Offices for mainland visitors to allow them to complete the forms before arrival. The ImmD has also produced a VCD, which explains the immigration procedures, including the requirements for completion of various forms upon arrival, for viewing by mainland tourists at the waiting halls of EEA Offices.

Our observation so far is that the above measures have effectively helped to maintain a smooth and orderly cross-boundary passenger traffic. Importantly, the effectiveness of these measures has been able to stand up to the tests posed by peak periods like the National Day Golden Week, the Christmas and New Year Holidays and the Lunar New Year Golden Week.

Second Term District Council Members

17. **MS EMILY LAU** (in Chinese): *Madam President, regarding the 102 persons appointed as members of the second term District Councils in December last year, will the executive authorities inform this Council of:*

- (a) *the advisory bodies and other public offices to which such persons have been appointed since 1 July 1997; and*
- (b) *their current occupations and the political groups to which they belong?*

SECRETARY FOR HOME AFFAIRS (in Chinese): Madam President, the information requested in parts (a) and (b) of the question is provided at the Annex.

Annex

List of occupation, political affiliation and appointments to government advisory and statutory bodies of the appointed members of the second term of District Council
(As at 27 January 2004)

No.	Name	District	Occupation (Note)	Political Affiliation (Note)	Name of Advisory or Statutory Bodies	Office
1	Mr CHUNG Yam-cheung	Central and Western	Secondary School Teacher	Democratic Alliance for Betterment of Hong Kong	Advisory Management Committee of the Hong Kong Teachers' Centre	Member
					Area Committee, Kennedy Town	Member
					District Council, Central and Western	Member (Appointed)
2	Mr LAM Kin-lai	Central and Western	Building Management Executive	Hong Kong Progressive Alliance	Consumer Council	Member
					Disciplinary Tribunal Panel (Electricity)	Member
					Appeal Tribunal Panel (Buildings)	Member
					Panel of Film Censorship Advisers	Member
					Contractors Registration Committee Panel	Member
					Electrical Safety Advisory Committee	Member
					District Fight Crime Committee, Central and Western	Member
					Area Committee, Mid-Levels	Member
					District Fire Safety Committee, Central and Western	Member
3	Mr WU Chor- nam, J.P.	Central and Western	Merchant	Independent	District Council, Central and Western	Member (Appointed)
					Municipal Services Appeals Board	Member
					Area Committee, Chung Wan and Sheung Wan	Member
					District Fire Safety Committee, Central and Western	Member
					District Council, Central and Western	Chairman (Appointed Member)
					District Council, Central and Western	Vice Chairman (Appointed Member)

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
4	Mr YOUNG Siu-chuen, Albert	Central and Western	Certified Public Accountant	Independent	Immigration Tribunal	Adjudicator
					Registration of Persons Tribunal	Adjudicator
					District Fight Crime Committee, Central and Western	Member
					Area Committee, Chung Wan and Sheung Wan	Chairman
					Area Committee, Chung Wan and Sheung Wan	Member
					District Council, Central and Western	Member (Appointed)
5	Ms CHAN Kit- wing, M.H.	Eastern	Headmistress	Independent	Mental Health Review Tribunal	Member
					District Fight Crime Committee, Eastern	Member
					Area Committee, North Point East	Chairman
					District Fire Safety Committee, Eastern	Member
					District Council, Eastern	Member (Appointed)
6	The Honourable CHEUNG Yu- yan, Tommy, J.P.	Eastern	Legislative Council Member	Liberal Party	Hong Kong Housing Authority	Member
					ICAC Complaints Committee	Member
					Standing Committee on Disciplined Services Salaries and Conditions of Service	Member
					Liquor Licensing Board	Member
					Area Committee, Aldrich	Member
					District Council, Eastern	Member (Appointed)
7	Mr LAU Hing- tat, Patrick	Eastern	Registered Landscape Architect	Independent	Immigration Tribunal	Adjudicator
					Registration of Persons Tribunal	Adjudicator
					Appeal Board Panel (Town Planning)	Member
					Landscape Architects Registration Board	Member
					Area Committee, Wong Nai Chung	Member
					District Fire Safety Committee, Wan Chai	Member
					District Council, Eastern	Member (Appointed)
8	Mr LO Sai- kwong	Eastern	Education	Independent	Advisory Committee on the Placement of Pupils	Member
					District Fight Crime Committee, Eastern	Member
					Area Committee, Chai Wan (Yee Wan)	Member
					District Council, Eastern	Member (Appointed)
9	Ms Melissa Kaye PANG	Eastern	Solicitor	Independent	District Council, Eastern	Member (Appointed)
10	Ms TING Yuk- chee, B.B.S., J.P.	Eastern	School Supervisor	Independent	Chinese Temples Committee	Member
					Municipal Services Appeals Board	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
					Area Committee, Hong Shing	Member
					District Council, Eastern	Chairman (Appointed Member)
11	Mr TSANG Heung-kwan	Eastern	Company Director (Transportation)	Independent	District Fight Crime Committee, Eastern	Member
					Area Committee, North Point West	Member
					District Council, Eastern	Member (Appointed)
12	Dr WONG Kam-din	Eastern	University Professor	Independent	Corruption Prevention Advisory Committee of the ICAC	Member
					Appeal Board Panel (Town Planning)	Member
					Appeal Panel (Estate Agents Ordinance)	Member
					District Fight Crime Committee, Eastern	Member
					Area Committee, Chai Wan (Yee Wan)	Member
					District Council, Eastern	Member (Appointed)
13	The Honourable WU King-cheong, B.B.S., J.P.	Eastern	Merchant	Independent	Council of The Hong Kong Polytechnic University	Member
					Hong Kong Tourism Board	Member
					Ocean Park Corporation Board	Member
					Environmental Campaign Committee	Member
					Action Committee Against Narcotics	Member
					Statistics Advisory Board	Member
					Board of Trustees of the Lord Wilson Heritage Trust	Member
					Estate Agents Authority	Member
					District Fight Crime Committee, Eastern	Chairman
					Area Committee, Hong Shing	Member
14	Mr CHAN Wing-lim	Kowloon City	Managing Director	Independent	District Council, Eastern	Member (Appointed)
					Committee on Community Support for Rehabilitated Offenders	Member
					District Fight Crime Committee, Kowloon City	Member
15	Mr HO Chi-kai	Kowloon City	Merchant	Independent	District Council, Kowloon City	Member (Appointed)
					Area Committee, Hung Hom	Member
16	Mr LAU Yue-sun, B.B.S.	Kowloon City	Managing Director	Hong Kong Progressive Alliance	District Council, Kowloon City	Member (Appointed)
17	Mr LEUNG Ying-piu, M.H.	Kowloon City	Company Director	Independent	District Fight Crime Committee, Kowloon City	Member
					Area Committee, Ho Man Tin	Member
					Area Committee, Hung Hom	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
					District Fire Safety Committee, Kowloon City	Chairman
					District Council, Kowloon City	Member (Appointed)
18	Mr WONG Kwok-keung	Kowloon City	Group Chairman and CEO	Independent	Electrical Safety Advisory Committee	Member
					District Fight Crime Committee, Kowloon City	Member
					District Council, Kowloon City	Chairman (Appointed Member)
19	Mr CHAN Chung-bun, J.P.	Kwun Tong	Merchant	Independent	Board of Management of the Chinese Permanent Cemeteries	Member
					District Fight Crime Committee, Kwun Tong	Member
					Area Committee, Kwun Tong Town and Industrial Area	Member
					Area Committee, Kwun Tong Town and Industrial Area	Chairman
					District Council, Kwun Tong	Member (Appointed)
					District Council, Kwun Tong	Chairman (Appointed Member)
20	Mr CHOW Yiu- ming	Kwun Tong	Merchant	Independent	District Fight Crime Committee, Kwun Tong	Member
					Area Committee, Kwun Tong Town and Industrial Area	Member
					District Fire Safety Committee, Kwun Tong	Member
					District Council, Kwun Tong	Member (Appointed)
21	Mr FUNG Kam- chui, M.H.	Kwun Tong	Secondary School Principal	Independent	District Fight Crime Committee, Kwun Tong	Member
					District Fight Crime Committee, Kwun Tong	Chairman
					Area Committee, Kwun Tong South	Vice Chairman
					District Council, Kwun Tong	Member (Appointed)
22	Ms KO Po-ling, M.H.	Kwun Tong	Management Executive	Independent	Equal Opportunities Commission	Member
					District Fight Crime Committee, Kwun Tong	Member
					Area Committee, Kwun Tong Town and Industrial Area	Member
					Area Committee, Sze Shun	Member
					Women's Commission	Member
					District Council, Kwun Tong	Member (Appointed)
23	Mr LAI Shu-ho, M.H., J.P.	Kwun Tong	Secondary School Principal	Independent	Hong Kong Examinations and Assessment Authority	Member
					Advisory Committee on Quality Assurance Inspection	Member
					Action Committee Against	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
					Narcotics	
					Curriculum Development Council	Member
					Appeal Tribunal Panel (Buildings)	Member
					Appeal Board on Public Meetings and Processions	Member
					District Fight Crime Committee, Kwun Tong	Member
					Area Committee, Kwun Tong South	Member
					District Fire Safety Committee, Kwun Tong	Member
					District Fire Safety Committee, Kwun Tong	Chairman
					District Council, Kwun Tong	Member (Appointed)
24	Mr SO Kwan-hon	Kwun Tong	Property Management (Director)	Independent	Area Committee, Kwun Tong West	Secretary
					Area Committee, Kwun Tong West	Vice Chairman
					District Fire Safety Committee, Kwun Tong	Member
					District Council, Kwun Tong	Member (Appointed)
25	Mr SUN Kai-lit, J.P.	Kwun Tong	Merchant	Liberal Party	Innovation and Technology Fund (Foundation Industries) Projects Vetting Committee	Member
					Gas Safety Advisory Committee	Member
					Appeal Board Panel (Consumer Goods Safety)	Member
					Vetting Committee of the Professional Services Development Assistance Scheme	Member
					District Fight Crime Committee, Kwun Tong	Member
					Area Committee, Kwun Tong West	Member
					Steering Group on the Promotion of Innovation and Design	Member
					District Fire Safety Committee, Kwun Tong	Member
					District Council, Kwun Tong	Member (Appointed)
26	Mr WU Kwok-cheung, M.H.	Kwun Tong	Merchant	Hong Kong Progressive Alliance	Municipal Services Appeals Board	Member
					District Fight Crime Committee, Kwun Tong	Member
					Area Committee, Kwun Tong Town and Industrial Area	Member
					District Council, Kwun Tong	Vice Chairman (Appointed Member)
					District Council, Kwun Tong	Member (Appointed)
27	Mr CHAN	Sham Shui Po	Full-time	Independent	Area Committee, Sham Shui Po	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
	Keng-chau		District Council member		Central	
					District Fire Safety Committee, Sham Shui Po	Member
					District Council, Sham Shui Po	Member (Appointed)
28	Mr CHAN Tung, B.B.S., J.P.	Sham Shui Po	Company Chairman	Independent	Municipal Services Appeals Board	Member
					District Fight Crime Committee, Sham Shui Po	Member
					Area Committee, Sham Shui Po South	Hon President
					Area Committee, Sham Shui Po South	Member
					District Fire Safety Committee, Sham Shui Po	Member
					District Fire Safety Committee, Sham Shui Po	Chairman
					District Council, Sham Shui Po	Vice Chairman (Appointed Member)
					District Council, Sham Shui Po	Member (Appointed)
					Community Sports Committee	Member
29	Dr CHAN Yan- chong	Sham Shui Po	Associate Professor	Independent	District Fight Crime Committee, Sham Shui Po	Member
					Area Committee, Sham Shui Po South	Member
					District Council, Sham Shui Po	Member (Appointed)
30	Mr KWOK Chun-wah, Jimmy, M.H.	Sham Shui Po	Merchant	Independent	Traffic Accident Victims Assistance Advisory Committee	Member
					Appeal Tribunal Panel (Buildings)	Member
					Monitoring Group on Trials and Studies for the Harbour Area Treatment Scheme	Member
					Advisory Council on Food and Environmental Hygiene	Member
					District Fight Crime Committee, Sham Shui Po	Vice Chairman
					District Fight Crime Committee, Sham Shui Po	Chairman
					Area Committee, Sham Shui Po East	Chairman
					District Fire Safety Committee, Sham Shui Po	Member
					District Council, Sham Shui Po	Member (Appointed)
31	Mr LI Hon-hung	Sham Shui Po	Registered Architect	Independent	Dumping at Sea Appeal Board Panel	Member
					Appeal Tribunal Panel (Buildings)	Member
					District Fight Crime	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
					Committee, Sham Shui Po	
					Area Committee, Sham Shui Po East	Hon Secretary
					Area Committee, Sham Shui Po East	Vice Chairman
					District Fire Safety Committee, Sham Shui Po	Member
					District Council, Sham Shui Po	Member (Appointed)
32	Mr CHAN Lee-shing, William	Southern	Engineer	Independent	Engineers Registration Board	Member
					Appeal Board Panel (Electricity)	Member
					Disciplinary Tribunal Panel (Builders' Lifts and Tower Working Platforms (Safety))	Member
					Contractors Registration Committee Panel	Member
					Electrical Safety Advisory Committee	Member
					District Council, Southern	Member (Appointed)
33	Mr KO Kam-cheung, M.H.	Southern	Education	Independent	Primary One Admission Committee, The	Member
					District Fight Crime Committee, Southern	Member
					Area Committee, Wong Chuk Hang and Stanley	Chairman
					Area Committee, Wong Chuk Hang and Stanley	Vice Chairman
					District Fire Safety Committee, Southern	Member
					District Council, Southern	Member (Appointed)
34	Mr LEUNG Ho-kwan	Southern	Medical Laboratory Technologist	Independent	Medical Laboratory Technologists Board	Member
					District Fight Crime Committee, Southern	Member
					District Fight Crime Committee, Southern	Vice Chairman
					Area Committee, Aberdeen, Tin Wan/Shek Pai Wan	Chairman
					Area Committee, Aberdeen, Tin Wan/Shek Pai Wan	Member
					District Council, Southern	Member (Appointed)
35	Prof ZEE Sze-yong, S.B.S.	Southern	Professor	Independent	Town Planning Board	Member
					Environmental Campaign Committee	Member
					Basic Law Promotion Steering Committee	Member
					District Fight Crime Committee, Southern	Member
					Area Committee, Wah Fu and Pok Fu Lam	Member
					District Council, Southern	Member (Appointed)
36	Dr SIU Che-	Wan Chai	Medical Doctor	Independent	Area Committee, Causeway Bay	Vice

No.	Name	District	Occupation (Note)	Political Affiliation (Note)	Name of Advisory or Statutory Bodies	Office
	hung					Chairman
					Area Committee, Causeway Bay	Chairman
					Area Committee, Causeway Bay	Member
					District Fight Crime Committee, Wan Chai	Member
					District Fire Safety Committee, Wan Chai	Member
					District Fire Safety Committee, Wan Chai	Vice Chairman
					District Council, Wan Chai	Member (Appointed)
37	Ms TSUI Wai- ling, Carlye, B.B.S., J.P.	Wan Chai	CEO, The Hong Kong Institute of Directors	Democratic Alliance for Betterment of Hong Kong	District Fight Crime Committee, Sai Kung	Member
					Area Committee, Sai Kung	Vice Chairman
					Area Committee, Sai Kung	Member
					District Council, Sai Kung (Appendix 1)	Member (Appointed)
38	Mr YAU How- boa, M.H., J.P.	Wan Chai	Social worker/ Administration Staff	Independent	Social Welfare Advisory Committee	Member
					Advisory Committee on Social Work Training and Manpower Planning	Member
					Legal Aid Services Council	Member
					Post-Release Supervision Board	Member
					Council on Human Reproductive Technology	Member
					Residential Care Homes (Elderly Persons) Appeal Board	Member
					District Council, Wan Chai	Member (Appointed)
39	Mr CHOW Ching-lam, Tony, M.H.	Wong Tai Sin	Proprietor	Independent	Innovation and Technology Fund (Foundation Industries) Projects Vetting Committee	Member
					District Fight Crime Committee, Wong Tai Sin	Member
					Area Committee, San Tsuen	Member
					District Fire Safety Committee, Wong Tai Sin	Member
					District Council, Wong Tai Sin	Member (Appointed)
40	Dr LAU Chi- wang, James, J.P.	Wong Tai Sin	Managing Director	Liberal Party	Land and Building Advisory Committee	Member
					Engineers Registration Board	Member
					Appeal Tribunal Panel (Buildings)	Member
					Structural Engineers Registration Committee Panel	Member
					Authorized Persons Registration Committee Panel	Member
					Contractors Registration Committee Panel	Member
					District Fire Safety Committee, Wong Tai Sin	Member
					District Council, Wong Tai Sin	Member (Appointed)
41	Ms LEE Ming-	Wong Tai Sin	Health Services	Independent	Residential Care Homes	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
	pui, Mavis				(Elderly Persons) Appeal Board	
					Area Committee, Chuk Yuen	Member
					District Fight Crime Committee, Wong Tai Sin	Member
					District Council, Wong Tai Sin	Member (Appointed)
42	Dr LI Sze-bay, Albert, J.P.	Wong Tai Sin	Retired	Independent	Award Council of the Hong Kong Award for Young People	Member
					Administrative Appeals Board	Member
					Basic Law Promotion Steering Committee	Member
					Community Youth Club Council	Member
					Hong Kong School Drama Council	Member
					District Fight Crime Committee, Wong Tai Sin	Member
					Area Committee, Wong Tai Sin West	Member
					District Fire Safety Committee, Wong Tai Sin	Chairman
					District Council, Wong Tai Sin	Member (Appointed)
43	Mr NG Yiu-man	Wong Tai Sin	Administration Executive	Liberal Party	Appeal Tribunal Panel (Buildings)	Member
					District Fight Crime Committee, Wong Tai Sin	Member
					Area Committee, Choi Ngau	Member
					District Council, Wong Tai Sin	Member (Appointed)
44	Mr SHI Lop-tak	Wong Tai Sin	Merchant	Independent	District Fight Crime Committee, Wong Tai Sin	Member
					District Council, Wong Tai Sin	Member (Appointed)
45	Mr KONG Wai- yeung	Yau Tsim Mong	Supervisor	Independent	Area Committee, Prince Edward	Member
					District Council, Yau Tsim Mong	Member (Appointed)
46	Ms KWAN Miu- mei	Yau Tsim Mong	Full-time District Council member	Independent	District Fight Crime Committee, Yau Tsim Mong	Member
					Area Committee, Yau Ma Tei	Vice Chairman
					Area Committee, Yau Ma Tei	Chairlady
					Area Committee, Yau Ma Tei	Member
					District Fire Safety Committee, Yau Tsim Mong	Member
					District Council, Yau Tsim Mong	Member (Appointed)
47	Mr SHING Yuen-hing, M.H.	Yau Tsim Mong	Computer System Engineer	Independent	District Fight Crime Committee, Yau Tsim Mong	Member
					District Fight Crime Committee, Yau Tsim Mong	Vice Chairman
					Area Committee, Prince Edward	Chairman
					District Fire Safety Committee, Yau Tsim Mong	Member
					District Council, Yau Tsim Mong	Member (Appointed)
48	Mr WU Man-	Yau Tsim	School	Independent	Area Committee, Yau Ma Tei	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
	keung, M.H.	Mong	Headmaster		District Fire Safety Committee, Yau Tsim Mong	Member
					District Council, Yau Tsim Mong	Member (Appointed)
49	Mr LAM Kit-sing	Islands	Merchant	Independent	Consumer Council	Member
					Appeal Tribunal Panel (Buildings)	Member
					Authorized Persons Registration Committee Panel	Member
					District Fight Crime Committee, Islands	Member
					Area Committee, Cheung Chau	Member
					District Council, Islands	Member (Appointed)
50	Mr LEUNG Siu-tong	Islands	Principal	Independent	Advisory Management Committee of the Hong Kong Teachers' Centre	Vice Chairman
					Advisory Management Committee of the Hong Kong Teachers' Centre	Chairman
					Area Committee, Lantau	Member
					District Council, Islands	Member (Appointed)
51	Rev SIK Chi-wai	Islands	Director	Independent	District Fight Crime Committee, Islands	Member
					Area Committee, Lantau	Member
					District Council, Islands	Member (Appointed)
52	Mr WAN Tung-lam	Islands	Company Director	Independent	Telecommunications Users and Consumers Advisory Committee	Member
					District Fight Crime Committee, Islands	Chairman
					District Fight Crime Committee, Islands	Member
					Area Committee, Lantau	Member
					Area Committee, Lantau	Vice Chairman
					District Council, Islands	Member (Appointed)
53	Ms CHAN Ka-mun, Carmen	Kwai Tsing	Principal	Independent	Town Planning Board	Member
					Registration of Persons Tribunal	Adjudicator
					Committee on the Promotion of Civic Education	Member
					Appeal Tribunal Panel (Buildings)	Member
					HKSAR Passports Appeal Board	Member
					District Fight Crime Committee, Kwai Tsing	Member
					Area Committee, Tsing Yi (South West)	Member
					District Council, Kwai Tsing	Member (Appointed)
54	Mr CHUI Chi-	Kwai Tsing	Certified Public	Independent	District Council, Kwai Tsing	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
	yun, Robert		Accountant (Hong Kong)			(Appointed)
55	Mr LAM Kin-ko	Kwai Tsing	Merchant	Independent	District Fight Crime Committee, Kwai Tsing	Member
					District Fight Crime Committee, Kwai Tsing	Chairman
					District Council, Kwai Tsing	Member (Appointed)
56	Mr POON Fat-lam, M.H.	Kwai Tsing	Merchant	Independent	Area Committee, Kwai Chung (Central and South)	Member
					Area Committee, Tsing Yi (North East)	Member
					District Fight Crime Committee, Kwai Tsing	Member
					Area Committee, Tsing Yi (South West)	Member
					District Fire Safety Committee, Kwai Tsing	Member
					District Council, Kwai Tsing	Member (Appointed)
57	Mr SO Hoi-pan, Edinson, B.B.S., J.P.	Kwai Tsing	Merchant	Liberal Party	Municipal Services Appeals Board	Member
					Small and Medium Enterprises Committee	Member
					Area Committee, Kwai Chung West	Member
					District Fight Crime Committee, Kwai Tsing	Member
					Area Committee, Tsing Yi (South West)	Member
					District Fire Safety Committee, Kwai Tsing	Member
					District Council, Kwai Tsing	Vice Chairman (Appointed Member)
58	Mr WONG Chi-kwan, M.H.	Kwai Tsing	Secondary School Principal	Independent	District Council, Kwai Tsing	Member (Appointed)
					Hong Kong School Drama Council	Member
					District Fight Crime Committee, Kwai Tsing	Member
					Area Committee, Tsing Yi (South West)	Member
59	Mr YUNG Wing-ki, Samuel, M.H.	Kwai Tsing	Senior District Director (Insurance and Financial Services)	Independent	District Council, Kwai Tsing	Member (Appointed)
					Vocational Training Council	Member
					Committee on the Promotion of Civic Education	Member
					District Fight Crime Committee, Kwai Tsing	Member
60	Mr CHAN Yiu-wah	North	Secondary School	Independent	Secondary School Places Allocation Committee	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
			Headmaster		District Fight Crime Committee, North	Member
					District Council, North	Member (Appointed)
61	Ms CHEUNG Mui-seung, Emily	North	Solicitor	Independent	Criminal and Law Enforcement Injuries Compensation Boards	Member
					District Fight Crime Committee, North	Member
					District Council, North	Member (Appointed)
62	Mr KAN Wing- fai, Terry	North	Barrister-at-law	Liberal Party	District Council, North	Member (Appointed)
63	Mr LUI Hing- chung	North	Registered Social Worker	Independent	District Fight Crime Committee, North	Member
					District Council, North	Member (Appointed)
64	Mr YIP Fong- keung, Christ, M.H.	North	Businessman	Independent	District Fight Crime Committee, North	Member
					District Fight Crime Committee, North	Chairman
					District Council, North	Member (Appointed)
65	Mr CHAN Kwai-sang	Sai Kung	Merchant	Independent	District Fight Crime Committee, Sai Kung	Member
					Area Committee, Sai Kung	Member
					District Council, Sai Kung	Member (Appointed)
66	Mr CHEUNG Chun-hoi, M.H.	Sai Kung	Merchant	Democratic Alliance for Betterment of Hong Kong	District Fight Crime Committee, Sai Kung	Member
					Area Committee, Sai Kung	Member
					District Fire Safety Committee, Sai Kung	Member
					District Council, Sai Kung	Member (Appointed)
67	Mr HIEW Chin, M.H.	Sai Kung	Director	Hong Kong Progressive Alliance	District Fight Crime Committee, Sai Kung	Member
					Area Committee, Sai Kung	Vice Chairman
					Area Committee, Sai Kung	Member
					District Council, Sai Kung	Member (Appointed)
68	Dr LAM Ching- choi, J.P.	Sai Kung	Doctor	Independent	Elderly Commission	Member
					Advisory Committee on the Quality of Water Supplies	Member
					District Council, Sai Kung	Member (Appointed)
69	Mr LAU Hing- kee	Sai Kung	Actor	Liberal Party	District Fight Crime Committee, Sai Kung	Member
					District Council, Sai Kung	Member (Appointed)
70	Mrs CHAN LO Yin-bing	Sha Tin	Company Director	Independent	Area Committee, Sha Tin East Two	Chairman
					Area Committee, Sha Tin East Two	Member
					District Fight Crime Committee, Sha Tin	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
					District Council, Sha Tin	Member (Appointed)
					Community Sports Committee	Member
71	Dr CHUI Hong-sheung	Sha Tin	President, Hang Seng School of Commerce	Independent	Appeal Tribunal Panel (Buildings)	Member
					Area Committee, Sha Tin East Two	Member
					District Fight Crime Committee, Sha Tin	Member
					District Council, Sha Tin	Member (Appointed)
72	Dr FONG Yuk-fai, Ben	Sha Tin	Doctor	Independent	Residential Care Homes (Elderly Persons) Appeal Board	Member
					Licensing Appeals Board	Member
					District Council, Sha Tin	Member (Appointed)
73	Prof KAN Wing-kay	Sha Tin	Professor	Independent	Information Infrastructure Advisory Committee	Member
					Area Committee, Sha Tin East Three	Member
					District Council, Sha Tin	Member (Appointed)
74	Mrs LING LAU Yuet-fun, Laura, M.H.	Sha Tin	Principal, Sha Tin Public School	Independent	Transport Advisory Committee	Member
					Curriculum Development Council	Member
					Appeal Board (Amusement Game Centres)	Member
					Drainage Appeal Board Panel	Member
					Equal Opportunities Commission	Member
					Appeal Panel on Housing	Member
					Area Committee, Sha Tin West Two	Member
					District Council, Sha Tin	Member (Appointed)
					Community Sports Committee	Member
75	Dr LO Wai- kwok, M.H.	Sha Tin	Managing Director	Independent	Hong Kong Export Credit Insurance Corporation Advisory Board	Member
					Council of the City University of Hong Kong	Member
					Innovation and Technology Fund (Electronics) Projects Vetting Committee	Member
					Engineers Registration Board	Member
					Appeal Tribunal Panel (Buildings)	Member
					Area Committee, Sha Tin West One	Member
					District Fight Crime Committee, Sha Tin	Member
					District Council, Sha Tin	Member (Appointed)
76	Mr SIU Ka- keung	Sha Tin	Director	Independent	District Council, Sha Tin	Member (Appointed)

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
77	Prof TSO Wung-wai, B.B.S.	Sha Tin	Adjunct Professor, The Chinese University of Hong Kong	Hong Kong Progressive Alliance	Appeal Tribunal Panel (Buildings)	Member
					Advisory Committee on the Quality of Water Supplies	Member
					Area Committee, Sha Tin West Three	Member
					District Fight Crime Committee, Sha Tin	Member
					District Council, Sha Tin	Member (Appointed)
78	Ms YU Sau-chu, M.H.	Sha Tin	Social Worker	Independent	Social Welfare Advisory Committee	Member
					Equal Opportunities Commission	Member
					Community Investment and Inclusion Fund Committee	Member
					District Council, Sha Tin	Member (Appointed)
79	Mr CHU King-yuen, M.H.	Tai Po	Primary School Headmaster	Independent	Board of Review (Film Censorship)	Member
					District Fire Safety Committee, Tai Po	Member
					District Council, Tai Po	Member (Appointed)
80	Ms HO On-nei, B.B.S., M.H., J.P.	Tai Po	Full-time District Council member	Liberal Party	Hong Kong Housing Authority	Member
					District Fight Crime Committee, Tai Po	Member
					District Fire Safety Committee, Tai Po	Member
					District Council, Tai Po	Member (Appointed)
81	Mr LAM Luk-wing	Tai Po	Primary School Headmaster	Independent	District Fight Crime Committee, Tai Po	Member
					District Council, Tai Po	Member (Appointed)
82	Mr LI Yiu-ban, M.H.	Tai Po	Director	Independent	District Fight Crime Committee, Tai Po	Member
					District Fire Safety Committee, Tai Po	Chairman
					District Fire Safety Committee, Tai Po	Member
					District Council, Tai Po	Member (Appointed)
83	Mr WAN Hok-lim, M.H.	Tai Po	Businessman	Independent	District Fight Crime Committee, Tai Po	Member
					District Council, Tai Po	Member (Appointed)
					District Council, Tai Po	Vice Chairman (Appointed Member)
84	Mr CHAU Chun-wing, William	Tsuen Wan	Businessman	Independent	Pensions Appeal Panel	Member
					Appeal Tribunal Panel (Buildings)	Member
					Appeal Panel on Housing	Member
					Housing Managers Registration	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
					Board	
					District Fight Crime Committee, Tsuen Wan	Member
					Area Committee, Tsuen Wan West	Member
					District Council, Tsuen Wan	Member (Appointed)
85	Mr CHAU How- chen, S.B.S., J.P.	Tsuen Wan	Merchant	Independent	Citizens Advisory Committee on Community Relations of the ICAC	Member
					Committee on the Promotion of Civic Education	Member
					Hong Kong Sports Development Board	Member
					Municipal Services Appeals Board	Member
					Basic Law Promotion Steering Committee	Member
					Com on Financial Assistance for Family Members of Those Who Sacrifice Their Lives To Save Others	Member
					District Council, Tsuen Wan	Chairman (Appointed Member)
					Community Sports Committee	Chairman
86	Mr KWONG Loi-hing, Kevin	Tsuen Wan	Solicitor	Independent	Criminal and Law Enforcement Injuries Compensation Boards	Member
					District Fight Crime Committee, Tsuen Wan	Member
					Area Committee, Tsuen Wan Central	Member
					District Fire Safety Committee, Tsuen Wan	Member
					District Council, Tsuen Wan	Member (Appointed)
87	Ms LEE Kit- ming	Tsuen Wan	Worker of District Community	Independent	Appeal Tribunal Panel (Buildings)	Member
					District Fight Crime Committee, Tsuen Wan	Member
					Area Committee, Tsuen Wan Central	Member
					District Fire Safety Committee, Tsuen Wan	Member
					District Council, Tsuen Wan	Member (Appointed)
88	Ms TO Kwai- ying	Tsuen Wan	Volunteer of Administration	New Territories Association of Societies	District Council, Tsuen Wan	Member (Appointed)
89	Ms IP Shun- hing, M.H.	Tuen Mun	Full-time District Council member	Democratic Alliance for Betterment of Hong Kong	Area Committee, Tuen Mun North East	Member
					Area Committee, Tuen Mun North West	Member
					District Fight Crime Committee, Tuen Mun	Member
					Women's Commission	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
					District Council, Tuen Mun	Member (Appointed)
90	Dr LAU Chi-pang	Tuen Mun	Assistant Professor	Independent	Area Committee, Tuen Mun North East	Member
					District Council, Tuen Mun	Member (Appointed)
91	Mr LAU Ip-keung, Kenneth, M.H., J.P.	Tuen Mun	Director	Independent	Area Committee, Tuen Mun North East	Member
					District Fight Crime Committee, Tuen Mun	Member
					District Fight Crime Committee, Tuen Mun	Chairman
					District Council, Tuen Mun	Member (Appointed)
92	Ms LEE Ying, Robena	Tuen Mun	Director	Independent	Area Committee, Tuen Mun South East	Chairman
					Area Committee, Tuen Mun South East	Member
					District Council, Tuen Mun	Member (Appointed)
93	Mr PONG Chong, Edward, B.B.S., J.P.	Tuen Mun	Executive Director	Independent	Air Transport Licensing Authority	Member
					Board of Management of the Chinese Permanent Cemeteries	Member
					Immigration Tribunal	Adjudicator
					Town Planning Board	Member
					Registration of Persons Tribunal	Adjudicator
					Noise Control Appeal Board Panel	Member
					Security and Guarding Services Industry Authority	Vice Chairman
					Action Committee Against Narcotics	Member
					Fight Crime Committee	Member
					Independent Police Complaints Council	Member
					Gas Safety Advisory Committee	Member
					Administrative Appeals Board	Member
					Environmental Impact Assessment Appeal Board Panel	Member
					Area Committee, Tai Hing and Shan King	Member
					District Fight Crime Committee, Sai Kung	Chairman
					District Fight Crime Committee, Tuen Mun	Member
					District Fire Safety Committee, Tuen Mun	Chairman
					District Fire Safety Committee, Tuen Mun	Member
					District Council, Tuen Mun	Member (Appointed)
94	Mr SIU Chor-kee	Tuen Mun	Managing Director	Independent	Committee on Community Support for Rehabilitated Offenders	Member

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
					District Fight Crime Committee, Tuen Mun	Member
					District Council, Tuen Mun	Member (Appointed)
95	Mr YING Yu-hing	Tuen Mun	Secondary School Headmaster	Independent	Board of Control - Subsidized Schools Provident Fund	Chairman
					Board of Control - Subsidized Schools Provident Fund	Member
					Advisory Committee on Teacher Education and Qualifications	Member
					Area Committee, Tuen Mun North East	Member
					Area Committee, Tuen Mun North West	Member
					District Fight Crime Committee, Tuen Mun	Member
					District Council, Tuen Mun	Member (Appointed)
96	Ms FUNG Choi-yuk, M.H.	Yuen Long	Full-time District Council member	Democratic Alliance for Betterment of Hong Kong	Kadoorie Agricultural Aid Loan Fund Committee	Member
					District Fight Crime Committee, Yuen Long	Member
					Area Committee, Tin Shui Wai	Member
					District Fire Safety Committee, Yuen Long	Member
					District Council, Yuen Long	Member (Appointed)
97	Ms KWONG Yuet-sum	Yuen Long	Full-time District Council member	Independent	District Council, Yuen Long	Member (Appointed)
98	Mr LAM Kwok-cheong, J.P.	Yuen Long	Solicitor	Independent	Town Planning Board	Member
					Land and Building Advisory Committee	Member
					Appeal Tribunal Panel (Buildings)	Member
					District Fight Crime Committee, Eastern	Member
					District Fight Crime Committee, Yuen Long	Member
					Liquor Licensing Board	Vice Chairman
					Liquor Licensing Board	Chairman
					District Council, Yuen Long	Member (Appointed)
99	Mr SUNG Wai-ching	Yuen Long	Merchant	Independent	Telecommunications Users and Consumers Advisory Committee	Member
					Area Committee, Yuen Long Town	Member
					Area Committee, Yuen Long Town	Chairman
					District Fire Safety Committee, Yuen Long	Member
					District Council, Yuen Long	Member (Appointed)
100	Mr TANG Chun-keung	Yuen Long	Secondary School Principal	Independent	District Fight Crime Committee, Yuen Long	Member

No.	Name	District	Occupation (Note)	Political Affiliation (Note)	Name of Advisory or Statutory Bodies	Office
					Area Committee, Tin Shui Wai	Member
					District Council, Yuen Long	Member (Appointed)
101	Dr the Honourable TANG Siu-tong, J.P.	Yuen Long	Medical Practitioner	Hong Kong Progressive Alliance	Antiquities Advisory Board	Member
					Municipal Services Appeals Board	Member
					Administrative Appeals Board	Member
					District Council, Yuen Long	Chairman (Appointed Member)
102	Mr TANG Wai- ming	Yuen Long	Merchant	Independent	Appeal Tribunal Panel (Buildings)	Member
					District Fight Crime Committee, Yuen Long	Member
					District Fire Safety Committee, Yuen Long	Member
					District Fire Safety Committee, Yuen Long	Chairman
					District Council, Yuen Long	Member (Appointed)

Note: "Occupation" and "Political Affiliation" are information obtained by way of self-declaration.

Tattooing of Persons Under 18

18. **MS AUDREY EU** (in Chinese): *Madam President, under section 3 of the Tattooing of Young Persons Ordinance (Cap. 323), it shall be an offence to tattoo any person under the age of 18 years except when the tattoo is performed for medical reasons by a registered medical practitioner. In this connection, will the Government inform this Council:*

- (a) *of the number of prosecutions instituted by the authorities for violation of the relevant provision since the commencement of the Ordinance; and*
- (b) *whether the authorities have widely publicized the provisions of the Ordinance among the affected tattoo shops before or after its commencement; if so, of the details; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) We have not been maintaining statistics on the number of prosecutions under section 3 of the Tattooing of Young Persons Ordinance.
- (b) According to available records, the Administration issued a number of press releases in July 1984 when the Second Reading of the Tattooing of Young Persons Bill 1984 was moved and when the Bill was passed subsequently. The press releases explained that under the legislation it would be an offence to tattoo a person under the age of 18, except where the tattoo was performed for medical reasons by a registered medical practitioner. In particular, it was specified that the responsibility for complying with the new rules would be on the tattooist rather than the young person.

Illegal Feeding of Pigeons in Public Places

19. **MR HENRY WU** (in Chinese): *Madam President, the recent successive outbreaks of avian flu in many Asian countries have caused many deaths, arousing concerns about the spread of avian flu. Furthermore, there have recently been complaints by members of the public about the serious situation of illegal feeding of pigeons in public places such as the Victoria Park at dawn. Since the avian flu virus may be transmitted through birds, there are worries that there may be an outbreak of avian flu in Hong Kong as a result. In this connection, will the Government inform this Council:*

- (a) *of the measures for preventing cross-infection between migratory and local birds and transmission of viruses by such birds; and*
- (b) *whether it will consider stepping up enforcement actions against people illegally feeding pigeons in public places during non-office hours; if it will, of the details; if not, the reasons for that?*

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

- (a) Wild aquatic birds are considered to be the natural host of avian influenza viruses and the viruses generally cause little if any disease in these birds. Some of the avian influenza viruses (for example, H5 strain), however, can spread to and cause serious disease in

land-based poultry such as chickens and they are particularly susceptible to the viruses.

To prevent the introduction of avian influenza viruses into chicken farms by wild birds including migratory birds, the Agriculture, Fisheries and Conservation Department (AFCD) requires that all local licensed chicken farmers must install bird proofing facilities in their farms and that all local chickens be vaccinated against H5 avian influenza. The AFCD has also implemented an Avian Influenza surveillance programme for poultry farms, which has been extended to cover wild birds in wetlands, country parks and recreational parks, resident birds in recreational parks, as well as pet birds available for sale in the market. During 2003, we tested more than 7 000 samples of such kinds, of which five samples between January to March were found positive of H5 avian influenza virus. The last time that we detected H5 virus in a wild bird was in January 2004. This surveillance programme enables us to detect the presence of avian influenza viruses in our environment at an early stage so that timely measures can be taken to reduce the risk of cross-contamination.

Regarding the concern over pigeons, we have been monitoring H5 infection in pigeons raised in local farms and imported pigeons. Our wild bird surveillance programme also covers wild pigeon faecal droppings. Previous studies and surveillance results indicated that the risk of pigeons being infected with H5 avian influenza virus and infecting other species would be low. Nonetheless, we will stay vigilant in our surveillance programme to watch out if there is any sign of change of the risk.

- (b) In view of the environmental hygiene nuisance caused by the feeding of feral birds (including pigeons) in public places, the Food and Environmental Hygiene Department (FEHD) has started to take stringent enforcement action against such activities since October 2003. Offenders are subject to a fixed penalty of \$1,500 in accordance with the Fixed Penalty (Public Cleanliness Offences) Ordinance (Cap. 570). To enhance the effectiveness of enforcement action, officers in plainclothes are deployed by the

FEHD to conduct blitz operations in black spots, including mounting operations in early morning when bird feeding is most commonly found. The FEHD has also requested other enforcement departments (including the Leisure and Cultural Services Department (LCSD), the Housing Department and the AFCD, and so on) to closely monitor venues under their management and take enforcement action against feral bird feeders.

From October 2003 to January 2004, the FEHD and the LCSD issued a total of 41 fixed penalty notices to persons who littered public places while feeding feral birds. The LCSD issued another summons under the Pleasure Grounds Regulation (Cap. 132 sub. leg.) against a bird feeder during the same period. Because of the way that the records are kept, breakdown on the number of fixed penalty notices issued by other enforcement departments to feral bird feeders is not readily available.

The relevant departments will continue to take enforcement action against feral bird feeders who litter public places. The FEHD has published pamphlets and erected warning signs at conspicuous locations in popular bird feeding places to remind the public not to feed wild birds.

Unauthorized Occupation of Part of Land in North Lantau Country Park

20. **MR WONG SING-CHI** (in Chinese): *Madam President, a resident in Discovery Bay disclosed in June 2002 that part of the land in North Lantau Country Park had been occupied without authorization by a developer for 20 years. It turned out that the developer concerned had in fact applied to the Government in 1981 for the use of the land under a short term tenancy (STT), but records on how the application had been handled at that time could not be retrieved due to the failure of the Lands Department (LandsD) to keep the relevant files properly. It was only in mid-2003 that the LandsD wrote to request the developer concerned to lease the land under a STT. In this connection, will the Government inform this Council:*

- (a) *whether it has assessed if there was dereliction of duty on the part of the LandsD in handling the STT application made in 1981; if it has,*

of the assessment results; if not, the reasons for that;

- (b) as according to the reply given by the Secretary for Housing, Planning and Lands to my question raised at the Legislative Council meeting on 14 January this year, cases of unauthorized occupation of government land for commercial uses in the past five years had mostly been handled, yet the Government has taken over 20 years to deal with the above case which involves a major developer and a large piece of land, whether the authorities have assessed if the case has been handled in an unfair manner when compared with those handled in the past five years; if the assessment results indicate that the case has been handled fairly, the justifications for that; and during its 20 years of occupation of the land, the specific period in which the developer occupied the land illegally;*
- (c) of the criteria used by the LandsD for determining the amount of rent payable specified in the STT issued to the developer concerned, and whether it will recover from the developer the rents and rates payable for the past 20 years of occupation; if so, of the legal basis for doing so, as well as the respective amounts of rents and rates involved; if not, the reasons for that; and*
- (d) how the authorities follow up the developer's non-acceptance of leasing the land under a STT or relinquishing the use of the land; whether they will consider resuming the land for other uses; if so, of the details; if not, the reasons for that?*

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

Madam President, my reply to the four parts of the question is as follows:

- (a) and (b)

The LandsD was established in 1982 for land administration functions. Before that, land administration matters in the New Territories were handled by the District Offices of the then New Territories Administration.

The Discovery Bay development was implemented through land exchanges and was subject to the formal issue of a complete

government lease then intended to be made at the end of the whole development. The land in question is part of the golf course which was formed by the developer's own private land and the adjacent government land. The developer of Discovery Bay applied, in 1981, to the then District Office (Islands) for a STT in respect of the part of the golf course straddling government land.

In 1983, the Administration considered appropriate that the encroachment issue should be dealt with upon the issue of the government lease at the end of the whole development of Discovery Bay whereupon the Government would carry out a survey of the lot boundaries. The developer was informed of the Administration's position. For this reason, the STT application was not further processed at that time.

In 1996, the developer reactivated its application for the STT. By then it was clear that the Discovery Bay development would not be completed for some years. The LandsD, therefore, reconsidered the STT application but decided to reject it in 1998 because the land concerned might be included in the Lantau North Country Park extension.

In 2002, the LandsD requested the developer to reinstate the government land in accordance with the land control practices. In response, the developer requested the LandsD to reconsider its STT application. By then, the land concerned was excluded from the boundary of the Lantau North Country Park extension. In view of this, the LandsD agreed to process the STT application again. Agreement on the terms of the STT has just been reached with the developer and the STT will be issued shortly. The STT will take retrospective effect from 1982. As such, the question of illegal occupation of government land by the developer for the past 20 years will not arise.

The LandsD has internal guidelines on land control action to be followed by all District Lands Offices. Similar to other land control cases, the handling of the Discovery Bay case was in line

with the laid down guidelines taking into account the particular circumstances of the case. The Government has handled the STT application in accordance with the land administration practices. In this respect, there is no question of dereliction of duty on the part of the LandsD in handling the STT application.

- (c) The LandsD has assessed the rental of this STT on a full market value basis which takes into account all available comparable evidence for the relevant use and the particular circumstances of the case such as the location of the site. The rental payable will date back to 1982. Rates have been charged, in accordance with the Rating Ordinance (Cap. 116), on the entire golf course (for both the private lot and government land) since its initial operation.

STT is a form of contract between the Government (as the landlord) and the tenant. The terms of the STTs, including its level of rental and backdating provision, are negotiated between the landlord and the tenant taking into account relevant factors and the particular circumstances of the case. It is inappropriate to disclose the amount of STT rental and the rates payable by another private party without its consent.

- (d) As the developer has already reached agreement with the Administration on the terms of the STT, the issue of follow-up action in case of its non-acceptance does not arise.

MOTIONS

PRESIDENT (in Cantonese): Members, today is the first meeting of the Legislative Council in the Year of the Monkey. I wish you all good health and every success.

Motion. Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Particulars Relating to Candidates on Ballot Papers (Legislative Council) Regulation.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND

GENERAL CLAUSES ORDINANCE

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, I move that the Particulars Relating to Candidates on Ballot Papers (Legislative Council) Regulation be amended as set out on the Agenda.

The purpose of this Regulation, which was made by the Electoral Affairs Commission (EAC), is to allow particulars of candidates to be printed on the ballot paper so as to facilitate identification of candidates by electors when casting their votes. These particulars include:

- (i) personal photographs of candidates;
- (ii) emblems of candidates and their supporting bodies; and
- (iii) names or abbreviated names of candidates' supporting bodies.

This Regulation was laid on the table of the Legislative Council on 17 December 2003. A Subcommittee was subsequently formed by the Legislative Council to examine the Regulation. The Subcommittee has now completed its scrutiny of this Regulation.

In the course of its deliberation, the Subcommittee expressed its support for the policy objectives underlying the Regulation. However, the Subcommittee also made several comments on the detailed arrangements. These include the suggestion to extend the deadline for applications for registration, and the suggestion to allow each candidate or candidate list to have the names or abbreviated names of up to three bodies, and the emblems of up to three bodies or candidates, to be printed on the ballot paper. After careful consideration by the EAC, these suggestions were accepted. The Administration now proposes to amend the relevant provisions. In addition, since there is room for further improvement in drafting and presentation as regards certain aspects of the provisions, we also propose to make technical amendments to improve the clarity of these provisions.

When scrutinizing the Regulation, the Subcommittee made a number of suggestions regarding the design of the ballot paper, including the suggestion that candidates may choose to print group photographs on the ballot paper. We have conveyed this suggestion to the EAC. After careful consideration, the EAC

reaffirmed that only standard-sized personal photographs should be printed, since they could best facilitate electors to identify the candidates. As to other views of the Subcommittee on the design of the ballot paper, they have also been referred to the EAC. The EAC will carefully consider these views when finalizing the design of the ballot paper.

All the proposed amendments that I set out in the motion have been endorsed by the Subcommittee. I would like to sincerely thank Mr HUI Cheung-ching, the Subcommittee Chairman, and the other members of the Subcommittee for the valuable comments they made during the scrutiny process.

Thank you, Madam President.

The Secretary for Constitutional Affairs moved the following motion:

"That the Particulars Relating to Candidates on Ballot Papers (Legislative Council) Regulation, published in the Gazette as Legal Notice No. 263 of 2003 and laid on the table of the Legislative Council on 17 December 2003, be amended -

- (a) in section 2(1), in the definition of "relevant cut-off date", by repealing "March" where it twice appears and substituting "April";
- (b) in section 3 -
 - (i) by repealing subsection (3) and substituting -

"(3) The particulars referred to in subsection (2)(a) are the particulars set out in any one of the following paragraphs, with or without the particulars specified in item 4 of the Schedule -

- (a) the particulars specified in item 1 or item 2 or both of the Schedule and relating to not more than 3 prescribed bodies;

- (b) the particulars specified in item 3 of the Schedule and relating to the candidate; or
 - (c) the particulars specified in item 1 or item 2 or both of the Schedule and relating to not more than 2 prescribed bodies, and the particulars specified in item 3 of the Schedule and relating to the candidate.";
- (ii) by repealing subsection (4)(e) and substituting -
 - "(e) where the subject of request relates to one or more prescribed bodies, must be accompanied by a consent given, during the relevant nomination period, by the body or each of the bodies, as the case may be, in relation to the request in accordance with section 5(1).";
- (c) in section 4 -
 - (i) by repealing subsections (3) and (4) and substituting -
 - "(3) The particulars referred to in subsection (2)(a)(i) are the particulars set out in any one of the following paragraphs, with or without the particulars specified in item 4 of the Schedule -
 - (a) the particulars specified in item 1 or item 2 or both of the Schedule and relating to not more than 3 prescribed bodies;
 - (b) the particulars specified in item 3 of the Schedule and relating to one or

both of the candidates on the nomination list concerned;

- (c) the particulars specified in item 1 or item 2 or both of the Schedule and relating to one prescribed body, and the particulars specified in item 3 of the Schedule and relating to one or both of the candidates on the nomination list concerned; or
- (d) the particulars specified in item 1 or item 2 or both of the Schedule and relating to 2 prescribed bodies, and the particulars specified in item 3 of the Schedule and relating to one of the candidates on the nomination list concerned.

(4) The particulars referred to in subsection (2)(b)(i) are the particulars set out in any one of the following paragraphs, with or without the particulars specified in item 4 of the Schedule -

- (a) the particulars specified in item 1 or item 2 or both of the Schedule and relating to not more than 3 prescribed bodies;
- (b) the particulars specified in item 3 of the Schedule and relating to not more than 3 candidates on the nomination list concerned;
- (c) the particulars specified in item 1 or item 2 or both of the Schedule and relating to one prescribed body, and the particulars specified in item 3 of the Schedule and relating to not

more than 2 candidates on the nomination list concerned; or

- (d) the particulars specified in item 1 or item 2 or both of the Schedule and relating to 2 prescribed bodies, and the particulars specified in item 3 of the Schedule and relating to one of the candidates on the nomination list concerned.";

(ii) in subsection (5) -

(A) in paragraph (d), by repealing "; and" and substituting "and particulars to identify the candidate or candidates shown on the photograph or photographs;"

(B) in paragraph (e), by repealing the full stop and substituting "; and";

(C) by adding -

"(f) where the subject of request includes the particulars specified in item 4 of the Schedule, must specify the candidate or candidates to whom the particulars relate.";

(d) in section 7, by adding "and whether and how to further include any indication on the ballot paper to show the candidate or candidates to whom the particulars relate" after "paper";

(e) in section 15(1), by repealing "21" and substituting "14";

(f) in section 19(1), by adding "and the reasons for the decision" after "the decision";

- (g) in section 23(7), by adding "and the reasons for the decision" after "the decision";
- (h) in the Schedule, by renumbering items 2, 3 and 4 as items 4, 2 and 3 respectively."

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

MR HUI CHEUNG-CHING (in Cantonese): Madam President, I am speaking in my capacity as Chairman of the Subcommittee on subsidiary legislation relating to 2004 Legislative Council Election.

The Subcommittee supports the objective of the Particulars Relating to Candidates on Ballot Papers (Legislative Council) Regulation, but has also raised some doubts and opinions to the Regulation. In response to members' views, the Administration will propose certain amendments to the Regulation. Since the Secretary has explained the details of the amendments in his speech just now, I am not going to repeat them here.

As regards the other matters raised by the Subcommittee, after discussions with the Administration, members agree that no amendments are required. For example, some members have queried whether a candidate who, having declared that he is a member of a certain political party on the nomination form, but subsequently claims to be "Independent Candidate" or "Non-affiliated Candidate" on the request form for printing of particulars on the ballot paper, will commit an offence of false statement under section 35 of the Regulation. They also regard this act as inappropriate.

The Administration has explained that the candidate can choose how he prefers to describe his political affiliation on the ballot paper according to his wish. The Regulation does not require the Electoral Affairs Commission (EAC) to enquire, when processing a request by the candidate to print particulars on the ballot paper, into his political affiliation. If a candidate has certain political affiliation but chooses to claim to be "Independent Candidate" or "Non-affiliated Candidate", it will be for the candidate, if questioned by the electors or the general public, to explain his decision.

Since some members consider that the EAC has the responsibility to ensure the consistence of information provided on the two forms, the Administration has considered undertaking to make administrative arrangements. If there happens to be inconsistency in information on the political affiliation of the candidate as provided on the two forms, the Registration and Electoral Office will inform the candidate concerned and request him to rectify it.

The Subcommittee has also example the sample design of the ballot paper, and finds the design and layout rather confusing. Some members consider that there should be clear indication on the ballot paper as to how the different names, abbreviations and emblems of prescribed bodies and prescribed persons on a list are related to the individual candidates on the list. Some other members however are of the view that any prescribed body whose name, abbreviation and emblem appears on a list should be regarded as it supports all candidates on the list.

Members of the Subcommittee accept the Administration's explanation. Under the Regulation, if the name, abbreviation or emblem of a certain prescribed body is shown on a list, all candidates on the list are deemed to have the support of that prescribed body.

Some members suggest that candidates be allowed to have the option of printing group photographs on the ballot paper, and the Secretary has just explained the stance of the EAC. The Subcommittee also notes that the design of the ballot paper will be addressed under another regulation which will be tabled to the Legislative Council for scrutiny later.

Madam President, the Subcommittee supports the Regulation and the amendments proposed by the Administration. Thank you, Madam President.

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

DR YEUNG SUM (in Cantonese): Madam President, this amendment to the Regulation seeks mainly to allow the printing of particulars of the candidates on ballot papers, including the personal photographs of the candidates, the emblems of the candidates and the bodies supporting them, and the names and

abbreviations of the bodies supporting the candidates. I have to commend the Secretary for this amendment. This is the first time that the Government has given due attention to the status, role, and so on, of political parties because in the past, emblems of political parties were not allowed to be printed. However, it appears this time around that the Government has begun to accept the fact that political parties are an essential unit of operation in Hong Kong politics. Thus, it has allowed the printing of the emblems of bodies supporting the candidates on ballot papers, including the emblems of the political parties. I have to commend the Government for this. Of course, a long time has lapsed and the Secretary has yet to submit a consultative document on political review, I have to express my regrets. Therefore, I will later on propose a motion of regrets.

Moreover, I would also like to take this opportunity to remind the Secretary to table to the Legislative Council as soon as possible the related amendments to the Chief Executive Election Ordinance. In that case, Members can have the chance to make deletions and changes to the provisions of the existing ordinance on candidates. At present, members of political parties can run for the Chief Executive election but upon being elected, the successful candidate must withdraw from the party. I hope that the Government can table the amendments as soon as possible. Thank you, Madam President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, Secretary for Constitutional Affairs, do you need to reply?

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

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Constitutional Affairs be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance in relation to extension of the period for amending the Electoral Affairs Commission (Financial Assistance for Legislative Council Elections) (Application and Payment Procedure) Regulation.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR HUI CHEUNG-CHING (in Cantonese): Madam President, in my capacity as Chairman of the Subcommittees on subsidiary legislation relating to 2004 Legislative Council Election, I move that the motion under my name, as printed on the Agenda, be passed.

Members of the Subcommittee agreed that a motion should be moved by me to extend the scrutiny period of the Electoral Affairs Commission (Financial Assistance for Legislative Council Elections) (Application and Payment Procedure) Regulation to 25 February 2004, in order to give the Subcommittee more time to study the amendment moved by the Administration and report to the House Committee on its deliberations.

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

Mr HUI Cheung-ching moved the following motion:

"That in relation to the Electoral Affairs Commission (Financial Assistance for Legislative Council Elections) (Application and Payment Procedure) Regulation, published in the Gazette as Legal Notice No. 269

of 2003 and laid on the table of the Legislative Council on 7 January 2004, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 25 February 2004."

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

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr HUI Cheung-ching be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Motion of Thanks. Ms Miriam LAU will move this motion. I have accepted the recommendations of the House Committee. Ms Miriam LAU will have up to 15 minutes for moving the motion and giving

her reply and another five minutes to speak on the amendment. Subject to the overall 20-minute speaking time limit for each Member, a Member may speak in one or more of the five debate sessions. With the exception of Ms Miriam LAU who may speak on the amendment and in reply, all other Members may speak only once in a session.

In each session, I will call upon those Members who wish to speak to speak first. Council will then be suspended for 10 minutes for the Administration to co-ordinate its response. Only public officers may speak when Council resumes. The total speaking time limit for public officers in each session will depend on the number of speakers, but the minimum is 45 minutes.

MOTION OF THANKS

MS MIRIAM LAU (in Cantonese): Madam President, in my capacity as Chairman of the House Committee, I move that "this Council thanks the Chief Executive for his address". I feel particularly honoured to have this opportunity to move this motion of thanks for the first time in my capacity as Chairman of the House Committee.

This is the third year for the Legislative Council to adopt the new approach to conduct the policy debate, and this is also the second year for the Chief Executive to have delivered his policy address in January. Insofar as the arrangement of the policy debate of this year is concerned, it will be roughly the same as that of last year. During these three days, Members will debate on the different policy areas in five sessions. According to our experience in past years, Members generally feel that such an arrangement can facilitate more focused discussions, thereby achieving a higher efficiency in our discussion of the various matters.

As Members agree that the policy debate of this year should be held two weeks after the release of the policy address, we have had more time to make arrangements for the policy briefings. The 18 panels have held respective policy briefings earlier on to provide Members with more information in preparation for the debate. As regards the detailed arrangements, Members agree to make some adjustment to the speaking time of Members and designated officials. The Chief Secretary for Administration has also written to me, undertaking that the various Bureau Directors would observe the speaking time limits of each debate session.

Madam President, as I am moving this motion of thanks in my capacity as Chairman of the House Committee, I will not make use of this time slot to express my opinions on individual items of the policy agenda. I shall just say a few words on the relationship between the executive and the legislature.

As Chairman of the House Committee, I, together with the Vice Chairman, shall meet with the Chief Secretary for Administration after every House Committee meeting to convey to him the decisions and opinions of Members. I believe Members very much welcome the Chief Executive's proposition in the policy address that efforts would be made to strengthen the dialogue and co-operation between the Government and the Legislative Council. In this aspect, Members hope that the executive can consult the Legislative Council more. Members also request that the Administration brief the Legislative Council before making announcements or briefings to the press on any major events. In fact, the Government has already made some improvement, and before it announces some major decisions, it would first notify the Legislative Council. Yet there is still room for improvement in respect of the Administration's consultation with the Legislative Council on some significant bills. For example, the Government should conduct proper consultations before tabling a bill to the Legislative Council. This could avoid causing great delay to the scrutiny of the bills just because of insufficient consultation. The Government should also reserve ample time to enable the Legislative Council to scrutinize the bills thoroughly.

In order to strengthen the communication between the Government and the Legislative Council, Members consider that accountability officials should attend the meetings of the Legislative Council as well as its other committees to answer Members' questions and explain the policies and measures of the Government. Although several Bureau Directors have frequently attended panel meetings of the Legislative Council, certain Bureau Directors seldom turn up at such meetings other than sending their deputies to stand in. As a result, the accountability system for principal officials has not achieved its desired effects. Members generally consider that the Chief Executive and the Secretaries of Departments should foster stronger communication with the Legislative Council. I had recently requested the Chief Executive, on behalf of the House Committee, to hold a meeting with Members after his duty visit to Beijing so as to brief them

on the details of the visit and answer questions from Members. Unfortunately, the Chief Executive did not agree that there was the need to hold a meeting for this purpose.

I wish to point out that the executive is accountable to the legislature. The Administration has the responsibility to explain and promote public policies to the Legislative Council. While the Legislative Council is duty-bound to monitor the operation of the Government, for Members, being the representatives of the people, have the duty to put forward opinions on public policies. As the Legislative Council and the Administration are also partners, they should respect each other and strengthen their communication so as to establish a healthy relationship between the executive and the legislature, thereby striving together for the well-being of society.

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

Ms Miriam LAU moved the following motion: (Translation)

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

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

PRESIDENT (in Cantonese): Dr YEUNG Sum has given notice that he will move an amendment to this motion, as printed on the Agenda. At the conclusion of the five debate sessions, I will call upon him to move his amendment.

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

PRESIDENT (in Cantonese): We will now move on to the first debate session. The policy areas for this session are "commerce and industry, economic services, financial affairs, information technology and broadcasting and labour".

MR IP KWOK-HIM (in Cantonese): Madam President, I shall first make an overall evaluation of the policy address on behalf of the Democratic Alliance for Betterment of Hong Kong (DAB). Then other DAB colleagues will elaborate on DAB's comments and suggestions on the various policy areas.

Madam President, in the policy address delivered by the Chief Executive entitled "Seizing Opportunities for Development Promoting People-based Governance", it is pointed out that, capitalizing on the reviving economy of Hong Kong, we should continue to give full play to our advantages and improve the business environment. Apart from consolidating our pillar industries, we also need to promote new growth and create more job opportunities. The DAB agrees to the series of policies and objectives as proposed in the policy address. Although it has not mentioned the various specific plans in great detail, it is heading in the right direction. The DAB believes that, as long as the various Policy Bureaux can complement each other and put forward relevant measures, the Government of the Hong Kong Special Administrative Region (SAR) shall manage to lead Hong Kong onto the path of economic revival.

On the issue of eliminating fiscal deficit, which has received so much attention from all the different parties, it is indicated in the policy address that the Government "will seek to strike a balance between reducing the fiscal deficit and safeguarding people's livelihood, and give the community adequate time to recover". The DAB very much agrees with the objective of "letting the community to have adequate time to recover". This was exactly what the DAB had proposed to the Chief Executive and the Financial Secretary. Having suffered from the economic downturn for six years in Hong Kong — with a sluggish property market, high unemployment rate, reduction of salaries and increased taxes — the people have had enough. Now, the Government should take this opportunity of an obvious improvement of the economic conditions in Hong Kong, which resulted in an increase in government revenue, to implement our earlier proposal of "no increase in both taxes and fees". Meanwhile, the Government should further consider implementing various measures of tax concessions, such as extending the effective period of the deduction for property mortgage interest, reducing fuel duties, and so on, so as to alleviate the tax burden of the people, especially the middle class.

The policy address also mentions that the Government should stay close to the community and improve governance. The policy address also reviews the past performance of the Government and makes some self-criticism. The DAB

thinks that such an attitude deserves our support. During the past six years, the administration of the Government left much to be desired. As a result, there is accumulated grievance among the people. As illustrated by lessons learned in the past, if a government wishes to improve its administration, it must listen to the voices of the people and satisfy their aspirations. Therefore, the DAB thinks that the Government must strengthen its communication with the people through various channels, such as improving the communication networks. The Chief Executive, the accountability Bureau Directors and principal officials should effect some sort of division of labour, so as to meet with people from the various sectors on a regular basis. The accountability Bureau Directors should ardently go to the various districts to get in touch with the people regularly. We also hope that the Chief Executive can reconsider our proposal of setting up "the Office of the Chief Executive Hotline" or "Meeting the Public Scheme", so as to listen to the voices of the people. Madam President, I so submit.

DR YEUNG SUM (in Cantonese): Madam President, apart from criticizing the Government, the Democratic Party, being a positive opposition party, would also like to make some specific suggestions on the economic aspect. As to other aspects, Members from the Democratic Party would elaborate on them.

Madam President, the Democratic Party opposes the Government's approach, as detailed in the policy address, of introducing tax and fee increases as well as reducing expenditures.

Under the present economic climate which has just shown some signs of recovery, the Democratic Party opposes the Government's approach of cutting expenditures on education, medical services and social welfare at an exceedingly abrupt manner. At a time of economic recession, the commitment of a government to such social services in fact has a reassuring and stabilizing effect on the community as a whole.

On education, if the Government further cuts the allocation, apart from adversely affecting the quality of education, the small-class teaching and the four-year university education will become targets too distant to be reached. Recently, the Government has put forward a "zero-zero-x" proposal. Mr CHEUNG Man-kwong will once again speak on behalf of our opposition group to voice our objection to this proposal.

On health care, the SARS outbreak exposed the problem of insufficient resources at our hospitals. If the Government introduces further cuts, our hospitals will not be able to cope with any extra services, thereby leading to further deterioration of the quality of our medical services.

In order to solve the problem of fiscal deficit, the Government should not just rely on increasing the figures on tax returns, introducing new items to generate more revenue, or it may think that it may achieve the purpose by slashing more social expenditure, and hope that the reds could become blacks. We do not support such approaches.

The Budget of last year was already the so-called "proposal of thousands tax items", that is, "the proposal that intended to collect taxes from ten thousand items". Among such tax items, the middle-class people had to bear a substantially increased tax liability. So the Government had placed the burden of \$6 billion salary tax increase onto their shoulders.

While this is hardly over, and before the anger of the middle-class people has hardly subsided, the Government has recently mentioned again that, once the economic situation becomes better, it will consider bringing up the subject of sales tax for discussion. The Democratic Party opposes this new tax.

Tax increases are introduced one after the other, and fees for government services also rise gradually. The burden of the people will become increasingly heavy, and their grievances will also be growing to a very strong level.

The Democratic Party opposes the introduction of any new tax items under the present economic circumstances. We maintain that the Government must continue freezing all fees and charges of government services that are related to the livelihood of the people.

However, the Democratic Party also agrees that we are facing a very serious problem of fiscal deficit. Therefore, we suggest that the Government should manage the present financial resources of Hong Kong in a more comprehensive and macro manner, make the optimal use of idle funds and do not try to squeeze more from the taxpayers.

Therefore, the Democratic Party suggests that, in view of the huge reserve of our Exchange Fund, the Government should allocate more of the investment profit to the Treasury. By doing so, we may on the one hand increase government revenue, and on the other, obviate the need to cut our public spending too abruptly. And this will not have any adverse effect on the functions of the Exchange Fund or on the stabilization of the Hong Kong Dollar.

We think that the Exchange Fund should allocate a further half of its retaining share of its annual investment profit to the Government as the latter's general revenue, on top of the traditional practice of dividing such profit with the Government. But this extra allocation of profit should be capped at \$10 billion.

Section 8 of the Exchange Fund Ordinance (Cap. 66) stipulates that the Financial Secretary may, after consulting the Exchange Fund Advisory Committee, and with the prior approval of the Chief Executive in Council, transfer some money from the Exchange Fund to the general revenue. According to the law, we can do it this way.

According to the asset performance of the Exchange Fund during the past 10 years, the relevant assets have grown from \$300 billion in 1993 to over \$1,000 billion now.

The accumulated surplus of the Exchange Fund has grown from \$120 billion in 1993 to \$380 billion in 2003.

On the one hand, the Exchange Fund has generated very handsome income annually, yet the Government of the Hong Kong Special Administrative Region (SAR) has been complaining of tight finances since the reunification, simply because the annual investment income allocated from the Exchange Fund has been too meagre to alleviate the financial pressure of the Government.

During the years of tight finances, the Government in fact should allocate a greater share of the investment income from the Exchange Fund as its general revenue, provided the Fund has sufficient assets and surplus.

In 2003, the annual investment income of the Exchange Fund amounted to \$89.6 billion, from which only \$25.7 billion had been credited to the Government. The remaining portion amounted to \$63.9 billion. Such a huge

balance was substantially greater than the annual average remainder, which stood at about \$40 billion, after deducting the portion allocated to the Government.

Therefore, we suggest that the Government may take an extra half from this sum of money, which is about \$32 billion and should be capped at \$10 billion, as an extra profit share. This means that the Government would receive an additional \$10 billion as general revenue.

The Exchange Fund should still have, in fact, over \$50 billion as its income, and there should not be any change to its functions in guarding against raids by international speculators and stabilizing the Hong Kong Dollar.

The reallocated money is just the investment income of the Exchange Fund. I say that it is just the "income", and it does not involve its assets and investment principal. So it will not undermine the body of the Exchange Fund. In other words, we just make use of the "interest", but not the "principal".

The extra transfer from the Exchange Fund would not just facilitate freezing the allocation of funds to education, medical and social services at the present level without any reduction, but it would neither undermine the Government's determination in eliminating the fiscal deficit, nor would it reduce the Exchange Fund's capability in stabilizing the Hong Kong Dollar. This is because this proposal would just make use of the "interest" without touching the "principal". As for the various educational and community projects, they could still be implemented, thereby creating a "win-win" situation for both the Government and society.

Let me quote a saying from *The Muzi*, the works of Guanzi, "Don't worry that there is no wealth in this world. All one should worry is there may not be a suitable person to divide it." It means that, there is actually sufficient wealth in the world, yet the shortage arises just because the person in power cannot make good use of the wealth to address the needs of the people.

Madam President, actually the financial foundation of Hong Kong is still very robust, with its Exchange Fund being maintained at a very high level. Although the Fund has seen some slight downward adjustment, the Government has acted in the contrary direction. When the people are still leading a hard life,

the Government is now trying its best to find ways of introducing new tax items and cutting all kinds of public expenditure. This is completely contrary to the concept of "people-based governance" as mentioned in the beginning of the policy address.

Madam President, I so submit.

MR NG LEUNG-SING (in Cantonese): Madam President, in the policy address of this year, insofar as the economic aspect is concerned, the Chief Executive is mainly reaffirming the strategy, the way ahead and the positioning, which have been formed over the years. In short, it is the strategic direction of leveraging on the Mainland, engaging ourselves globally, capitalizing on our advantages, strengthening our core industries, deploying new knowledge and new technologies and moving up the value chain.

In fact, the Government of the Hong Kong Special Administrative Region (SAR) had, according to this strategy, provided a supportive policy environment for the future economic restructuring and further development of Hong Kong for a certain period of time in the past. The efforts include upgrading the standard of corporate governance by improving the relevant legislation, maintaining the fairness, openness and competitiveness of the free market as well as implementing various measures to protect investors. With the full support of the Central Authorities, the SAR Government has done very well in its work, especially in fulfilling the general strategy of leveraging on the Mainland. This includes the implementation of the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA) and the arrangement for mainlanders to visit Hong Kong on an individual basis. Also there is further and closer co-operation between the Mainland and Hong Kong in implementing large-scale infrastructural projects. While promoting the diversification of the financial services industry, such as promoting the development of the bond market and the funds business, we have also been able to secure the right for banks of Hong Kong to operate Renminbi (RMB) personal services. The syndicate in which I am working, namely the Bank of China (Hong Kong), has been appointed the clearing bank, thus laying a good foundation for Hong Kong in its future development as the offshore centre of RMB transactions.

Summing up these items of work of the SAR Government, we can come to a conclusion, that is, in a free economy, the so-called small government

operation should mean not interfering with the market operation on the one hand, while not adopting a complete *laissez-faire* on the other. The Government should position Hong Kong properly and grasp the developing trend while strengthening our co-operation with the Region, thereby providing a favourable macro policy environment for the market. Only in this way can the Government effectively facilitate Hong Kong's economic restructuring and promote further social development. In the face of the gradual improvement of the local economy (it seems that it will lead to a gradual economic revival) due to market adjustment and certain external factors, the policy address continues to stress our established strategy and positioning and grasping the macro direction, instead of indulging in some empty talk or emphasizing launching some innovative and special measures. This is obviously a suitable approach and shall prove to be effective.

One of the major chains of thought of the policy address is to consolidate the core industries of Hong Kong. I have been working in the banking sector for a long time, and have an in-depth understanding of the great changes that have occurred to one of the core industries — the financial services industry — in recent years. In the face of the economic downturn and the shrinking of traditional industries as well as the keen competition within the industry, the local banking industry has been striving to develop its professional and indispensable market-positioning products and services, thereby enhancing our customer relations management, raising operational efficiency, expanding profit sources, and gradually replacing the expansion through branch network expansion by electronic and online businesses. Many banks have even actively sought to turn their local businesses (including those in the Mainland) into regional and global operations. We can say that, in the face of changes in the market environment, the local banking industry has made fruitful achievement in the overall transformation and development of their businesses.

Looking ahead, CEPA as well as reforms in the mainland financial market will provide a major opportunity for the further development of the Hong Kong banking industry, and it will bring about greater room for the further development of local registered banks (especially recently some banks are applying for the status of local registered banks) in the Mainland. It is believed that many local banks will actively seek to explore the mainland market by way of acquiring stakes in mainland banks or by opening branch offices in the Mainland. In the meantime, conducting RMB personal services will also give the Hong Kong banking industry a broader dimension of business development.

From a macro perspective of market development, this will facilitate the building up of an offshore RMB clearing regime and system, thereby enabling Hong Kong to capture the early advantages in the development of international RMB transactions both within and beyond the Region. It will also lay a good foundation for Hong Kong in its development into an offshore centre of RMB transactions in the future. I hope that the governments and the regulatory departments of the Mainland and Hong Kong could continue with their close co-operation, so as to enable Hong Kong and the Mainland to benefit from the interactive development and reforms of the financial markets of the two places. In this way, mainland banks can be attracted to Hong Kong to establish foreign exchange trading centres on the one hand, and Hong Kong can eventually become an offshore RMB business centre on the other.

Apart from all of these, insofar as the infrastructure development of the financial market of Hong Kong is concerned, I think while we should maintain the regulatory framework which is highly efficient, stringent and of the required standards, I repeat, the required standards, commensurate with an international financial centre, the financial regulatory policy of Hong Kong should continue to be conducive to, I repeat, conducive to, maintaining the vigour of the market, and it should encourage innovation and new development, as well as avoiding the creation of unnecessary obstacles to market activities. In this way, all financial institutions, be they large, medium or small, could be given opportunities to compete and develop their business in a fair manner. Madam President, it is also necessary for Hong Kong to draw reference from the experience of other international financial centres to further rationalize the regulations in the legal and taxation aspects. I believe that, as long as the financial markets of Hong Kong could maintain a state of robustness and stability, and as long as we can maintain the regulatory framework which is both stringent and capable of maintaining the vigour of the market and further improve the existing regulations and taxation arrangements on assets and personal estates, Hong Kong will have the qualities to gradually become an international asset management centre, as proposed in the policy address.

Madam President, I so submit.

DR DAVID LI: Madam President, in the policy address, the Chief Executive rightly emphasized the importance of the financial service industry to the economic prosperity of Hong Kong.

Over the past year, the Administration has achieved notable success in enhancing Hong Kong's competitive position as an international financial centre.

Members of the Finance Functional Constituency have been pleased at the new-found vigour with which the Administration is pursuing comprehensive tax treaties with other jurisdictions. Such treaties will allow more business to be transacted through Hong Kong, stimulating the growth of the financial service sector.

On behalf of the Finance Functional Constituency, may I congratulate the Chief Executive for the important achievements of his Administration in concluding the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA) and clearing the way for Hong Kong banks to conduct Renminbi business.

Under CEPA, the majority of Hong Kong banks may now open branches and conduct business on the Mainland. This is a natural extension of the business of Hong Kong banks. Locked out of the Mainland before CEPA, local banks will now be able to support their customers as these customers expand their operations across the border to the Pearl River Delta and beyond.

Naturally, CEPA figured prominently in the course of my consultations with the Finance Functional Constituency on the policy address. I found universal praise for the initiative. I also found a high level of dissatisfaction with the scope of the existing agreement.

CEPA has indeed opened the door for Hong Kong banks to enter the Mainland. Yet, local banks find their treatment on the Mainland falls short of the treatment which mainland banks enjoy in Hong Kong. In particular, the high capital requirement to run a full-service branch will severely limit the ability of Hong Kong banks to expand their operations on the Mainland. Multiple layers of approval and long delays in the processing of applications are also of concern.

Members of the Finance Functional Constituency have expressed the hope that officials on both sides will make use of the new channels of communication opened up during the CEPA negotiations to explore how best to further reduce obstacles to commerce.

A greater role for Hong Kong banks on the Mainland will surely be a win-win situation. The presence of Hong Kong banks in more cities in China will stimulate the market for banking services on the Mainland and promote economic growth. Furthermore, growing ties with China will enhance Hong Kong's position as an international financial centre.

May I also make a plea to the Chief Executive to support the expansion of the Renminbi scheme on a step by step basis. For example, members of the Finance Functional Constituency have expressed the hope that the scheme could be extended to include restricted licensed banks and deposit-taking companies, once all parties concerned are confident that the scheme is working smoothly. This would bring all financial institutions in Hong Kong within the scope of the scheme and enhance their effectiveness.

Individual banks cannot extend CEPA or the Renminbi scheme on their own. We rely on our Government to negotiate with the relevant authorities. I trust that the Administration will take up our cause with renewed determination, for the good of all in Hong Kong.

The Finance Functional Constituency was also pleased to hear that the Chief Executive expressed concern about Hong Kong's slide towards an excessively tight and detailed regulatory regime. The growing administrative burden created by this slide is a complaint often voiced by the banking industry. Furthermore, excessive regulation and red tape are signs of fat Government.

We must remember that the cost structure of this Government is a fundamental issue weighing upon Hong Kong's competitiveness. The Chief Executive cannot speak of his concern for the high cost of doing business in Hong Kong, yet ignoring the cost penalty imposed by his Government.

The Chief Executive expressed sympathy with the public for being unable to bear further increases in taxes or reductions in social service payments. It therefore must fall upon this Administration to further increase the operating efficiency and reduce the cost of Government. A comprehensive plan of action is an urgent priority.

The Chief Executive spoke of the need to do a better job of listening to the concerns of the people. Therefore, the new policy announcements in the policy address have come in for particular scrutiny.

In his address, the Chief Executive announced his decision to form a Lantau Economic and Infrastructural Development Co-ordination Task Force, noting that a new container terminal may be built on Lantau. His decision contains the clear implication that a new terminal will be built on Lantau. Yet, the study examining the feasibility of future container port development — "Hong Kong Port — Master Plan 2020" — has yet to be released.

I urged the Government to listen to all views. Many in the Finance Functional Constituency question whether Hong Kong should continue to push forward container port development at this stage, particularly at a location removed from the existing facilities.

The Chief Executive himself spoke of high operating costs at our ports. We must remember that the efficiency levels of mainland terminals are improving day by day. Even if we are successful in reducing our costs, will the mainland ports stand still?

It had been expected that the Chief Executive would make an announcement regarding constitutional reform in his policy address. The decision to form a task force to liaise with the Central People's Government on issues relating to constitutional reform came as a surprise. Yet, it must be recognized that consultation with the Central People's Government is a logical first step.

The formation of a task force has brought this necessary consultation out into the open. Many have expressed concern that such consultation was not carried out earlier. But, is it not much better that the process will be carried out now, in an open and transparent manner? In this way, I believe, we will create the necessary conditions for a free and rational debate on constitutional reform. This debate will offer the people of Hong Kong their first opportunity to put forward their views on how they wish to be governed.

In all our deliberations, we should be guided by a single overriding concern: To promote Hong Kong's ability to flourish as a stable and prosperous society within a strong and dynamic China. Thank you.

MRS SELINA CHOW (in Cantonese): Madam President, after suffering from a series of blows ranging from the financial turmoil, economic restructuring,

deflation to the SARS outbreak, Hong Kong has experienced unprecedented hardships during the past few years. During this period, Hong Kong has endured extremely poor business in many different industries, and the hardest hit sector is none other than the wholesale and retail sector represented by me. Operators in the sector bore and survived the difficulties in these few years, and eventually they could see some early signs of economic recovery in recent days and the spending sentiment of the people has started to improve. In addition to this, the lifting of restrictions has prompted, large numbers of mainlanders to come to Hong Kong on individual visits. To the tourist industry, one of the pillar industries of our economy, this should be good news. However, amid such seemingly optimistic prospects, I can still see some hidden worries.

First of all, during the recent festive days of Christmas and the Chinese New Year, we could see that the consumption market was substantially more prosperous than that of the previous year. However, just as the operators of the industry started to air a sigh of relief, the Government now once again tries to revisit the subject of introducing the sales tax. This has made operators of the sector start to worry very much. In fact, the wholesale and retail industries, which are two interdependent industries, have been affected by dwindling business during the past few years. The improving business in the past few months is by no means adequate to compensate their losses. Furthermore, landlords are poised to launch a new round of rent increases. These are indeed warning alarms for the industries. If the Government proposes this unwelcome sales tax on the ground of eliminating fiscal deficit at this juncture, it can by no means achieve the effect of giving the industries adequate time to recover. Here, I do not intend to rehash the reasons of my objection to the sales tax, which I have mentioned repeatedly in this Council. All I want to do is to quote the viewpoints of an economist, Mr LAM Boon-lee, expressed in one of his articles. He thinks that the sales tax would not be able to stabilize the tax revenue of the Government because local personal spending had dropped 12% during the five years after 1997, whereas the total retail sales volume had plummeted by 25%. If the sales tax was collected during this period of time, the revenue so generated would drop at the same time as the spending of the people dwindled. What is more, it is most likely that the sales tax would prompt more Hong Kong people to make spending across the boundary, thereby undermining the consumption market of Hong Kong.

Madam President, as I have already said that, I do not intend to carry on with the debate on the pros and cons of the sales tax. I believe we shall have

ample opportunity to explore the subject in great depth when it comes to the debate on the Budget. I just hope that the Government will not address the issue on a predetermined position. Nor should it come to any conclusion just from a theoretical or accounting perspective. Instead, in consideration of the need to maintain the overall financial strength of the Government and to bring the entire community to share this commitment, the Administration should allow people from different classes and sectors of the community to have adequate discussion on this issue which will have a far-reaching impact on the local economy and the livelihood of the people of Hong Kong.

The Chief Executive declares in the policy address that we need to ensure that Hong Kong has a good business environment. In fact, this is no novel concept. Mr TUNG has made the pledge to "a favourable business environment" in nearly each of his policy address. In the policy addresses of 1997, 2001, 2003 and this year, it was particularly mentioned that it was necessary to improve the licensing mechanism, streamline procedures, lift over regulation, and strive to cut red tape that is related to the operation of businesses. The Liberal Party has in this Council also made repeated requests on the Government to simplify legislation, streamline licensing procedures in order not to create obstacles to business opportunities. However, unfortunately, so far the reforms desired by us have seen no positive progress.

A rationale, commonly known by everyone in the private sector regardless of their positions, and the truth of it is well appreciated by all is, "Time is money." However, this rationale is not at all prominently covered in government rule books. This is especially evident in some regulations which involve many departments and complicated exchanges of documents, and in particular, certain licensing procedures usually cannot stand the "user friendly" test. It was only after years of hard campaigning before restaurant operators successfully made the Government adopt the provisional licensing mechanism, which is a fundamental change from the past situations of not getting a licence after having submitted an application for more than 10 months. However, such a reform has not been extended to other service industries such as cinemas, amusement centres, and so on. We are still receiving incessant complaints. My I request the Financial Secretary to make good use of his four-in-one composite committee to actively review some regulations and scopes which are badly in need of reform in the light of the good measure of administration in my

view. By doing so, it will expedite the reviews of regulations of various sectors, so as to eliminate outdated and inappropriate provisions, simplify formalities and shorten procedures, thereby saving social resources and fees. All of these will really be conducive to business, and will really stimulate investment sentiments.

Madam President, we have heard the Chief Executive and the Chief Secretary for Administration pledge more than once that they will not hastily or casually proceed with the enactment of laws, and that they will examine whether they can amend or repeal certain outdated regulations. However, while their words have hardly been forgotten, things have already turned in the opposite direction with none of the old regulations having been abolished. Yet new regulations that will affect or undermine business operation are introduced through the release of numerous consultative documents. Such consultation documents are formulated by different Policy Bureaux, undoubtedly with good intentions. However, they have usually overlooked the realistic situations and difficulties in the markets. As a result, the operators who are most affected are at a loss as they have no way of lodging complaints. I would like to urge officials to adopt an open mind in order to understand the viewpoints of the operators as far as possible, and then try to mediate conflicts with a tolerant attitude. I hope that the Government can make it a standard practice to conduct regulatory impact assessments. So in consultative documents on new policies or legislation, officials have to list clearly the costs for introducing such new policies or legislation. Only by doing so can we get the opinions that can best balance the interests of different parties and that are most cost-effective.

Madam President, in closing, I would like to say a few words for the tourist industry. Firstly, I would like to declare that I am the Chairman of the Hong Kong Tourism Board (HKTb). I would like to take this opportunity to thank the Government, the Legislative Council and people from all walks of life for their support and commendation for the HKTb. Recently, we agree that individual visits by mainlanders have brought new life and business opportunities to Hong Kong. However, very few people have mentioned that the achievement in this regard has really been the fruit of the hard efforts made by the Chief Executive, Mr TUNG Chee-hwa. During the past few years, he has personally done a lot of work in pursuit of this. Even now, he is still working persistently to strive for the inclusion of other markets in the Individual Visit Scheme.

Driven by the tourist industry, the service industries are showing very bright prospects. But may I lay a little reminder here: the SARS outbreak last year and the avian flu should make us realize that the tourist industry is very vulnerable to outside impact. Apart from working hard, in the face of more and stronger competitors, we have to continue making investments if we want to maintain our leading position. Affected by the fiscal deficit, the reduction of resources is a reality that the HKTb has to face. I hope the Government and the Financial Secretary can give us their kind consideration and the Legislative Council grant us its generosity in this regard.

Thank you, Madam President.

MR LAU CHIN-SHEK (in Cantonese): Madam President, on behalf of the Hong Kong Confederation of Trade Unions (CTU), I would like to speak on the labour and economic policies in the policy address.

Since Mr TUNG assumed office, he has been reminding us every year in his policy address that Hong Kong has to restructure into a knowledge-based economy so as to maintain its competitive edge amid globalization. The CTU has also been reminding the Government that in the course of restructuring, we have to look after the workers and the public at the grass-roots level to prevent polarization of the community that will affect the stability of society and eventually drag down the pace of restructuring.

Madam President, with the rapid economic development in neighbouring regions (especially mainland China), Hong Kong is now facing an increasingly fierce competitive environment. We have to race against time and move further ahead. I believe that with the advantage of Hong Kong in its system, together with the flexibility and adaptability of Hong Kong people, even if we encounter various difficulties in the process of restructuring, we would finally be able to solve them all. However, how can we make sure that those workers with a lower educational level, under the knowledge-based economy, still have the opportunity to participate in meaningful labour and to earn reasonable remunerations? I think that this is where our genuine challenge lies.

Structural unemployment has already spread to clerical workers at the middle level, and the wage level of grass-roots workers will naturally be sliding in tandem. The gap between the rich and the poor has further widened. Hong

Kong, among the advanced economies, has already become the area with the widest gap between the rich and the poor. In the trend of development over the past few years, the picture of a metropolitan city and a slum being co-existent in Hong Kong has gradually formed. If government officials think that this phenomenon is common in places all over the world and thus is not significant, I believe some day we will have to pay a very heavy price for this extreme social imbalance.

Madam President, in view of the prevailing trend of development, the International Labour Organization proposed in 1999 the concept of the right to decent work, and the CTU has also urged the Government to make this an item on the policy agenda on many occasions. Unfortunately, even though the government officials have not turned a deaf ear to this, they definitely have not given due attention to this.

In order to ensure that everyone is given the opportunity to enjoy the right to decent work, one of the prerequisites is sufficient employment opportunities. The CTU has been requesting the Government, when the unemployment rate is high and the environment in the job market is poor, to make use of public money to create short-term jobs. I hope that the Government will not take this as a way of reaping benefits and thus taking a sloppy attitude in meeting the target. In fact, every position created by the Government not only means assurance for the livelihood of a worker and his family, but it also conveys a very important political message to the public: the Government and the community will not abandon those people in hardship. This message helps to strengthen the coherence of the community and stimulate various strata of society to work together in tiding over the difficulties. This kind of help will be far more than that can be achieved by the public money expended.

Madam President, the Government has already decided to extend over 11 000 short-term positions. Unfortunately, a few thousand temporary workers will still be abandoned. I believe we still have the capacity to create more positions, for example, for purposes of strengthening community care, improving community environment, and so on. I hope that the Government can give a second thought in this regard. Besides, many non-government groups have also proposed the development of green industry, such as recovering and recycling, which can create tens of thousands of basic level positions. This proposal has been put forward for many years. I hope that the officials in charge can exert more efforts in implementing it.

This year, the policy address has proposed a trial scheme to assist young people to become self-employed, which I am giving my cautious support. Young people can accept new things readily and their trend acumen is definitely stronger than seniors like us. By giving them proper assistance in self-employment, they may discover some development opportunities which the senior generation fails to notice. Self-employment, of course, entails greater risk and this warrants caution in implementation. I believe that the experience of the business sector will certainly help, and I hope that those conscientious in the business sector can make some contribution to this trial scheme.

Madam President, employment opportunities alone are not enough. At the same time, we request that every job should carry a reasonable reward. I do not know whether Members have ever thought about the life of a cleaning worker who performs cleaning duties, or a caretaker who is responsible for the security of your building? If you know that they can only earn a meagre income, living from hand to mouth, will you feel easy even if your living environment is very clean and tidy? Can you set your heart at ease even if public order is nicely maintained? I hope the saying that "wages be determined by the market" will not become an easy excuse for our indifference to the people around us.

Madam President, even though the minimum wage system is still very much an issue of controversy in the community, I believe the public should absolutely not allow the Government to create poverty with public money. In 2000, the Government altered the tendering criteria for outsourcing of services and added the employment conditions of workers as one of the factors in considering the award of contracts. In these few years, the result of this measure has gradually emerged. For example, the Government Property Agency has already switched to the three-shift system in its management services outsourced. The wages of the outsourcing workers have also been improved. The efforts of colleagues in various government departments are commendable to the public. However, for some publicly-funded departments and subsidized organizations, for example, the Housing Department, the Hospital Authority, universities, two railway corporations, and so on, we still do not see any progress in this regard. There have even been signs of retrogression in the wages of workers of cleansing duties and security services in some housing estates. I hope the Government and various organizations can address this squarely.

The other problem that has to be addressed is the increasingly long working hours. At present, nearly 750 000 people in the workforce work more than 60 hours every week. Long working hours will not only affect family lives, but also increase the chances of industrial accidents and reduce work efficiency. Worldwide governments and employers/employees agree that this is a serious problem, and are working together to study and implement various working hour reduction options beneficial to all parties concerned. I hope that Hong Kong will not be an exception in this regard, still staying in the centuries-old sweat and toil market in this 21st century.

Madam President, in the past six months, the Hong Kong economy has indeed seen some improvement. It is generally forecast that the economic growth this year will be pretty satisfactory. However, while the face economic figures have turned well, I think the Government should not treat the prospects of the people's livelihood very lightly. It is because the existing unemployment rate and semi-unemployment rate are still very high, and over 300 000 people in the labour force continue to face a difficult plight in employment. We can say that the "severe winter" of workers in general is not over yet.

I wish to reiterate my position to the Government that the economic and financial policy of the Government at present must be premised on "stability". In other words, the premise should be "stability in employment", "stability in people's livelihood", while solving the deficit problem should be placed in the secondary position.

About one month later, Financial Secretary Henry TANG will announce his first Budget since he assumed office. I hope that the Budget can follow the direction of "stability" and "allowing the community to take a respite and build up its strength", and avoid making any radical move in cutting expenditure and increasing tax. Only in this way can there be stabilized popular feelings and social stability.

Thank you, Madam President.

MR LAU WONG-FAT (in Cantonese): Madam President, in the absence of any high expectations among the general public, Mr TUNG Chee-hwa, the Chief Executive emphasized again in his second policy address during his second term of office that he would do his best in enabling the community to take a respite

and build up its strength. From an optimistic point of view, this remark symbolizes a change in the thinking of Mr TUNG after concluding his experience gained in governance over the past six years. If that is really the case, we can expect to hear more good news in the Budget of the new financial year which is about to be released.

Allowing the community to take a respite and build up its strength is not any innovative thinking of governance or new economic policy. This idea was actually implemented back in early Western Han Dynasty and made an unprecedented success, thus giving rise to a flourishing age of Han Dynasty which gained great fame and high prestige. During the Lunar Chinese New Year holidays, I revised this period of Chinese history. While admiring the wisdom of ancient rulers, I also compared it with the situation of Hong Kong. I found that although the two periods are so far apart in time, there are still some parallels between the two. "Look into history, and we can catch a glimpse of its vicissitudes". The administration during the reign of Emperor Wen and Emperor Jing, which is acclaimed by historians as the dynasty when people were leading the most happy lives, merits our reference in many aspects indeed.

In early Western Han, when the empire had just been consolidated after many years of war, the economy was in the doldrums, the state coffers were drained and the masses lived in abject poverty. The state policy was thus changed from "governing by doing nothing that goes against nature" to "taking a respite with the community". Emperor Wen and Emperor Jing brought this policy into the fullest play. After 40 years of implementation, the community achieved unprecedented stability and prosperity. One of the important tenets of "taking a respite with the community" is low taxation. In order to alleviate the burden of peasants and to give them breathing space to build up strength, he radically halved the rent for farmland, reduced the poll tax by two thirds, subsequently even further waived the tax on agricultural land for 12 years, and lent seeds of five grains and rations to poor peasants. Emperor Wen loved his people like his children. He practised frugality himself and set an example of a ruler who worked selflessly for public interest.

Is the so-called "allowing the community to take a respite and build up its strength" as proposed by Mr TUNG referring to the same thing? If it is, then he still has to put more efforts in alleviating the hardships of the people. Members of the public will be looking forward to this with high hopes. I can still recall that in the policy address last year, the most urgent task was to solve

the problem of budget deficit and it was stated that one means of addressing the deficit problem was tax increase. With the departure of the former Financial Secretary, the new Financial Secretary, Mr Henry TANG, has decided to postpone the timetable of eliminating the deficits. In the policy address this year, Mr TUNG also said that "We will considering what people can realistically bear. We will seek to strike a careful balance between reducing the fiscal deficit and safeguarding people's livelihood".

Madam President, it is a good thing that a ruler can learn from lessons and make a fresh start. The reunification of Hong Kong coincidentally met the outbreak of the Asian financial turmoil. The economic fortune was reversed, every single sector was hard hit and the public had to face a difficult plight. If the Administration had positively pursued the policy of allowing the community to take a respite and build up its strength at an early stage, the situation of Hong Kong might have been very different.

"Governing by doing nothing that goes against nature", "not to be so as to be". "Let things take their own course" does not mean inactivity in anything, nor does it mean doing nothing at all, but to follow the nature in doing things, without effecting any unnecessary intervention. However, some government officials are just too keen to show off their ability that they are not satisfied with following the rules and regulations. They thus initiate some unnecessary moves. Mother-tongue education, the policy of 85 000 housing units, the acoustic barrier of Tolo Harbour, and Harbour Fest are examples of wasting human efforts and public money, and they all ended up in a mess despite the good intentions originally. Can we not learn a lesson from these?

Last year, the Government increased taxes on the grounds of reducing fiscal deficit. It is actually a back-paddling policy, dragging the feet of economic recovery or slowing down its progress. Now that although the situation has been rectified to a certain extent, the Administration should avoid changing its policy too frequently. Emperor Wen and Emperor Jing persisted in implementing the policy of "taking a respite with the community" for decades and made great achievements eventually. At present, the economic recovery of Hong Kong is gaining momentum. However, according to the experience over the past few years, it is difficult to predict if there will not be any hiccups in the future. We cannot be overly optimistic about this. The Administration should stick to its position in implementing the policy of "taking a respite with the community". It should not change the policy concerned under the temptation of reducing fiscal deficits.

Madam President, after the reunification, there have been problems in politics and human relations which, of course, are affected by many factors. But one of the major defects is the aspiration of turning the Government into one of high achievements, in disregard of the actual situation and the acceptability of the public. New measures were introduced continually, or charges made to the original arrangements, thus causing incessant interferences and finally a quagmire. All were hard but thankless jobs. As Lao Tse in *Dao Te Ching* said, "I will do nothing (of purpose), and the people will be transformed of themselves. I will be fond of keeping still, and the people will of themselves become correct. I will take no trouble about it, and the people will of themselves become rich." If Mr TUNG can understand this tenet, genuinely pursue the policy of "taking a respite with the community", and achieve "governing by doing nothing that goes against nature", the glorious reign under Emperor Wen and Emperor Jing may appear in Hong Kong someday.

Madam President, I so submit.

MR HUI CHEUNG-CHING (in Cantonese): Madam President, the policy address pointed out at the outset that we should seize opportunities to expedite restructuring. This is a very important line of thinking in boosting the Hong Kong economy. At present, the greatest opportunity before us is the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA). We should grasp the opportunity well in order to expedite restructuring of the Hong Kong economy. As stated in the policy address, looking ahead, the most pressing task of the Government is to implement the various arrangements under CEPA in time. I urge the Government to make some arrangements to enable the business and professional sectors of Hong Kong to gain a deeper understanding of the opportunities brought by CEPA. This includes the expansion of the scale of production in Hong Kong, the relocation of factories back in Hong Kong and the development of various concessions and business opportunities in the mainland market. The offices in the Mainland under the Trade and Industry Department of the Government and the quasi-government institutions like the Hong Kong Trade Development Council, the Hong Kong Productivity Council, and so on should assist Hong Kong people and professionals to develop their businesses in the Mainland. At the same time, these institutions should step up publicity among overseas and mainland businessmen on the CEPA concessions that they can enjoy in making investments

in Hong Kong, in order to attract more production processes to land in Hong Kong. In regard to conducting publicity and business promotion activities in the Mainland, we can consider extending the business promotion activities presently organized in co-operation with the Pearl River Delta (PRD) to other provinces and cities. Besides, the Government should continue its negotiations with the Central Government on lowering the threshold for Hong Kong professions to enter the Mainland, stepping up the recognition of various professional qualifications, as well as striving for the second-stage arrangements for implementation of zero tariff for trade in goods, and so on. It should continue the negotiations with various provinces and cities concerning the strengthening of co-operation under the framework of CEPA, such as developing closer economic partnerships between Hong Kong and Shanghai, between Hong Kong and Beijing, and the like. This can help to explore better market opportunities for those industries enjoying a dominant position.

In past proposals submitted by the Hong Kong Progressive Alliance in respect of the policy address, we did emphasize that the role of Hong Kong in the PRD should be strengthened. That is, the competitive edge of Hong Kong should be integrated into the overall development of the PRD. At present, the Government should co-ordinate with Guangdong Province on some sort of division of work in infrastructure and logistics among Guangdong, Hong Kong and Macao, so as to avoid any severe competition among each other. At the same time, Hong Kong should also enhance its edge in logistics and transportation, and enhance its facilities. I am very pleased to see that the plan of constructing a Logistics Park and Container Terminal 10 (CT 10) on Lantau has been mentioned in the policy address. This is very important to maintaining the status of Hong Kong as a logistics centre and an international shipping hub. The Government should expedite the pace of such development.

Concerning the development plan of the Value-Added Logistics Park on Lantau, as far as I know, the Economic Development and Labour Bureau has only sent 500 questionnaires to the logistics sector so far to consult their views. There is no certainty as regards the siting, the construction schedule and the mode of development. I hope the task force headed by the Financial Secretary can speed up the work concerned, as the air, sea and land logistics sectors of Guangdong Province have seen rather high speed development in terms of infrastructure and ancillary facilities. Hong Kong cannot afford a slow pace.

Besides, in enhancing the competitiveness of the port of Hong Kong, in addition to the idea of building CT 10 on Lantau, in strengthening the port infrastructure of Hong Kong, the Government and the industry concerned should, considering the size of ocean-going vessels in future and the increasing demand in draught, continue to improve the standard of port facilities in Hong Kong. The Government should also, from the perspective of long-term port development, review the existing mechanism of developing container terminals in Hong Kong and negotiate with the related sector on matters like reducing the terminal handling charges.

The international airport in Huadu of Guangzhou will be commissioned within this year. I agree with the policy address that we have to fully exploit the advantages of the Hong Kong International Airport in its geographical location, standard of infrastructure and client network. We have to progressively liberalize our air services regime, and commence the division of work with Huadu and various airports in PRD so that we can complement each other.

On the other hand, the main reason for our cost in freight transport being higher than that of Shenzhen is the high cost in our cross-boundary land transportation. People in the import/export trades find that whenever cross-boundary freight carriers are involved, the transportation cost will surely be several times higher than that of the Mainland. Therefore, the Government has to discuss with the Mainland on how to improve the standard, charges and efficiency of cross-boundary freight facilities. We also have to strengthen the clearance capacities at our land crossings in order to reduce the cost of cross-boundary freight. In addition to the Shenzhen Western Corridor now under construction, the Government should also construct the Hong Kong-Zhuzai-Macao Bridge as soon as possible, commence the study on the Guangzhou-Shenzhen-Hong Kong Express Rail Link and open negotiations with Guangdong Province again on this. At the same time, it should commence the study on the construction of rail transport facilities connecting the boundary crossings and the container terminals of Hong Kong, and to strengthen the associated connecting facilities of local and mainland railway transport. This includes the consideration of adding railway links to the Hong Kong-Zhuzai-Macao Bridge and the future Shenzhen Western Corridor. In enhancing the clearance capacities, apart from implementing the co-location arrangement upon commissioning of the Shenzhen Western Corridor, the Government should also study as soon as possible the gradual extension of the co-location arrangement to

various existing boundary crossings by improving the existing boundary crossings and building connecting transport facilities.

The policy address proposes the launch of the Digital Trade Transportation Network System in 2005 which should brook no delay. I have asked the Government many times to implement arrangements like "logistics pipelines" and electronic cargo manifest for advance clearance. At the end of last year, the customs authorities in the Mainland and the Customs and Excise Department of Hong Kong reached a consensus on the mutual recognition of labels for inspected tobacco and liquor and other inspection information, with a view to speeding up cargo flow. This merits our affirmation. Besides, the policy address reiterates continued support for the small and medium enterprises, and this deserves our commendation. The Government should also closely monitor the economic environment and the operation of various finance schemes so that the amount of subsidy and guarantee of loans can be adjusted accordingly in time.

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

MRS SOPHIE LEUNG (in Cantonese): Madam President, the theme of the policy address this year is "Seizing Opportunities for Development Promoting People-based Governance". Generally speaking, I subscribe to the targets and philosophy espoused in the address and think that this is a pragmatic and acceptable policy address. Some people hold that this policy address lacks new ideas and thus dismiss its value. My view is that the SAR Government has set "promoting economic restructuring" and "staying close to the community in governance" as the key areas of its work this year, and this is very much in line with the actual situation of Hong Kong presently. I believe the Government's attention to these two aspects is responding to the public expectations of the Government. Therefore, I deem that the direction of the policy address merits our recognition.

However, I will raise a few points for discussion, in the hope that the Government can face them squarely.

Firstly, as regards reviving the economy and improving the business environment, it appears that no concrete policies have been proposed in the policy address.

In fact, insofar as the manufacturing industry is concerned, the Government has already got a clear development objective. In paragraph 28, the policy address says, "Since the signing of CEPA..... Our own enterprises are exploring the location of high value-added production processes in Hong Kong and some traditional manufacturing industries now have the opportunity to re-launch locally. We particularly welcome the development of the more competitive, high-technology manufacturing industries in Hong Kong. We will make policy adjustments to facilitate as necessary." This is a quotation from the original text.

Take our textile and garment industry as an example, under CEPA and the circumstances that the quota system will be abolished globally, its space of development is much greater than before. Then what will the Government do to tie in with the development of the industry? There is no answer in the policy address. In fact, at many different venues in recent years, including this Chamber, I have time and again expressed that since the hollowing out of the manufacturing sector, the difficulty faced by the industry is mainly the serious shortage of low-skilled labour.

Recently, for instance, a friend from the industry reflected to me that he wanted to expand the factory in Hong Kong. However, since he was unable to employ a technician in paper patterns, the plan of expanding the factory was thus thwarted.

Because of this, I have already written a letter to the Administration to reflect the situation and ask for the design of training courses to cope with the needs of the industry in respect of individual work types, so as to prevent training from becoming divorced from the real world. I also hope that the instructors responsible for training possess abundant practical experience, instead of only paying lip service. They should be able to inculcate their apprentices with the latest knowledge. I am saying this because I feel that some instructors (actually a lot of instructors, Madam President) themselves do not quite understand the practical situation of the industry and are short of enthusiasm towards the industry. However, they have taken up the training job which brings them handsome remunerations. When they only teach some basic skills without going into the depths, the apprentices thus trained up will naturally fail to meet the needs of the market. And those who are intent on joining the trade will also lose their interest in receiving training. With the technical fault becoming wider and wider, the result is an intensifying hollowing out of the manufacturing industry.

Similar cases of "policies failing to meet actual needs" are very common. The above is only one of the examples. At the same time, I would also like to emphasize that most people in the industry reckon that our overall business environment is far from satisfactory. For example, there is too much regulatory control on business operators and too little information on the world market. Recently, there is an example in the industry that an operator has to run away in the face of various unfavourable factors. What are the reasons? It is because the Government has full monitoring on the operator on the Hong Kong front. However, when the importing country had to investigate whether it had any monitoring on the operator, the Hong Kong Government was stuck and was unable to produce evidence. Eventually, the goods concerned had to be held up at the port of the importing country. As the cumbersome red tape of government departments often delays the operation, investors have a lot of misgivings. It is particularly so when most of the enterprises in the industry are small and medium enterprises. Their ability in dealing with unnecessary and over-elaborate formalities and in risk bearing is very limited. Thus, if their business costs are increased, the competitiveness of Hong Kong products in the global market will be indirectly reduced.

I am very glad that the Government understands the concern of the industry in that respect. As paragraph 17 of the policy address points out, ".....there is considerable scope to improve our business environment..... Relative to neighbouring regions, our business costs are still too high." This is also a quotation from the original text.

It has also stated clearly that even with the preference brought by CEPA, operators may not be able to set up works in Hong Kong. Because there are restrictions in some basic operational conditions which the industry may be unable to solve by itself, even though it has the intention to do so. These require effort by the Government on the policy level. Besides, the tariff saved under CEPA may not be able to balance the fill between the business costs of the two places.

Therefore, I expect, in the coming year, the Government will put forward concrete measures shaped by the thinking of business promotion and provide a desirable business environment which is flexible, up to date and aggressive — do not mention the slogans of the '80s again. Such measures should include fighting for favourable conditions in the next round of negotiations with the

mainland departments on tariff free products, so that the industry can fully realize their potentials.

Secondly, in promoting economic restructuring, I expect the Government to be aggressive and proactive, discarding the positive non-intervention approach which is unfavourable to development.

When I read the policy address in detail, I found that it had made many allusions to the Government "facilitating" this or "co-ordinating" that. However, I reckon that at present, since places all over the world are fighting for capital which is mobile, if we only passively do some co-ordination work without taking the initiative to map out a comprehensive economic strategy, analysing the merits of rivals in the competition, setting a target, defining a clear vision on how far we can go, and attracting investors from all directions with a comprehensive strategy, I am afraid the original space that we can explore will also be lost to the others, not to mention outcompeting the rivals in realizing the target set in the policy address, that is, developing Hong Kong into "Asia's world city".

In my opinion, we have the conditions to be proactive, it all depends on whether we are determined or not. It is because our country will be the core of the economy in the future. In 2003, the national economic growth reached as high as 9.1%. It is both the world factory and an enormous market of consumer goods. Hong Kong is leveraging on the Mainland. It is a threshold over which capital flows into the country and the country walks towards the world. In addition to this, we possess a good legal system, an entrepreneurial spirit which is energetic and highly adaptable, a simple and low tax regime, and rich experience in international trading. However, all these have not been brought into full play as they are being blocked by the hurdles put up by the Government. Indeed, with these good qualities, we have a strong competitive edge over the neighbouring cities and countries. Whether it is the manufacturing industry or service industry, I believe that we have solid potential for development. It all depends on how we are going to grasp the opportunities.

Recently in the community, there are a lot of discussions on a topic. People hope that the Government can agree to set up, or at least to explore the feasibility of setting up a border industrial zone, integrating the competitive edges of both China and Hong Kong for promoting the growth of Hong Kong economy. This proposal has gained the support of different political parties.

But it is a pity that the impression left to us to date is that the Government is evading an expression of its position. It does not state its stance clearly towards this proposal, but instead, only waiting for the future co-ordination. However, it seems that the Government does not know what it is waiting for. Until it can no longer wait, it may handle the case or may even shelve it. It is most puzzling that the Government is now incorporating this immediate economic proposal into the 2030 long-term planning of Hong Kong. In fact, it is only being dished up in a new form.

I think the Government should, with a positive attitude and using new thinking, consider different views, explain the pros and cons of different proposals and lead the public to discussion. It should take the initiative to negotiate with the departments concerned in the Mainland and map out a proposal which is beneficial to both China and Hong Kong. It should assist the economy to restructure in the direction of high value-addedness and high intellectual input, thus enhancing the industrial foundation of Hong Kong and improving the economic structure which is now overly reliant on the service industry.

Thirdly, in the process of developing into a knowledge-based economy, we, of course, have to put in more efforts in fostering a just and caring society.

International social service organizations are seriously concerned about the negative impact of economic development on social cohesion and the burnout caused on the social service sector. The experience of advanced countries like the United States, or even those in Europe, tells us that when a society develops towards a knowledge-based economy, the unemployment rate of people with lower educational level will sustain. It is because most of them are unable to engage in jobs of higher knowledge content, while the number of conventional positions suitable to them diminishes. The unemployment situation will be worsened with globalization of the world economy.

As the unemployed lose their social network, various kinds of social problems will arise, thus consuming the social service resources which are already tight. As a result, the well-being of numerous families may be affected. The welfare expenditure will increase in tandem as we should provide a safety net to help those in need. Since the fiscal deficit will thus be further aggravated, the general public may have to shoulder a heavier tax burden. From this, it can hence be seen that if the unemployment problem is not dealt with properly, social harmony and cohesion will be damaged.

Therefore, to consolidate social harmony and stability, I think we should implement the policy of "employment priority". However, from the entire policy address, apart from setting aside \$1.2 billion to implement three employment measures — which I think are only stopgap measures — that include extending temporary posts, extending the Youth Work Experience and Training Scheme and assisting young people to become self-employed, other concrete employment measures are lacking.

Although I still have reservations about the above measures in enhancing the skills of workers to enable them to help themselves in future employment, I will not rule out the importance of these measures. It is because, to the grassroots, these measures are better than nothing and at present, they are necessary. However, in the long run, if we are to solve the unemployment problem, I think we can start with a few measures.

The first measure that we can consider is to provide an enabling environment. This is the creation of abundant business opportunities as I often mention. By creating more opportunities of self-employment and employment, the public can have a fair chance to participate in work. At the same time, the Government should encourage a positive working spirit, change the current culture of putting too much emphasis on academic qualifications and income level in disregard of personal potentials. It should assist those with lower educational level to build up their confidence, with a view to reducing their reliance on the Government and assisting them to work in society again.

The other measure is to strengthen the development of industry and the manufacturing sector, absorb people with lower educational level in Hong Kong to join the production line with a large amount of technical positions. This approach will derive some middle-level positions from the lower level, as what Hong Kong people need now are middle-level positions. Some attractive jobs like management and market promotion will then be provided to the young people so that various strata of society can have the opportunities to realize their strengths, while they can share the fruit of economic development.

Besides, it is the development of new impetus, broadening the sources of income for the entire economy. Hong Kong is an international city where East meets West. It is also full of talents with creativity, while its products and the multifaceted lifestyle are renowned globally. If we strengthen the development of these edges, Hong Kong will have great potentials to become a world

landmark of creativity. Achieving the status of a creative city, it can provide more employment opportunities to the public.

I would like to point out that the economic value brought by the realization of creativity can be astonishing. We may simply think of "erhu" as a kind of Chinese musical instruments. It has a very long history and has been regarded as old men's toy. But nowadays, say next week, we will see a number of lady Members of the Legislative Council modelling themselves as erhu players during the performance. Before today, how many people were keenly appreciative of erhu music? Was there any market in Japan? Nowadays, almost in every audio-visual shop in Hong Kong and in Japan, we can hear or see a mainland female group playing Chinese music brilliantly on erhu. Their fans in Japan are deeply appreciative of their music. What are the hidden elements of this?

Madam President, as regards broadening sources of income and reducing expenditure, it may not be possible to reduce expenditure in Hong Kong, while broadening sources of income is not necessarily to be achieved by taxation. We should rather do this by expanding the economic domains.

Madam President, I so submit. I hope the problems thus raised can induce more discussions and thinking.

MS LI FUNG-YING (in Cantonese): Madam President, in the past year, Hong Kong has experienced great changes. There were the outbreak of Severe Acute Respiratory Syndrome (SARS), the sustained high unemployment rate, the 1 July march in which there was a public eruption of discontent to the existing situation and the high voting rate in the District Council Elections. Even more, we are also hopeful that the economy will recover under the full support of the Central Government. After experiencing these changes, the lights along the Victoria Harbour of Hong Kong are even more brilliant. The fireworks shooting out from the top floors of famous buildings in Central have brightened up the harbour, attracting numerous members of the public and visitors to stop for a look. I hope that these are good signs for the future of Hong Kong. However, looking into the future, Hong Kong still has to face a lot of challenges and tests. The SARS and avian flu viruses have now revived in the neighbouring areas. Can economic recovery benefit the vast grassroots? What is the direction of constitutional development? All these concern the well-being of us and our next

generations. The policy address of the Chief Executive this year has, apart from continuing the tune of reviving the economy, basically not responded to the needs of changes in society.

There are three main subjects in the policy address. According to the titles, they are "seizing opportunities to expedite restructuring", "meeting the challenges of globalization" and "staying close to the community and improving governance". Here, I would like to focus on two main subjects, namely seizing opportunities to expedite restructuring and meeting the challenges of globalization. Actually, they are the two facets of one question, when the Chief Executive said in a previous chapter, "Relative to neighbouring regions, our business costs are still too high. Our human resources do not yet fully meet the demands of industries requiring advanced technology, rich knowledge content and high added value." Given the prevailing social conditions of Hong Kong, the "intensified competition, corporate restructuring, loss of jobs, more poverty and the marginalization of certain communities" as mentioned by the Chief Executive in a later chapter are the natural result. The Chief Executive thinks that this is what places all over the world are facing. He said, "Globalization has aggravated poverty generally in many places around the world and we are no exception."

I do not subscribe to the view of the Chief Executive. Hong Kong is an exception, in that the gap between the rich and the poor is exceptionally wide in Hong Kong. According to the Human Development Report 2003 released by the United Nations, when the Gini co-efficient representing the wealth gap showing 100 as the most extreme case, the figure of Hong Kong stands at 43.4. Not only has it surpassed the locomotive of globalization — the United States, where the figure is 40.8, it has also surpassed some European countries like Germany, where the figure is 38.2, France, being 32.7 and the United Kingdom, being 36.0. Among the four little dragons in Asia, with the exception of Taiwan which has not been mentioned in the Report, Hong Kong is also in the first place, while the figure of Singapore being 42.5 and that of South Korea being 31.6. The fact reflected by these figures is that if Hong Kong is not the area with the widest wealth gap among the developed areas, it has already attained the front rankings on the list. I have to add that this Report of the United Nations has only taken the 1996 data of Hong Kong for comparison. And according to the report on population census released by the Census and Statistics Department (C&SD) of the SAR Government in 2001, the wealth gap of Hong Kong has further worsened compared with that in 1996. This question

cannot be played down or even be rationalized simply by a remark of the Chief Executive, that this situation is "general in many places around the world".

The Chief Executive said that he expected to see sustained economic growth and a continued decline in unemployment rate this year. He also thought that the economic prospects of Hong Kong are optimistic. I do not doubt whether we should take an optimistic outlook on the economic prospects of Hong Kong, but are the prospects of the livelihood of the general public being optimistic? According to the statistics released by the Government in January 2004, the unemployment rate for October to December last year had already gone down to 7.3% from the peak of 8.7% in the middle of the year. Notwithstanding this, there are still 250 000-odd people unemployed, while 110 000-odd people in the workforce are underemployed, totalling 300 000-odd people. These figures are still very high. Besides, even though the unemployment rate has adjusted downwards now, it has been due to the reduction of wages of wage earners. According to the figures released by the C&SD at the end of December last year, calculated in nominal terms, the average wage level in September last year went down by 2.1% compared with the same period of the previous year. Madam President, I want to say that even for a temporary job with \$4,000 or \$5,000 a month at present, workers have to beg hard for it. As far as economic growth is concerned, since the direction is now high value-added and high technology, it is difficult for the grassroots to share the fruit of economic growth.

Although the Chief Executive has pointed out the problems in the policy address, he has, however, evaded finding any solution to the problems. For example, the Chief Executive announced that the Financial Secretary would re-establish a higher-structured Economic and Employment Council by combining and reorganizing a few committees. However, the work of this Council is still narrowly framed around the thinking of promoting economic development, increasing employment opportunities, and giving advice to the Financial Secretary on these matters. But it will not touch the deeper economic and social problems mentioned by the Chief Executive in the policy address.

Another example is that the Government positively indicated that it had to establish a qualifications framework and to promote employment training, in order to cope with the demand for human resources in a knowledge-based economy. However, I would invite the Chief Executive and our Bureau Directors to ask a sales person in a retail shop, or a waiter in a restaurant, or a

security guard in a housing estate, how many hours they work daily? How many days do they work weekly? How much spare time can a worker find to pursue further studies or to add value to himself when he has to work six days a week and more than 10 hours each day? I dare not say that it is not possible, but it is definitely not an easy task. If the system is devoid of any matching measures on working hours or wages, it will be very difficult for the existing million-odd grass-roots workers to benefit from the learning ladder. On the contrary, this may only add to their employment and living burden, thus leading to more social problems. In the 2001 policy address, the Chief Executive proposed to set aside \$5 billion for the establishment of a Continuing Education Fund. It was originally designed for non-degree holders in the workforce. However, since the response was not so enthusiastic, the scope had then been extended to cover degree holders. Back then, I did not agree with the Government. One of the reasons was that the Government had not done any study, or basically it was not willing to study, on the unenthusiastic response from non-degree holders. Now, the qualifications framework mentioned in the policy address for promotion of employment training is, in my opinion, repeating the same mistake as the Continuing Education Fund.

The policy address has acknowledged the problem of aggravated poverty, but the Comprehensive Social Security Assistance (CSSA) is used to tackle this problem. This is a totally irrelevant answer. The main reason for aggravated poverty is the fruit of economic growth being highly concentrated in the hands of a minority, thus widening the gap between the rich and the poor and giving rise to aggravated poverty. As mentioned in the policy address, CSSA can only provide a safety net to assure a basic standard of living. It is not relevant to aggravated poverty and wealth disparity in society. In order to narrow the wealth gap and to relieve aggravated poverty, what we have to do is to review how the redistribution mechanism on economic achievements in society can be adjusted to a more reasonable level, and that is the feasible method.

Madam President, I emphasize here that I do not intend to drag the hind leg of the Government in speeding up economic restructuring, neither do I want to ask the Government to give away free lunches to the grassroots. However, if the community is to develop healthily, there must be a benchmark and some measure of justice. That means we have to strike a balance and to uphold justice. The Chief Executive reckons that "real economic growth is the key to effectively tackling structural unemployment." I am not as optimistic as the

Chief Executive because economic recovery under the new economy is not as good as the old economy in creating a large amount of employment opportunities. Besides, the phenomena of impoverishment and marginalization as pointed out in the policy address will also emerge. When the wealth gap widens, it will only bring more uncertainties to an unstable Hong Kong community.

Madam President, the title of the policy address is "Seizing Opportunities for Development Promoting People-based Governance". However, in the text of the policy address, I do not see much people-based content. What I do see is the emphasis on capital, which is most worrying. I so submit. Thank you.

MR HOWARD YOUNG (in Cantonese): Madam President, during the past year, just as the economy of Hong Kong started to show some signs of revival, we were unfortunately plagued by SARS. As a result, our economy once again plummeted to a rock-bottom level. The tourist industry was the hardest hit industry. This policy address delivered by the Chief Executive aims at responding to the aspirations of the people, namely, to promote the development of the economy, to allow the community to take a respite and build up its strength, to improve governance and to properly plan political arrangements for the future. The Liberal Party thinks that, on the premise of allowing the people to take a respite, the Government should try to minimize unnecessary regulation of the business environment as far as possible.

However, not regulating the business environment does not mean not caring about it at all. Last year, when SARS broke out, tourism, being one of the four pillar industries of Hong Kong, had become one of the four most affected industries. Thanks to the SAR Government for launching a \$11.8 billion plan as a measure to rescue the market after taking on board the suggestion made by the industry. Such relief measures include waiving the various licence fees and setting up a \$3.5 billion Guaranteed Loans Scheme for four hardest hit industries for emergency cash flow relief. Regarding the application procedures and formalities, the Government had also responded very promptly to opinions put forward by the industry by reviewing and further improving the procedures. As a result, among the 1 500 successful applications for loans totalling \$3.5 billion, over 200 were submitted by people of the tourist industry. If the Government had not made the decision resolutely in response to the aspirations of the industry, I really believe that many companies would have

closed down and a lot of employees would have been dismissed. In recent years, it has become a trend for the people to criticize the Government for all kinds of issues, but from an objective point of view, the above government measure is really a good one, which really deserves our recognition and commendation.

I would like to talk about issues related to the Individual Visit Scheme for mainlanders. After the SARS outbreak, in order to inject a driving force into the economic development of Hong Kong, the Central Government opened up many provinces and cities to allow their residents to come to Hong Kong on individual visits, and signed the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA). Mrs Selina CHOW has mentioned just now that, the Chief Executive or the Government must have made great efforts in making this possible. We think they deserve recognition in this aspect. The tourist industry hopes that, apart from striving for the inclusion of other cities of the entire Guangdong Province into the Individual Visit Scheme by May as scheduled, the Government should also strive for the opening up of other provinces and cities with the right conditions to allow their residents to come to Hong Kong on individual visits.

Ever since the Central Authorities allowed mainland residents to come to Hong Kong on individual visits, our economy has shown some obvious signs of revival. The increase in the number of tourists has injected an impetus into the consumption market, especially the retail sector and the restaurant business, which have seen growth in turnover. In addition, the Renminbi bank cards will soon be in use in Hong Kong. All these will help to bring about a full-scale economic revival. I must mention in passing that, some people, including those working in industries directly related to the tourist industry, such as hotels, travel agencies or airlines, have told me that though they have benefited substantially from the Individual Visit Scheme, their benefits are still relatively minimal when compared to those of other industries, such as the restaurant and retail industries. Some people in the hotel industry even say that since the introduction of the Individual Visit Scheme, their occupancy rate has increased by 1% only.

At present, the Individual Visit Scheme, with the exception of Beijing and Shanghai, is mainly for cities in Guangdong Province. Residents from Guangdong Province usually travel to Hong Kong through land crossings, and they may arrive and leave Hong Kong on the same day, if they wish to. Therefore, the demand for hotel accommodation, airline and even travel agency

services are not too keen. Now, mainland visitors coming to Hong Kong on individual visits are mainly those who have visited Hong Kong before. Therefore, they know Hong Kong to a certain extent. As such, relatively less of them will choose to join some highly popular programmes such as local package tours in Hong Kong. In this connection, the tourist industry hopes that the Individual Visit Scheme can be extended to cover some more remote cities which have great potential and high spending power, thereby benefiting more industries within a wider scope. In order to facilitate the arrival of residents from such more remote cities to Hong Kong, the Government should pursue the rights to operate more transport services between the Mainland and Hong Kong, including trains and flights. In fact, our neighbouring rivals have all begun to actively seek to develop more flights to and from the Mainland. For example, Singapore announced last month that it would operate three flights weekly to and from Shenzhen. This proves that everyone is enthusiastic in tapping the extensive mainland market. We hope that the Government can actively strengthen the air link between the Mainland and Hong Kong in order to promote the tourist industry of the two places.

As regards relaxing the restrictions on the scope of business of mainland and Hong Kong travel agencies, this issue has been only partly addressed, but not fully, in Phase I of CEPA. This is because, under the present arrangements, the travel agency industry of Hong Kong is one of the industries which can operate business as sole proprietorships or joint ventures in the Mainland. However, the business scope is confined only to the provision of travel services in the Mainland. We think that the Government should strive for the relaxation of such restrictions on behalf of Hong Kong travel agencies in the future. When the Government implements CEPA or extends the arrangements further, it should, on behalf of Hong Kong travel agencies operating in the Mainland, strive for the rights of providing out-bound services for mainland travellers. In this way, we can make good use of the professional knowledge of Hong Kong travel agencies to provide "one-stop" travel services for mainland travellers. This could on the one hand promote the travel industry in the Mainland, and on the other, provide greater scope of business development for Hong Kong travel agencies. In the meantime, this could also strengthen the status of Hong Kong as a travel hub.

On improving tourist facilities, it is anticipated that travellers on individual visits will continue to increase. So, the SAR Government should, and we agree as well, expedite the implementation of tourist infrastructural facilities which

have already been put on the agenda. For example, efforts in identifying new tourist resources should not be relaxed. The Government should actively explore new sight-seeing spots, including the West Kowloon Cultural District, Aberdeen Fishermen's Wharf and upgrading the Ocean Park, and so on. Besides, we should encourage the establishment of more international mega amusement facilities in Hong Kong, such as projects like the Universal Studio, which were mentioned in the past. As to the Chief Executive's suggestion that we will draw on the experience to actively plan and support the holding of more cultural activities with local characteristics, we in the tourist industry will support it. At the same time, the Government should actively improve the matching facilities at the boundary land crossings, the boundary infrastructure and matching transport facilities at Lo Wu and Lok Ma Chau, relax the clearance time limit at both Man Kam To and Sha Tau Kok, increase the frequency of through trains and through buses, so as to expedite the implementation of the system of "co-location of immigration and clearance facilities". The Government should even study the possibility of extending the round-the-clock clearance service (already implemented at Lok Ma Chau) to other crossings.

The proposal on the construction of a cruise terminal has been mentioned more than once already. It is high time for the Government to finalize plans for the cruise terminal, which has been under discussion for such a long time. The business of cruise travel has been developing very rapidly in the world. According to the statistics provided by the Hong Kong Tourism Board, about 230 000 tourists arrived at Hong Kong on cruises in 2001, which accounted for an increase of nearly 15% over the corresponding figure in 2000. It is forecast that such figures will continue to go up. According to my personal estimation, the actual number of such tourists arriving in Hong Kong should be higher than the announced ones. If Hong Kong has a world-class cruise terminal with comprehensive facilities, an even higher increase in the number of arriving tourists could be recorded. Every year, some luxury cruises will pass by or come near to Hong Kong, yet they do not call on the Hong Kong port, or simply give up stopping here. It is not because Hong Kong lacks any appeal. Instead, it is simply because there is no terminal large enough in Hong Kong for such mega cruises to berth. The only terminal for ocean liners is the Ocean Terminal, which seems to be inadequate now. Recently, a press report said that the most luxurious ocean liner in the world, Queen Mary II, originally scheduled to call on the port of Hong Kong in March next year, may have to give up the plan simply because there is no suitable berth here. Besides, some super ocean

liners weighing over 100 000 tons can only berth at container terminals at Kwai Chung. Of course, we also know that, the Hong Kong Government has been making great effort in this aspect. Without a proper cruise terminal, Hong Kong seems to have fallen short of its status as an international metropolis, and we may become a ready laughing stock just because of this.

The Hong Kong Government may consider encouraging the use of the container terminals, which are not fully utilized now, for the berthing of ocean liners at a fee level determined with reference to the rate charged by the Ocean Terminal on a temporary basis. This would enable some larger ocean liners to berth in Hong Kong waters. Although this may not be the ideal place for receiving tourists, at least it would provide a place at which such liners could berth, and in the meantime, we will not lose these high-spending visitors. In the long run, we should not delay anymore. We should expedite the implementation of the construction project of another cruise terminal to provide more berthing places, and we should enhance our competitiveness by reducing the berthing charges.

On attracting more visitors coming to Hong Kong. In order to further stimulate the growth of the tourist industry, the Government should negotiate with the governments of other places in order to simplify the procedures which may restrict their nationals from visiting Hong Kong. For example, the nationals of India or some Middle East countries are still required to apply for visas to Hong Kong. Meanwhile, we should speed up the construction of more convention and exhibition facilities, so as to attract more international conventions and exhibitions to Hong Kong. In this way, we would be able to consolidate Hong Kong's status as an international convention and exhibition centre, thereby luring more business travellers and high-spending travellers to Hong Kong on business trips and shopping sprees.

Lastly, in view of the recent outbreak of avian flu in a number of neighbouring countries and regions, we hope the Government can learn the painful lessons from the last SARS outbreak and put contingency measures in place, and step up immigration quarantine checks in order to achieve the target of "zero infection". In this way, we can make Hong Kong the safest place with great fun, a lot of scenic spots, plenty of gourmet food, many pleasurable activities and numerous sight-seeing places.

I so submit.

DR PHILIP WONG (in Cantonese): Madam President, focusing on economic restructuring, globalization and improving governance, the policy address this year strives to enable the people to take a respite and build up their strength again. The Chinese General Chamber of Commerce which I represent approves of and supports the policy address.

To begin with, I agree to the various measures proposed in the policy address to improve the business environment. As everybody knows, the past one year was most extraordinary, in the sense that it was marked by negative economic growth, the grim struggle of small and medium enterprises for survival and a high unemployment rate. Such a predicament was caused both by objective factors such as the overall climate of world recession, the bursting of the bubble economy, the structural fiscal deficit and the unexpected onslaught of SARS, and also by internal constraints and the Government's policy blunders. Fortunately, however, we were able to witness how Hong Kong had benefited from its unique advantage under "one country, two systems". At our worst times, the Central Government took vigorous steps to support and rescue Hong Kong, introducing a whole series of timely measures such as CEPA, the Individual Visit Scheme and permission for Hong Kong to operate RMB banking business. All these measures have produced positive effects, bringing direct benefits to Hong Kong and providing it with renewed impetus for economic recovery. Since the second half of last year, our tourism, catering, hotel, retail, transport, logistics, manufacturing and export industries as well as our financial and producer services have all been showing signs of recovery; the property and stock markets have also picked up after a long-standing decline. In brief, the economy has rebounded after years of sluggishness. It is expected that in the future, the Central Authorities will continue to formulate various policies and measures to support Hong Kong. The Mainland is going to host the Olympic Games and the Expo, and the development of western China is in full swing, so it can be anticipated that more and more money from mainland private enterprises and international capitals will flow into Hong Kong. They will provide immense help to all trades and industries and hopefully increase the revenue of our coffers, thus ridding us of deflation and reducing the unemployment rate.

At this very time when Hong Kong is showing signs of recovery after years of extreme adversities, we must still bear in mind that conflicts in society are both complex and volatile, and that the structural economic problems cannot

possibly be overcome within a short time. The Government will continue to face the heavy pressure resulting from a huge fiscal deficit, the spread of avian flu, and so on. And, while some middle-class people will still be tortured by the problem of negative assets, the life of the lower strata is very difficult. I hope that the Government can seriously draw a lesson from the experience of the past few years; it must adopt a genuinely people-oriented approach and pay real heed to the people's plight, striking a prudent balance between eradicating the fiscal deficit and improving the people's lot. Care must be taken not to increase the people's burden as much as possible, so that all social strata can recuperate and rebuild their strength. At the same time, the Government must also grasp the current opportunity, step up communication with the relevant departments of the Mainland, and co-ordinate with the Pearl River Delta and other regions as quickly as possible on such matters as the construction of railways, highways, bridges and boundary clearance facilities, the expansion of the Individual Visit Scheme, the implementation and extension of CEPA, particularly a lower threshold for access of local professionals to the Mainland. It should also listen to as many views as possible on these matters and be more prepared to consider and accept the reasonable proposals of the industrial and commercial sector and the professions. How best Hong Kong can possibly give full play to its unique strengths in the course of supporting the Mainland's all-out attempt to attain a modest level of affluence is indeed a subject that warrants the serious consideration of both the Government and the community at large.

Second, I am of the view that the measures on setting aside funds for extending temporary jobs and enhancing job training to ease unemployment are certainly good but still inadequate. The Government must not be over-optimistic about the overall employment situation; it must realize that despite a recent drop, the unemployment rate is still on the high side. If, despite all the gradual economic improvements, many people and families are still very much discontented due to the impacts of prolonged unemployment, or layoffs and pay cuts, social stability will be at stake. The Government should do everything feasible to properly implement all the arranged initiatives, increase the potency of economic recovery, improve the structure of the economy and the composition of the workforce, rectify the situation of manpower mismatches, create a mechanism of fair and open competition and stimulate manpower demand in various trades and industries, with a view to creating more job opportunities. Special efforts must also be made to solve the employment and training problems faced by youngsters and those with low qualifications and skills.

Last year, I initiated the Project Rising Sun, a mainland employment scheme for local university graduates. The project aims to offer sponsorship as a means of encouraging fresh graduates of local universities to work in the Mainland for one year, so that they can get to know the operation and business strategies of mainland enterprises, thereby enriching their experience, broadening their outlook and increasing their adaptability and competitiveness. The universities and I have been closely following the progress of the project, trying to understand the graduates' work conditions and needs in the Mainland. We all think that this project is very meaningful to the promotion of economic integration and young people's exchanges between the two places. There will be a substantial increase in the quota this year, and it is also hoped that the project can receive the attention and support of the relevant government departments and sectors in society.

I believe that the economic growth of the Mainland will continue to be strong, so the prospects for Hong Kong in the next several years will be quite promising. As long as the various sectors in society and the Government can apply their wisdom and regain their past perseverance and enterprise, we will be able to overcome the temporary difficulties and build up a firm foundation of economic growth. Hong Kong is the home of all of us. We must treasure the current opportunity and double our efforts to improve our home, so that the greatest possible number of people can be enabled to gain maximum practical benefits from economic development and social harmony.

Madam President, I so submit.

MR TOMMY CHEUNG (in Cantonese): Madam President, Hong Kong has experienced deflation for 62 months in a row, but both the Chief Executive and the Financial Secretary have each made an optimistic projection recently. I hope that their prophecy on the local economy can really come true: deflation will become history this year.

The pace of economic recovery hinges on whether Hong Kong can maintain its competitiveness, attract inward investments and create new jobs. When employees can make a living, they will be willing to spend money on goods and services and purchase properties. Economic revival will then automatically follow.

For this reason, I very much welcome the Chief Executive's reiteration in the policy address that the business environment must be improved, and that a number of committees will be merged to form a high-level body. The Chief Executive has also appointed various persons from the political, commercial and academic sectors to advise the Financial Secretary. I hope that the new mechanism can really improve the business environment and enhance employment.

It is an incontestable fact that rents and wages in Hong Kong are high. But the catering industry still has to face the additional pressure exerted by other problems. In the following part of my speech, I wish to discuss the reasons for the sustained high operating costs of the catering industry and its proposals.

Wine duty

It is a pity that the Financial Secretary has just left the Chamber; he knows much more about wine duty than I do. Anyway, I still wish to point out that following the increase of *ad valorem* duty on wine from 60% to 80% in 2002, the prices of wine in Hong Kong have become the highest in Asia, putting the tourism and catering industries in a most disadvantageous position. The impact has been felt particularly in tourist areas, where wine is sold not only in Western restaurants and hotels but also in many Chinese restaurants as a means of attracting a wider range of customers. The high duty on wine will surely slow down the recovery of the catering industry.

The first thing many customers do when patronizing a food establishment is to look at the prices on the wine list, because from the categories, vintages and origins of the wines available, they can easily know whether the prices are high or low. Once a tourist notices that the wine prices in a certain restaurant are much higher than those in other places, then no matter how reasonably priced the foods are, he will inevitably think that everything in Hong Kong must be very expensive. Such an impression, once formed, will inevitably reduce tourists' desire to spend money in Hong Kong.

Therefore, we very much hope that the Government can abolish the duty on wine, that is, reduce the *ad valorem* duty to zero percent.

I am sure the Financial Secretary will surely know that a zero duty on wine is in keeping with Hong Kong's "low tax" or even "no tax" policy, and will enable both local people and tourists to enjoy quality wines from different

countries at lower prices. And, a zero duty on wine will also help boost the business of food establishments. When proprietors can make more profits, they will pay more in profits tax, so their overall contribution to the Treasury will increase correspondingly in the long run.

Private kitchens

The year before last, when the Government announced the framework for regulating private kitchens, the catering industry dismissed the whole rationale, saying that it was seriously wrong to require licensing for those located on commercial premises while exempting those located on residential premises.

Fortunately, the Government eventually rectified the situation by amending its proposal. It is now required, first, that private kitchens must not be operated on residential premises. Second, a private kitchen operating on commercial premises shall continue to enjoy certain licensing exemption relating to operation within a specified period of time and a specified customer size. This is a proper approach, because there will thus be equal treatment for all in the industry, and unfair competition will not arise. However, I still wish to remind the Government that it must not take enforcement actions against unlicensed food establishments on a selective basis lest this may result in a situation under which only private kitchens, but not other types of food establishments, are spared such actions.

Trade Effluent Surcharge and appeal mechanism

The legislation concerned was enacted in 1994, and the levying of the surcharge commenced in 1995. The catering industry has since dealt with many persons at the helm. Before the reunification, it was the Secretary for Planning, Environment and Lands; after the reunification, it was for one time the Bureau Director of the Planning, Environment and Lands Bureau; then came the Secretary for the Environment and Food, and now it is the Secretary for the Environment, Transport and Works. There have so far been five or six Bureau Directors. Every time, after I had talked to any of these Bureau Directors, every time after I had talked to any of them, they were transferred soon afterwards, and this new Secretary, Dr Sarah LIAO of the Environment, Transport and Works Bureau, has been the only exception. Anyway, during all the discussions, I was invariably given a very clear message: If the Financial Secretary does not give the "green light", it will be very difficult to reduce the

surcharge. Therefore, I very much hope that the Financial Secretary can accept the views of the industry and really examine whether the surcharge is unfair.

Why do I say that the surcharge is unfair? The levying of the Trade Effluent Surcharge is based on a chemical oxygen demand of 2 000 g. Most of the food establishments, more than 90% of them, have filed appeals, claiming that they do not discharge so much effluent, and most of the appeals are substantiated. That is why I say to Members that the mechanism is unfair.

The Government will naturally argue that anyone who thinks that the mechanism is unfair can file an appeal. But the appeal procedures are very cumbersome. For 90% of the food establishments, the costs of appeal are far higher than the Trade Effluent Surcharge they have to pay, so all these food establishments are practically forced to make payment. This explains why some 80% of the revenue from the Trade Effluent Surcharge is paid by the catering industry.

I think it is high time that the Government conducted a review. It is now 10 years into the implementation of the ordinance concerned, and Hong Kong people in general and employees in the catering industry in particular have become much more aware of environmental protection than before. So, it is time to conduct a review on the surcharge to determine whether a 2 000 g chemical oxygen demand should continue to be adopted as the criterion. The whole appeal mechanism should also be reviewed and improved, so as to make appeal costs reasonable and accurately predictable.

Labour insurance

Another vexing problem for the catering industry recently is labour insurance. Although the number of industrial accidents in the catering industry and their seriousness have both been declining year after year, with even a double-digit decrease in each of the previous three years, labour insurance premiums have nonetheless gone up against this very trend. In the case of some food establishments which obviously did not have any record of occupational injuries in the past one year, their premiums have still been increased by 100%. That insurance companies dare to increase premiums so blatantly is entirely due to employers' legal obligation to take out labour insurance policies for their employees. Certainly, and understandably, Mr Bernard CHAN representing the insurance sector will argue that it is because insurance companies have been incurring losses in this business.

Employers should doubtlessly protect their employees, but one must also admit that there are loopholes in the Government's policy. Whenever insurance companies are not satisfied with the profits they are making, whenever their business results are poor, or whenever they incur losses elsewhere, having to pay more compensation in a certain industry, they will try to fleece employers, for the latter are obligated to take out labour insurance policies. This has increased business costs.

If the Government does not address this problem squarely, then in the case of some individual employers facing soaring operating costs (some operators of food establishments have reflected to me failures to take out insurance), employees will be victimized in the end.

Anti-smoking

It is stated in the policy agenda that the Smoking (Public Health) Ordinance will be amended this year to bring forth a larger smokeless environment in work and other public places.

The catering industry naturally supports the idea of a smokeless working environment. Nevertheless, I wish to remind Members that a total ban on smoking in food establishments will actually deal a blow to the business environment of the catering industry. The Government keeps saying that this will improve the business of the industry, but in Hong Kong, there are more than 10 000 food establishments involving so many investors, so if this is really conducive to the business of food establishments, they will definitely go ahead without being asked. No matter what, a total ban on smoking in food establishments should be implemented for reasons of its wholesome effect on public health, on the health of everybody, and on employees. Even if a price has to be paid, the catering industry still agrees that this is its social obligation, one which they are prepared to share.

However, the catering industry does have one request: It will be able to absorb the negative impacts of a total smoking ban only when there is genuine economic recovery and sustained prosperity. Actually, in California of the United States, the measure was also implemented under such circumstances.

The existence of non-smoking areas in food establishments now can already satisfy the demand of non-smokers. Many food establishments have also started to introduce of their own accord, a total smoking ban, a total ban. I

am convinced that the market should be left to make regulation on its own. Food establishments themselves will decide whether to ban smoking, having regard to the needs of their customers. There is no need for any legislation, and food establishment proprietors will suffer less that way.

Importation of talents

Hong Kong is noted for the abundance of cuisine from different countries, but when it comes to China, where there are 29 provinces, only the cuisine of a few places are relatively well-known. The people of Hong Kong and tourists have so far been denied any chance to try the special cuisine of more remote places.

Therefore, we very much welcome the Government's inclusion of catering industry in the Admission Scheme for Mainland Talents and Professionals last year, whereby food establishments are permitted to employ talents with special skills from the Mainland. This is what the Liberal Party and I have been fighting for over the years. We are thus very thankful to the Government for implementation of this policy.

Finally, I hope that the Government can really show its sincerity. It must not say that it wishes to improve the business environment while allowing bureaux and departments to run counter to its policy in licence issuance and enforcement. I shall discuss this problem in other sessions of the debate.

I so submit. Thank you, Madam President.

MR LEE CHEUK-YAN (in Cantonese): Madam President, Mr LAU Chin-shek, Chairman of the Hong Kong Confederation of Trade Unions (CTU), has earlier discussed the labour issues on behalf of the CTU. I will only raise two more points on the labour issues, and will then say more on the economic aspect.

The first point concerns the unemployment problem of the construction industry. The present unemployment rate of the construction industry is still standing at 20%. I know that the construction industry, be it the employers or workers, has exchanged views with Mr Henry TANG to see how the unemployment problem in the construction industry can be solved. The

strategy employed by the Government has all along been: the problem can be solved with \$29 billion. In fact, with \$29 billion, the problem can still not be solved. In the past, we also had \$29 billion. No matter it was \$27 billion, \$28 billion or \$29 billion, we had that amount in the past. However, under the investment condition in the past, why was the unemployment rate in the construction industry still very high? The reason was actually very simple. For a lot of large-scale projects, no matter tens of billions of dollars or one to two billion dollars were involved, the capital was usually used for procurement of materials, while a limited amount would be used for hiring workers. Therefore, even the projects were large in scale, they might not help much in solving the problem.

The other major problem is (Perhaps the government officials present today do not represent their respective Bureaux. However, Mr Stephen IP is here, and I hope he can give a helping hand.) the disappearance of all the small-scale projects, particularly those left behind by the Urban Council and the Regional Council? As far as I know, the problem is that some projects had already been decided for implementation in the past, but now there are new problems. For those projects confirmed by the Financial Secretary for construction by the Leisure and Cultural Services Department (LCSD), the maintenance in future will be the responsibility of the LCSD. In that case, the recurrent expenditure will be greatly increased. This has thwarted the LCSD, because whenever a project is about to be constructed, the LCSD has to consider whether it can cope with the expenditure in future after completion. Therefore, it is this policy which renders these projects being shelved. I hope to have a clearer response in this aspect. In fact, is it the reason which renders a lot of projects being shelved? If minor projects cannot go ahead, the unemployment rate in the construction industry will continue to worsen. Therefore, I want to particularly point out that the unemployment situation in the construction industry is still very serious. I hope that the Government can particularly deal with that.

The second point concerns the labour aspect. I would also like to talk about the employees' compensation insurance problem mentioned by Mr Tommy CHEUNG just now. I know that while I was away from Hong Kong, that is during the Chinese New Year, the Government proposed to conduct a consultation on the imposition of a cap on employees' compensation insurance. Now I have to tell Mr Stephen IP clearly: Do not think about this. We have to consider those who suffer injuries at work, family members of those who passed away in industrial accidents or family members of the injured. They have to maintain their living with the compensation. Therefore, if a ceiling is set on the

amount of common law compensation, this will have a great impact on the right and interests of the victims and the claimants.

On the other hand, I always say that — Mr Bernard CHAN also knows that — as they find the business so difficult, simply do not toil themselves and let the Government do it. I have been advising them not to carry on with the difficult business. Why should they toil themselves? The insurance companies say that they get only minimal profit. While this is so, that minimal profit is not easy to get. However, even though it is not easy, the Government will still have to do it. Therefore, it is better to let the Government do it. In other words, the approach of setting up a central compensation insurance scheme should be adopted. Central employees' compensation is the best method, and this is the position that I have been advocating.

On the labour aspect, these are the two points that I mainly want to mention. Next, I would like to talk about the direction of economic development of Hong Kong. In the policy address, the direction of economic development is clearly stated. In paragraph 7, it says, "leveraging on the Mainland, engaging ourselves globally, capitalizing on our advantages, strengthening our core industries, deploying new knowledge and new technologies and moving up the value chain". This is the strategic direction with the aim of promoting Hong Kong as Asia's world city.

I find that there is no problem with either the slogan or the direction. However, having gone through the entire policy address, I think that what can really be achievable is only leveraging on the Mainland. What can really be achievable is to say that everything will rely on the Mainland. This can really be achievable. Why? It is because with the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA) and Individual Visit Scheme, all these can really be achievable. With CEPA, there will be investment opportunities, while the Individual Visit Scheme brings more mainlanders to Hong Kong. However, in terms of really developing the advantages of Hong Kong, when we look at the following text, all is about making our own efforts. When we make unremitting efforts to improve ourselves, the Government will support us accordingly. Nevertheless, we do not know what to do. Therefore, in regard to the direction of economic development as mentioned in the entire policy address, my impression is that, despite all the remarks, there is only one thing that can be achievable, and that is "leveraging on the Mainland" which is a concrete policy. However, in "capitalizing on our advantages", there is nothing to write home about.

In my view, this will give rise to a crisis. When the entire society of Hong Kong gradually develops, it will only remember to look northwards and will forget to retain its roots. This direction of development is very dangerous. When Mr TUNG comes here and when he refers to anything, he will say: Look north. Let us rely on them.

However, if we always look northwards, leveraging on the Mainland, then where should the development advantages of Hong Kong go? If we keep on relying on the Mainland, our advantages will disappear. In regard to CEPA, the greatest danger is that it will speed up economic restructuring, particularly the northward movement of the service industry. This will speed up the movement of capital and talents into the Mainland, and answers the theory of transfer of key elements as suggested by Prof TSANG Shu-ki. That is, all the resources, meaning capital and talents, will move northwards. However, after the key elements have moved away, what will happen to our advantages? Will Hong Kong lose its advantages? If Hong Kong loses its local edges, what will be left eventually? Besides, those who cannot move northwards — people with medium-to-low educational level, in particular, are not able to move northwards — can only rely on the advantages of Hong Kong for survival.

Therefore, insofar as the overall development direction is concerned, I want to remind the Government that there is a danger: We have forgotten to retain our roots, forgotten that our local advantages need to be developed, too. The Chinese Medicine Port is a very obvious example. Singapore has already done it, but Hong Kong has not. Then Hong Kong has one less industry for competition. If it keeps on like this, what will be left for Hong Kong?

The other issue that I would like to mention is that, apart from the development direction, Mr Henry TANG has made a new move this time around. It is to close the Task Force on Employment and have it combined with other bodies to form an Economic and Employment Council. If the purpose for this is that it will, when discussing economic policies or how the economy is going to develop, bring up the employment issue and also discuss whether the development will have positive or negative effects on employment, we will support it. However, I am concerned that the real reason for that move is different from what I thought — when considering economic development, we consider employment as well. The real reason for scrapping the Task Force on Employment is that the Government does not know how to solve the unemployment problem, nor does it want to discuss the unemployment problem of workers anymore. It thus, as I said recently, sweeps it under the carpet.

What the Government is doing presently is not sweeping it under the carpet, but throwing it into the rubbish bin before setting up an Economic and Employment Council. When it talks about economy, this subject will be discussed very loudly. But when it talks about employment, this subject will be mentioned very softly, just in passing. Will that be the situation? Mr Stephen IP is shaking his head. I hope he really means it. Let us wait and see. Besides, I do not know how that Council with 33 members can operate, as this can be described as a big Council. I reckon the final result may be these task forces or groups offsetting each other. The functions of them will be dissolved in the process. And finally, what is left is what Financial Secretary Henry TANG wants to say. His words may be the only thing left. However, I really hope that it can achieve one thing, that is, considering the employment factor in the context of the economy.

Finally, I would like to mention one more point. In fact, the Government still has a method to stimulate the economy and local consumption — I do not know whether the Government can take the lead in introducing a five-day working week system in the Civil Service and publicly-funded organizations. This has actually been mentioned in a previous policy address. However, it was later nipped in the bud unknowingly. Thus, I mention this again and hope that the Government can furnish a response, saying that they had undertaken to study the five-day working week system in a previous policy address. And now, will they carry out this study? If yes, not only will this be beneficial to local consumption, but will also be beneficial to the Hong Kong economy.

Thank you, Madam President.

MS MIRIAM LAU (in Cantonese): Madam President, the policy address of the Chief Executive this year is entitled "Seizing Opportunities for Development Promoting People-based Governance".

Following the formal implementation of CEPA, Hong Kong and the Mainland have entered a new phase of economic co-operation. The further economic integration of the two places will not only bring opportunities to the logistics industry of Hong Kong, but also enhance its position as the regional logistics hub. However, the emergence of various ports in the Pearl River Delta (PRD) in recent years, especially the rapid development of Shenzhen port, has posed huge potential threats to the port of Hong Kong.

It has recently been reported in the media that the Guangdong Provincial Government is considering the idea of slowing down the construction of container terminals in Shenzhen. Some thus think that the Guangdong Provincial Government and the Central Government are trying deliberately to accommodate their economic policies to the conditions of Hong Kong. But I do not think that one should draw such a simplistic conclusion, because given the fact that Hong Kong and the PRD have become an integrated whole, there is a need to look at the economic development of the two places from a holistic perspective. Besides, if the two places do not make any conscious effort to achieve co-ordination between themselves, and if they simply scramble for gains and compete with each other viscosely, both of them are bound to suffer in the end.

I am very pleased to learn from the Chief Executive that the Mainland and Hong Kong have in fact reached a consensus on co-ordinating the development of container terminals in Shenzhen and Hong Kong. However, while a consensus may have been reached, nothing has so far been said on the future development directions of the two places, on their existing facilities, and on any division of work. Some are afraid that the allusion to consensus may just be empty talk, and others fear that the policy set down may not be followed by the lower authorities. The industry is actually extremely worried about the prospects of Hong Kong's freight transport industry due to the completion of more and more berths in Shenzhen. When there is a large enough demand for freight transport, both Hong Kong and Shenzhen will naturally be satisfied, and we need not be jealous of Shenzhen for its high freight transport volume, or even a double-digit growth. As long as our freight transport can continue to grow, we should be satisfied that Hong Kong is already doing well. However, when demand shrinks, it is obvious that Shenzhen will take away some of Hong Kong's share. Actually, in the second half of last year, Hong Kong did suffer a drop of freight transport volume for five months in a row.

The Government says it will construct more container terminals in order to upgrade our competitiveness. This is of course important, and, honestly, we must make sure that our handling capacity is sufficient to maintain Hong Kong's competitiveness. But this should be the development direction in the longer run, and the co-ordination of the Mainland must be required. More importantly, we should realize that the logistics industry is far more significant than container terminals. In the past, cargoes from the Mainland were shipped to Hong Kong for forwarding mainly because cargo owners practically had no alternative, given

our well-developed terminal facilities and frequent shipping schedules. However, when mainland container terminals become increasingly well-developed, and when there are increasingly frequent shipping schedules, Hong Kong must provide value-added logistics services on top of the original services on offer. And, when the Mainland gradually also gains the conditions to provide value-added logistics services, Hong Kong must then provide logistics services that are both unique and superior. This is a natural trend and should be the future development direction for the logistics industry of Hong Kong.

The development of the logistics industry in Hong Kong actually started at an earlier time, and it is more developed than that of the Mainland, so Hong Kong should be able to develop unique and superior logistics services on top of the original services available. For example, in respect of software, Hong Kong is going to implement the Digital Trade Transport Network System next year. And, in respect of hardware, Hong Kong possesses an airport with a well-knit international network, so it is better able than the Mainland to provide inter-modal transportation. Unfortunately, it seems that Hong Kong has been marking time in terms of value-added logistics services. If Hong Kong fails to provide value-added services and always clings to the old services, how can it succeed in restructuring?

Therefore, the urgency of constructing a Value-Added Logistics Park in Hong Kong is greater than that of building more container terminals. But the Government has for long failed to make any substantial progress in this respect. It is only quite recently that the Government said that a task force headed by the Financial Secretary would hopefully commence discussions this month on constructing a logistics park. I hope that the Government will not be so slow in pace again. It must be forward-looking and proactive and seek to implement the logistics park project as soon as possible.

Perhaps to show that the Government is not so slow in pace after all, the Financial Secretary has recently disclosed that there is a need to explore the possibility of constructing a third crossing from Lantau, so as to maintain Hong Kong's competitiveness. I welcome this visionary proposal of the Government, but I must add that we must first of all solve the existing problems.

High efficiency and low costs are essential to any business. But it seems that the freight transport industry of Hong Kong is deficient in both of these

respects. When it comes to efficiency, despite the fact that the congestion at boundary control points has been eased thanks to the various efforts made by the SAR Government and the mainland authorities, the bottlenecks at boundary control points are still adversely affecting the operating efficiency of cross-boundary trucks. The industry has always hoped that "logistics pipelines" connecting Hong Kong and the Mainland can be established as soon as possible, making it possible to carry out customs and immigration clearance in the Mainland well in advance, so that trucks can proceed straight across the boundary without having to stop at control points for clearance. I have raised this proposal many times, but the Government still insists that it cannot be implemented until the Shenzhen-Hong Kong Western Corridor is commissioned. But I still hope that the Government can review the relevant timetable and establish "logistics pipelines" as soon as possible. Costs-wise, land transportation costs still remain one of the factors undermining the advantage enjoyed by the local logistics industry. Since land transportation costs in Hong Kong are affected by the fees charged by Hong Kong and the Mainland, some examples being the insurance premiums and vehicle examination fees paid by container truck drivers to the authorities of the two places, the Governments of the two places should explore whether there are any areas of rationalization. Another example is the user charge which cross-boundary container truck drivers have to pay. The charge is now \$100,000, that is, \$100,000 for three years. The Hong Kong Government should discuss with the mainland authorities whether there is any room for downward adjustment.

Although the Chief Executive has said that he has never been slow in doing things, and that he has been taking the lead, since the logistics industry is faced with acute and urgent problems, I hope that instead of merely taking the lead, the Chief Executive will proceed even faster and adopt a more positive and aggressive policy for the logistics industry.

In the long run, Hong Kong and the Mainland must achieve co-ordination and division of work in terms of logistics infrastructure and services on the basis of mutual benefit. Naturally, both places cannot be separated in terms of functions, and this is practically impossible, because the Mainland has also identified the logistics industry as one of its pillar industries and invested huge capitals in infrastructure construction. The two places may actually work out some sort of functional division of work and reorganization, so as to achieve excellence. It is not at all impossible to achieve all this. The "front shop and back plant" model developed by Hong Kong and the PRD in the course of

development has not only led to the mutual benefit of the two places, but also greatly enhanced the competitiveness of the entire PRD.

Besides, although Hong Kong's logistics industry does enjoy certain advantages, freight transport costs in Hong Kong are after all higher than those in the Mainland, and there is also a shortage of back-up land here, so if Hong Kong seeks only to provide low value-added logistics services, it will simply fail in the competition with the Mainland, and the Mainland will also see no need at all to work out any division of work with Hong Kong. Therefore, Hong Kong must exert its utmost to develop its unique high value-added logistics services before it can talk about any division of work with the Mainland. Besides, the advantage enjoyed by the local aviation industry is greater than that enjoyed by the port cargo transport industry, and the former also faces less pressure from the Mainland for the time being. Therefore, Hong Kong needs to capitalize on this well in advance and draw up agreements with more provinces and cities of the Mainland on the liberalization of air rights, so as to facilitate the flow of people and cargoes between the two places. It is only by doing this that Hong Kong can develop itself into the most important logistics hub in the PRD Region.

Madam President, I so submit.

MR CHAN KAM-LAM (in Cantonese): Madam President, the Chief Executive has once again confirmed the significance of the four pillar industries in the policy address this year, pledging that the Government will take active steps to support their development. Regarding the logistics industry, the policy address pinpoints the two major problems it now faces: First, the increasingly fierce competition confronting us, given the rapid development of the logistics industry in neighbouring places; second, our high operating costs. For the local logistics industry to overcome these two problems, nothing can be better than co-operating with the Mainland and enhancing Hong Kong's competitiveness, but we must realize that the economic relationship between Hong Kong and Guangdong is a very special one, in the sense that while the two places complement each other's strengths, they also compete with each other. The Democratic Alliance for Betterment of Hong Kong (DAB) is of the view that in regard to aviation, we should actively explore the possibility of co-operating with the various airports in the Pearl River Delta (PRD), with a view to giving full play to Hong Kong's special status as an international aviation centre. With respect to shipping, given the pressure exerted by Shenzhen's drastic increase in

throughput year on year, Hong Kong must squarely face and deal with the fatal problem of high operating costs confronting the container terminal industry.

The policy agenda also mentions a series of measures on developing the logistics industry, including port development planning, co-operation with the Mainland in developing "logistics pipelines" and "inland freight villages" and the construction of a Value-Added Logistics Park and new container terminals on Lantau. Some in the industry have criticized that the software and hardware measures proposed by the Government to support the logistics industry are not adequate, and that although the general direction is correct, the pace of implementing these measures is much too slow, not to speak of the fact that there is the absence of any team with sole responsibility for implementation. To answer the aspiration of the industry, the DAB proposes that the Government formulates a set of integrated development strategy and policies for the logistics industry, so as to give the industry a clear idea on when the various projects will be completed, how the facilities concerned will complement one another, what kinds of effects will co-ordination produce, how the local logistics industry will be enabled to operate more smoothly and effectively, and what organizations are responsible for the various projects. A sound and comprehensive development plan will give operators a clear direction of investments, and it will also serve as a basis of our review and follow-up on the performance of these projects in the future.

Since the signing of CEPA, the Governments of the two places have been holding active negotiations on the details of implementation. We are glad to note that the various measures under CEPA will be implemented one after another this year. We also hope that the Hong Kong Government will keep up with its efforts and hold further negotiations with the Mainland on the various objectives of the next phase. In particular, efforts must be made to perfect the liberalization of trade in services under CEPA, with a view to assisting the services sector to access the Mainland. Such efforts should cover the lowering of thresholds for access to the mainland market and the assessment of professional qualifications, with particular reference to the needs of the accounting, insurance, retail, legal, construction, surveying and medical sectors. That way, more professionals and small and medium enterprises (SMEs) will truly benefit. Besides, we should also pay special attention to the 10-year economic development strategy of Guangzhou. I think the SAR Government should seriously explore what Hong Kong should do with its economic policies and positioning in response, so as to achieve co-ordination and minimize competition in the economic co-operation of Hong Kong and Guangzhou.

For years, the DAB has been fighting hard, urging the Government to assist local enterprises in getting contracts for government works or other projects, so as to offer more business opportunities to local enterprises. It is mentioned in the policy address that in awarding various tenders and consultancy contracts in the future, the Government will try its best to minimize obstacles to the participation of local small and medium professional organizations. We welcome this initiative. The DAB proposes that in order to effectively assist the development of SMEs, the Government should accord priority to local enterprises in awarding contracts of smaller values. Besides, the Government should also actively explore the possibility of adding appropriate clauses on technology transfer to large-scale works and consultancy contracts, so that local enterprises and professionals can acquire the technology and experience of foreign organizations and experts, thus upgrading their own levels of technology and increasing the competitiveness of Hong Kong.

Regarding tourism promotion, it has been almost half a year since the Individual Visit Scheme was implemented, and by now, the various support measures in Hong Kong have started to operate smoothly. We can see that during the Chinese New Year holidays, the immigration clearance for individual visitors from the Mainland was quite smooth and efficient. We think that the Customs and Excise Department, Immigration Department and the police of the SAR Government have all made very great efforts to make this possible. We also think that it is now the appropriate time for us to review our ability to receive visitors and strive for a gradual expansion of the Individual Visit Scheme to more cities, so as to further promote the development of local tourism. The Government should also enhance its co-operation with major cities in the Mainland (Shanghai, for example) to develop inter-continental tourism with Hong Kong as the springboard. Besides, the Hong Kong Government should also formulate an integrated strategy on eco-tourism and conservation. The ecological resources of Hong Kong should be fully utilized for the purpose of developing eco-tourism as a means of supporting the continued development and growth of the local tourism industry.

Over the past one year, the DAB has enhanced its work of promoting CEPA. A number of seminars related to CEPA were held last year, and we are very glad that many of the DAB's opinions are incorporated into CEPA. We hope that the Government can step up its co-operation with Guangdong, Shanghai and other provinces and cities in the Mainland. We also hope that Hong Kong can further enhance its co-operation with major mainland cities in

trade and tourism. And, it is hoped that a mechanism similar to the joint conference between high-level Hong Kong and Guangdong officials can be established to promote the development of the two places and foster a greater mutual understanding of policy matters. We also hope that the Government can expedite co-operation in financial services, one example being the expeditious implementation of QDII. As for RMB banking business, we are also very glad to hear the Central Government's announcement that Hong Kong has been designated as the clearing centre, and that the Bank of China has been appointed the clearing bank. We hope that the various provinces and cities in the Mainland can set up some units with sole responsibility for handling the complaints of Hong Kong and Macao compatriots. This will require more negotiations between the SAR Government and mainland government departments, and it is hoped that Hong Kong residents can thus increase their investments in the Mainland under the framework of CEPA and enjoy protection of their physical safety, freedoms and properties there. All this will require the assistance of the governments of the two sides.

We also hope that the Government can hold further negotiations with the mainland authorities, because there is still room for further development under the existing framework of CEPA, especially in respect of formalities for business operation and thresholds for entry. We know that the league of local professional services will soon visit Beijing to conduct negotiations and exchanges on the mutual recognition of professional qualifications between the two places and the liberalization of the mainland market. We hope their active efforts can yield great results. We of course do also hope that the Government can take further actions to enhance, for example, our capability to receive visitors and also the development of hostels, with a view to maximizing the support rendered by the Individual Visit Scheme to our economy. We hope that the Government can make positive efforts in this respect.

Besides, with respect to finances, although the Exchange Fund yielded an excellent investment return amounting to \$80 billion last year, the DAB does not think that it is appropriate, as demanded by some in society, to transfer all the investment return to the fiscal reserves, or to increase the Government's share of the return, because the fiscal deficit of Hong Kong is structural. Secondly, if such a huge sum of non-recurrent, unstable and short-term extra revenue is all transferred to the Government, people may be misled to think that the SAR Government does not have any fiscal deficit problem.

The economic recovery of Hong Kong is closely related to the support policies implemented by the Central Government since the second half of last year, the joint efforts of all Hong Kong residents and the conditions of the outside market. But we think that the problems leading to the structural deficit of Hong Kong has so far remained not solved. The crux of the problem is actually our ever-increasing public expenditure, so the ultimate solution should be expenditure control and wastage reduction. With respect to this excellent investment profit of the Exchange Fund, which is just short-term and non-recurrent in nature, and which has been attributable only to satisfactory conditions in the external market, it is certainly not a sound practice for the Government to transfer it all to the fiscal reserves. And, such a practice will also create many obstacles to our work of dealing with the fiscal deficit. I hope the Government can think twice and handle the investment return of the Exchange Fund in the usual manner.

The DAB is of the view that since the Financial Secretary already announced that the target of restoring fiscal balance would be deferred by two years to 2008-09, the Government can really, as mentioned by the Chief Executive in the policy address, let the people take a respite and rebuild their strength, let them have some "breathing space". What I mean is that the Government should introduce some tax relief measures when the position of our fiscal reserves this year turns out better than expected.

First, we propose to extend the validity period of the home loan interest deduction. This was introduced by the Government five years ago as a means of lessening the burden of people having to repay mortgage loans. But this deduction was to be valid for five years only, meaning that starting from next year, the first batch of benefited taxpayers will no longer be entitled to it. What is more, the Legislative Council has already endorsed an increase in salaries tax. While signs of economic recovery have just started to show up, wages have not yet been increased, so it can be expected that the tax burden of property owners will still be very heavy in the coming year.

Therefore, the DAB hopes that the Government can extend the validity period of the deduction from five years to 10, and also increase the deductible amount from \$150,000 to \$200,000, so as to relieve the tax burden of people having to repay a mortgage loan.

Second, reduction of property stamp duty and property tax. The DAB advises the Government to reduce property stamp duty and property tax. For example, for property with a consideration of \$1 million to \$2 million, the stamp duty rate should be reduced from 0.75% to 0.5%. And for those with a consideration of \$2 million to \$3 million, the rate should be reduced from 1.5% to 1%. As for those valued at \$3 million to \$4 million, the rate should be lowered from 2.25% to 1.5%. Besides, we also propose to lower the property tax rate by one third, from the current 15% to 10%.

Third, reduction of various fuel duties. In order to help improve the business environment for SMEs, we propose that the Government should maintain the tax exemption for vehicle liquefied petroleum gas and duty concession for ultra-low sulphur diesel. In addition, we also propose the Government to lower unleaded petrol duty by half to ease the burden on vehicle owners.

I so submit. Thank you, Madam President.

MR ANDREW CHENG (in Cantonese): Madam President, I shall speak for the Democratic Party on the labour policy discussed in the policy address.

Madam President, in the policy address, the Chief Executive repeatedly refers to the bright prospects of the Mainland, asserting that Hong Kong can hopefully benefit from such an opportunity. It is said that the Central Authorities' decision to liberalize individual visits by mainlanders to Hong Kong has provided a great boost to our consumption market, that the Central Authorities' agreement for banks in Hong Kong to conduct RMB business has strengthened our position as an international financial centre, and that the signing of CEPA has given Hong Kong a great advantage in development in the Mainland.

The Central Authorities has offered so many benefits to Hong Kong, but even if there is any improvement to the business environment, it still remains doubtful whether the grass-roots workers in Hong Kong can really be benefited. For instance, the greatest impact sustained by grass-roots workers as a result of the increasing flows of people and goods between the two places has been an increase in extremely cheap illegal workers who take away "their rice bowls". It is also said in the policy address that CEPA will bring numerous opportunities

to Hong Kong, as many mainland and foreign enterprises have come here to explore the feasibility of setting up plants or conducting high value-added production processes here. All this should be good news to local workers, for employment opportunities may thus hopefully increase. But if we read the policy address more carefully, we will see that the Chief Executive also says, "Of course, due to cost and other factors, a revival of manufacturing locally will not be easy We will make policy adjustment to facilitate as necessary."

The need for "policy adjustment to facilitate as necessary" may well be proof of some academics' claim that the economic recovery brought about by CEPA will not create any jobs and thus may not necessarily be good news to grass-roots workers. Does the need for "policy adjustment to facilitate as necessary" imply that the Government may permit the importation of labour, just to help foreign manufacturers reduce costs, to induce them to set up plants in Hong Kong. Will all those importation of labour schemes, such as the "1:3" ratio and "1:4" ratio, be introduced? If yes, I must say such a labour policy is really most regrettable. However rosy the picture painted by the Chief Executive is, the economic gains of leveraging on the Motherland may well fail to benefit grass-roots workers.

I hope that in the course of making "policy adjustment to facilitate as necessary", the Government can make known all the possibilities it is considering, so as to adequately consult all sectors, especially grass-roots workers, and initiate extensive discussions in society. I also hope that the authorities concerned can pay due attention to the relationship between the executive and the legislature and refrain from bypassing the Legislative Council. They should put the matter before the Legislative Council for specific discussions well before they make any decision.

Madam President, the unemployment problem of Hong Kong has become structural; the unemployment of grass-roots workers has plagued Hong Kong for many years, and there has been no solution so far. Workers with low skills and low qualifications do account for a substantial portion of the unemployed population, but the policy address this year fails to put forward any substantive measures for these workers. We have repeatedly urged the authorities to develop green industries, so as to increase the number of green-collar jobs, but we have not seen any vigorous promotion on the part of the authorities so far.

Regarding another group of people also badly hit by unemployment — youngsters — the policy address, however, puts aside some resources and

advances some specific measures, one example being a one-year trial scheme to assist 1 000 young people aged between 18 and 24 to become self-employed. This initiative should merit approval.

On the self-employment of young people, the Democratic Party and Ms Emily LAU have put forward many proposals to the executive authorities in the Task Force on Employment, so I am not going to dwell on the issue here. I only wish to raise two points. First, the scheme should not be restricted to the provision of funding; an integrated support system is indispensable. To achieve this, the authorities responsible for implementation should follow the progress of each young participant as an individual case. Second, in regard to the youth self-employment scheme, we can observe a lack of co-ordination among various employment initiatives. This trial scheme is targeted on young people aged between 18 and 24, and those aged 30 or above can benefit from the Self-employment Business Start-up Assistance Scheme. But if we take a closer look at it, we will notice that those aged between 25 and 29 are left behind, and they may be excluded from all business start-up schemes. Since these people are in the right age for business start-up, the rejection of them is indicative of a major policy loophole.

Madam President, similar problems are also found with other employment initiatives. One reason for this may be the lack of co-ordination among various government departments, and it seems that the Government has never considered the idea of formulating a well-thought-out and integrated employment policy. It is mentioned in the policy address that the Financial Secretary will merge and reorganize several committees to form a high-level framework. I believe that this may help improve the situation.

I have high expectations of the new Economic and Employment Commission. This new commission will comprise representatives from the commercial, academic and labour sectors and also Legislative Council Members. However, since the composition of the commission is quite large, I propose that in order to avoid negative impacts on efficiency, the commission should be divided into a number of subgroups, each to be headed by a Bureau Director. It may then be decided what matters can be brought up for discussions in the general meetings of the commission, or policy directions may also be worked out through co-ordination. I believe that the Financial Secretary will hence be enabled to implement more effectively an employment policy which is more reliable and representative. If the authorities concerned can invite a wide range of stakeholders to participate in the discussions of different agenda items, I am

sure that the commission will be able to play the role of an employment and economic summit. This can both enhance the communication among different sectors and elicit a greater number of new ideas. That way, discussions can be held and measures formulated from different perspectives to ease the unemployment problem, and it will then be possible to formulate a perfect employment policy. I hope that the Financial secretary will not disappoint us.

Madam President, I so submit.

DR DAVID CHU (in Cantonese): Madam President, the economy of Hong Kong started to recover in the latter half of last year and even the problem of deflation which has plagued the territory for more than five years may hopefully disappear within this year. However, the problems of unemployment and negative equity assets have only been eased somewhat and there is still a long way to go before they are eliminated.

During the debate on the policy address last year, I pointed out that a responsible government would not ask its people to suffer a few more years. Therefore, I urged the Government not to increase taxes and not to raise the fees and charges which are related to the people's livelihood or the cost of doing business. For the middle-class people, they are the economic pillars of society and the driving force for economic growth, it is only right that the Government should lend them more support. At a time when the economy may rebound to a recovery, the Government must put in more resources, encourage investment, create employment and relieve the problem of negative equity assets.

On 15 January last year, I said here that the Government should not suppress investment because of the fiscal deficits. The Government could increase resources by issuing bonds. The resources could then be put into education and manpower investment and in helping those owners of negative equity assets, as well as providing jobs for the young people and the middle-age unemployed.

Unfortunately, the Government did not agree to my proposal on issue of bonds. The then Financial Secretary said that Hong Kong could tackle the deficit problem because we had enough reserves and that the cost of issuing bonds was higher than the investment returns from the reserves. So there would not be any need to issue bonds. Luckily, during the half year past, the

Government has finally come to a correct understanding of the issuance of bonds. It is not an ignominious or unhealthy thing to issue bonds, for most countries of the world or other economic entities have issued bonds. The key is whether or not the instrument is properly used. I hope the Government will not miss this good opportunity to issue bonds.

In addition, the policy address also mentions that human resources now do not yet fully meet the demands of industries requiring a rich knowledge content. Therefore, we must continue to nurture and attract talents and support must be given to education even in the face of huge fiscal deficits. It is for this reason that I do not agree to the Government slashing education resources because of the deficit problem. Now that education reforms are in their midway and the Government has the responsibility to enhance the linguistic competency of local students and their skills, as well as attach importance to their holistic development. The policy address does not have any concrete details on how talents are to be nurtured and attracted. I think that it is a good time to implement small-class teaching as our birth rate is declining. I hope the Government would not miss this opportunity again.

The problem of negative equity assets is a major problem confronting the middle class of Hong Kong. At the beginning of January, the Radio Television Hong Kong and The Hong Kong Polytechnic University conducted a study on the 10 new year wishes of the middle class in the Year of the Monkey. The wish which tops the list is good health and no SARS. The second one is for the economy to improve, good investment returns and rising property prices. We can therefore see that the financial pressure faced by the middle class is no less than the fears for SARS.

In recent months, property prices have risen again and that is, to a certain extent, owed to the various measures undertaken by the Government in recent years to reduce the supply of land and flats through the land sales moratorium and the suspension of the production and sale of Home Ownership Scheme flats. However, the property market is not yet fully recovered and it is estimated that there are some 60 000 owners of negative equity assets from the middle class. The Government should try to negotiate with the banks and work with them, trying to help these owners of negative equity assets to tide over their difficulties by extending the tenure of their home loans, and so on. This will prevent these negative equity properties of the middle-class people from being surrendered to the creditors and sold at rock bottom prices.

The policy address also points out that the Government will appoint more middle managers and professionals into various advisory boards and committees. That shows the Government is beginning to take the aspirations of the middle class seriously. However, no concrete support measures have been proposed to alleviate the problem of negative equity assets, unemployment and heavy taxation faced by the middle class. The middle class is an important stabilizing force in society, it contributes most of the tax revenue and members of the middle class make use of their professional knowledge and experience to create wealth for Hong Kong. It will go against the interests of society if the Government does not give its support to the middle class.

The policy address proposes to use \$1.2 billion to boost employment. The money will be used to extend 11 000 temporary jobs and the Youth Work Experience and Training Scheme, as well as assisting 1 000 young people to become self-employed. This is worth our support in the face of high unemployment especially among the young people.

In addition, the policy address also points out that we should fully exploit the advantages of the Hong Kong International Airport by progressively liberalizing our air services regime and actively exploring ways to enhance our competitiveness to maintain our leading position in air transportation. I approve of this idea very much. For presently many cities in the Asia-Pacific Region such as Singapore, Seoul and Tokyo are actively exploring the possibilities and striving to become the hub of transit flights to China. Given our world-class airport and airline, and geographical link to the Mainland, it would only be natural for us to become the hub of transit flights to China. But the progress in our talks with the Mainland on the air services regime and flights is slow and that is impeding the development of our aviation industry. So we hope that the SAR Government can work hard to gain a better room of development for the industry by striving for the forging of agreements on liberalization of air services regime and such like matters.

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

MR LEUNG FU-WAH (in Cantonese): Madam President, in the few years past, the Hong Kong economy has had a very difficult time as property and stock markets fell, deflation persisted, domestic consumption was weak, jobless

figures were constantly hitting new highs and reached an all-time high of 8.7% in mid-2003. The avian flu and SARS ravaged the territory one after another and the whole community was filled with gloomy sentiments. But even the worst things will someday be over. With the opportunities offered by CEPA, the individual visits and improvement of the global economy, our economy began to pick up since the end of last year. This can be seen in the fall in the unemployment rate for five months in a row, the improvements in domestic consumption and the resurgent activities in the property and stock markets. These are the best gifts which the people of Hong Kong get in this Year of the Monkey and it is a good start for the revival of our economy.

The Chief Executive proposes in his new policy address many new initiatives to revitalize the economy and these touch on many areas such as trade and industry, finance, information technology, transportation and employment. Today I would like to focus my speech on human resources matters in labour and the two initiatives among the many issues involved in economic matters and which are related to labour and employment and would serve to alleviate our financial problems. They are the listing of the Airport Authority (AA) and the securitization of the tolls of the five tunnels and one bridge.

The first thing is about human resources matters related to labour. I am glad that the Chief Executive has proposed in his policy address many measures aiming at boosting employment and training. Continuing measures include the Youth Pre-employment Training Programme designed to provide training to young people who are 15 to 19 years of age; enhancing efforts to combat illegal workers; and strengthening the tripartite co-operation among the Government, the employers and the employees. The new measures to be introduced include extending the Youth Work Experience and Training Scheme by two years; introducing a one-year trial scheme to offer training to 10 000 young people aged 18 to 24 to assist them to become self-employed; and extending some of the temporary jobs in the public sector. Apart from introducing these measures, the Chief Executive also mentions for the first time in his policy address this year that "We will also pay attention to whether those working on government contracts are receiving a reasonable wage." From this remark it can be seen that the problem of workers on government contracts not receiving a reasonable wage has become so acute that even the Government has to consider whether it should intervene or not. I hope that, after the Chief Executive has voiced his concern about the matter, the problem of unreasonable wage received by those working on government contracts will be solved from now on.

Doubtless the employment of illegal workers has been in existence in Hong Kong for a long time. In the past when the economy was robust, jobs were readily available and it was comparatively easy for wage earners to get a job, and so the problem of the employment of illegal workers would not be seen as too serious. In such circumstances, the efforts made by the Government to crack down on illegal employment would be less vigorous. However, when the economy is gloomy, when there are less vacancies in the labour market, the wage earners will have to compete not only with the other wage earners but the illegal workers. Just imagine in hard times as these, how can wage earners not grumble? Moreover, to crack down on illegal workers and safeguard the employment of local workers is a responsibility which the Government cannot shirk. In good times or bad, the Government must address this problem squarely and must not allow itself to use any excuse to condone illegal employment.

In recent years, the illegal workers arrested have been mostly mainland residents holding a business visa. Some people are worried about the fact that though the lifting of restrictions on individual visits by the Mainland may boost our economy, it may aggravate the problem of illegal employment in Hong Kong. However, as the saying goes, "you can't have the cake and eat it", I hope the Government can take positive steps to solve the problem of illegal employment. In addition, I also hope that the Government can really tackle the problem at source, devise concrete measures and eliminate the hiring of illegal workers by local employers.

Apart from the problem of illegal employment, foreign domestic helpers present another problem as they affect the employment of local domestic helpers. Despite the fact that I have urged the Chief Executive and other related officials repeatedly that a review should be made speedily of the policy on foreign domestic helpers and that the number of foreign domestic helpers should be frozen, the Chief Executive has not mentioned the problem of foreign domestic helpers in his policy address. That is very disappointing. The number of foreign domestic helpers has been increasing every year and in mid-2002, the number surged above 240 000. Then with the introduction since last October of a monthly levy of \$400 on the employers of foreign domestic helpers, the number of foreign domestic helpers in Hong Kong fell to some 216 000 at the end of last year. If the Government can take serious steps to formulate measures and freeze the number of existing foreign domestic helpers, it would definitely help local domestic helpers get a job and increase their job opportunities.

I will now turn to economic affairs related to labour. The Government plans to introduce a bill to this Council within this year on the partial privatization of the AA. The aim is to privatize part of its shares in the AA in the coming few years, in a bid to alleviate the fiscal deficits. On 31 October last year, I went with the representatives from The Staffs & Workers Union of Hong Kong and Kowloon Civil Airlines, an affiliate of the Hong Kong Federation of Trade Unions (FTU), and met with Mr W Y FUNG, the Deputy Secretary of the Economic Development and Labour Bureau, to express the concern of the staff of the AA about its listing. The FTU is worried that the privatization of the AA would only be done in the interest of shareholders and the interest of the staff will be exploited. Also, the move undertaken by the AA to privatize will only lead to more outsourcing. As subcontracting is inevitable, the FTU is worried that the pay and benefits of the staff will be further reduced. I hope that as the authorities launch the privatization scheme, they will consider not only the financial factors, but also factors like labour rights and employment which are often overlooked in the past, and give the latter serious consideration.

Another economic issue related to labour is that of the securitization of the tolls of the five tunnels and one bridge which has been an issue of public concern recently. The related panel in the Legislative Council has discussed the matter and a bill will be introduced to the Council soon. The situation is quite similar to the listing of the AA. The Hong Kong Tunnel and Highway Employees' General Union under the FTU is worried that the securitization of the tunnel and bridge tolls will affect the pay and benefits of the staff concerned. I have written to Mr Frederick MA, Secretary for Financial Services and the Treasury, in the hope that he would explain clearly the possible impact of securitization on the staff. I am glad that Secretary MA has said in his reply to the effect that securitization is purely a financial arrangement which does not involve any change in the right to ownership and operation, nor will it affect the users, operators and staff of the tunnels and bridge concerned. However, it is still unknown at the present stage as to what kind of problems may appear after privatization. I hope that the Government can keep a close watch on the impact of privatization in various aspects, including that on the staff of the related tunnels and bridge, so that their labour rights will not be undermined in any way.

Madam President, I so submit.

MR ABRAHAM SHEK: Madam President, the Chief Executive could not have picked a better time to deliver his seventh policy speech. Hopefully, for a change, his luck turns for the better in the year of the Monkey. The economy is beginning to show signs of recovery. Hong Kong ranked second in Asia in attracting foreign direct investments this year. Consumption is rising, and wishfully, deflation will disappear within a year and a half.

In response to this positive development, the Chief Executive has aptly focused on seizing opportunities to expedite economic revival and restructuring. But to the Chief Executive's critics, and there are always bound to be plentiful, they describe this year's policy speech as uninspiring or empty. I agree there are few new measures in it. But after several difficult years, the economy needs a rest and recuperation, instead of new and over-ambitious policies. In the absence of the Financial Secretary who is not here, I applaud him for his open and pragmatic attitude in fiscal management, and in his re-adoption of the policy of big market and small government through the practice of positive non-interference. I hope he can practise what he preaches.

In spite of all the positive signs, the economy and public confidence are still fragile. One of the main areas of concern is the continuing fiscal deficit which now stands at a record \$71 billion. The Chief Executive has pledged to postpone tax and fee increases following a decision to also extend the timeline for restoring fiscal balance. The public, of course, welcomes any relief. Nevertheless, worries remain that the Government will also slow down its efforts to contain spending. Therefore, it is imperative that the Administration continues to review its systems and cut down on wastage and over-bureaucracy.

In the property sector, admittedly, there have been more sales in the high-end and primary markets in the past few months and the secondary market is slowly picking up. Surely, this is a welcoming sign and let us pray for its sustainability. With the bitter experience of the last six years, it is without doubt that in every citizen's mind, without a healthy property market, public confidence and the economy would never fully recover. Therefore, I urge the Government to do the least and leave the market to grow and find its own level, for the growth will be for the benefits of the 1.2 million owners of property.

Another area of concern is that the recent rebound of the employment market seems to be driven more by the Government's various employment-related measures than natural economic growth. Worries remain that the

revival may not be sustainable since the growth of new jobs has been slow. In his speech, the Chief Executive pledged to spend \$1.2 billion to provide over 10 000 temporary job opportunities for young people. These short-term employment programmes appear only to be expensive and ineffective. They serve only as a temporary fix to prevent these youths from becoming jobless again. The ultimate solution is to promote private investment — encourage local investors to continue investing in new businesses and expanding the scale of their operations, as well as attracting more foreign investors to set up businesses here, thereby creating employment opportunities.

Another sector is totally disappointed that the Chief Executive has been slow, in fact very very slow, in alleviating their hardships. This is the construction industry and, in particular, its workers. The industry not only has the highest jobless rate, now reaching over 20%, but also has seen the highest decline in vacancies in late 2003 from a year earlier. Nearly 60% of jobs have been slashed.

The two respective job-promotion measures for the sector mentioned in the policy address, namely, accelerating urban renewal as well as the repair and maintenance of private buildings, are inadequate. The sector feels that speeding up the implementation of the Capital Works Programme will be more helpful in improving construction workers' livelihood. The annual \$29 billion allocated for infrastructural and public works is simply not adequate. The industry needs more work. This can be done through a wider use of the public-private participation (PPP) approach.

I, therefore, urge the Government to promptly identify more large-scale public works projects which could involve more private participation. The use of the design-build-transfer mode and that of PFI or PPP for public works is therefore mostly encouraged and should be implemented immediately. In addition, I urge the Government to actively pursue the possibility of other cross-border transport facilities, such as a rail link connecting Hong Kong, Shenzhen and Guangzhou and to speed up the implementation of existing projects, such as the Hong Kong-Zhuhai-Macao Bridge.

Another priority task for the Government is to facilitate local entrepreneurs to capitalize on CEPA and turn this great opportunity into tangible economic benefits. It is proposed that the three significant industries of manufacturing, creatives and health care should be further developed, both to attract overseas investment and to capture the huge mainland consumer market.

What the Government needs to do now is to minimize the obstacles to all small and medium enterprises so that they can engage in greater industry participation. Ultimately, the Government needs to improve the business environment so that they can develop further and become more competitive. This is important because in a few years' time, other countries could also enjoy the same access to the mainland market as Hong Kong companies do under CEPA.

In his speech, the Chief Executive reiterated that financial services, producer services, logistics and tourism are the pillars of the local economy. None of them, however, will be able to thrive without the support of a world-class aviation industry, one which enables Hong Kong to enjoy the status of a global aviation hub.

Air travel has become the transport choice for people, and increasingly cargo as well. Whether or not Hong Kong can further grow as an international thoroughfare for air traffic, as well as the modern gateway to the Mainland, depends on the development of our airport and airlines as a hub, with greater international connections to the Mainland.

The Government has recently signed liberalized air service agreements with both Australia and the United Kingdom. A more liberal air environment between Hong Kong and China is fundamental to the development of Hong Kong's four pillar industries, and is also an important step to effect better communication with our Motherland. The air authorities of Hong Kong and the Mainland are to meet soon to discuss such an air services agreement. I say now is the ideal time to sign a liberal agreement for Hong Kong air services to the Mainland, giving more scope for Cathay and Dragon to further cover the northern sky. Doing so will certainly be good for Hong Kong, and a greater number of employment opportunities would also be good for the Hong Kong people.

Thank you, Madam President.

MR CHAN KWOK-KEUNG (in Cantonese): Madam President, this is the first debate on the policy address in the Legislative Council after the Chinese New Year. The part today is on revitalizing the economy. I believe Members will all hope that the economy in the coming year will be as full of vigour and vitality

as the monkey and that jobs will keep on increasing and the jobless rate will go down.

The policy address states that the 11 000 temporary jobs will be extended in order to ease unemployment. The initiative is beneficial to the job market and it will prevent a rise in the number of unemployed persons if these temporary positions are terminated. However, temporary jobs are never long-term solutions and I hope that jobs on longer contract terms can be offered. As a matter of fact, as public services like environmental hygiene, tourism, elderly services and library services are growing, there is a need for more manpower.

Ever since its introduction, the Youth Pre-employment Training Programme has been helping young people aged 14 to 24 gain the working experience they need and prepare them for employment. The extension of the Programme for two years as stated in the policy address is an answer to the aspirations of the young people and this will be a positive step in solving the problem of "non-engaged" youngsters.

The extension of these two measures aiming at improving employment is to be welcomed, while the other measure to assist young people to become self-employed is well-intended. But there remain details that warrant discussion. The Government plans to assist some 1 000 young people to become self-employed and the scheme is undertaken by some youth service organizations. This scheme may be deemed to have originated from the self-employment programme operated by the Employees Retraining Board (ERB), for both aim at assisting the unemployed to become self-employed. The only difference is that the targets this time are the young people and the two schemes may be similar in nature.

The kind of businesses which the young people may want to develop will certainly be different from those of the adults and the middle-aged. As evident in the programmes run by the ERB, most business-starters would like to run retail, wholesale and service businesses and they cover areas like birds nests, inks for printers, crystals, and so on. For the young people, they will need to be more creative if they want to open up new horizons. I believe their businesses will address the current fashions and interests of the young people.

But doing business is never a child's play and there must be meticulous market surveys, detailed start-up plans and evaluation of one's financial situation

and the amount of losses that can be sustained. This youth self-employment scheme will emphasize on helping young people make a living as self-employed persons. The kinds of business operable will require less capital, such as beauty care, dancing, video production, and so on. Social service organizations will provide these young entrepreneurs with the hardware, venue and a small amount of cash. This will prevent them from incurring huge losses. The programme will emphasize on the development of business skills rather than providing young people with a set of business plans. In this regard, the programme can be considered practical but short on diversification.

It must be noted that this kind of scheme is not much different from vocational training and as time passes it may become another kind of apprentice scheme, and the business venture element will be watered down. This may be due to the fear among policy-makers that young people may not be able to bear capital losses. This is particularly the case when considering the experience of the participants of the ERB scheme. Of the 76 applications for loans, only half were accepted and on top that, there were also a few cases of bad debts. As a result, the part on loan guarantee under the ERB scheme is suspended.

Let me put it directly, if we refer to the business start-up plan of the ERB, most of the starters are likely to run into some kind of problems and this self-employment scheme for the young people may repeat this, while is of course something we do not want to see. But if we are to pre-empt the problem and take away the part on starting a business, that will only handicap the development of the beneficiaries, and the scheme will become too monotonous. In order that the scheme will not become an oddity, we may consider improving the part on capital assistance. The amount of assistance can be fixed at \$20,000 to \$30,000 and the participants should be required to meet part of the capital. The remaining half is to be taken care of by the Government. The concept of loan guarantee should be abandoned completely, for if financial institutions are involved, it may make the implementation of the scheme difficult. If only the institutions responsible for its implementation can be well-prepared, and if the ideas of the beneficiaries are carefully considered, then the original intention of the scheme can be achieved and assistance can be given to young people who want to start their business. When the amount of financial assistance is set at a low level, it will prevent both the Government and the beneficiaries from running into debts when the business plans fail.

The three measures mentioned above will have a direct bearing on addressing the unemployment problem. The policy address also mentions what can be done to improve the business environment, revitalize the economy and consolidate the logistics and tourism industries. There is a point on which the policy address has not dwelt too much but is however quite insightful and that is, how local manufacturing industries can be rebuilt by way of CEPA. As stated in paragraph 28 of the policy address, ".....a revival of manufacturing locally will not be easy. The key is to apply new technology and innovation to develop high value-added products." This is really hitting the nail on its head! But unfortunately the policy address has not gone into detail on that. I hope the Government can expound on that idea of how high value-added industries can be helped to develop locally. The policy address also mentions that a number of foreign and mainland companies wish to set up factories in Hong Kong and many Hong Kong enterprises are exploring the location of high value-added production processes in Hong Kong. I hope the Government can disclose some details as appropriate about what industries wish to set up factories here. If we can be informed of this, then we can tailor make some policies for these manufacturers so that the low-skilled working class may benefit. But I am also worried that since high value-added industries are to be developed, will that mean workers with lower education attainment will be excluded? I believe one cannot look at things from such a one-sided perspective. For in any manufacturing industry, there are bound to be some primary production processes which require more manpower. Does the Government have any plans and projections in this respect? I hope the officials concerned can explain that to us.

The first sub-heading found in the policy address is "Seizing Opportunities to Expedite Restructuring". That remark is really touching the heartstrings of many people. The word "restructuring" has been hanging in the air for more than 20 years. But what we have seen is a constant surge in jobless rates and despite an occasional fall, many people are still jobless. I hope the Government will not talk about "restructuring" and "opportunities" all the time when the jobless and the wage earners are denied any opportunities and are in constant dread of restructuring. To them, restructuring means a change from employment to unemployment and from being unemployed to chronically unemployed and even permanently unemployed. In the course of restructuring, the Government should care about the impact on the working class and never turn a blind eye on them. Only by doing this can society become unified and harmonious.

Madam President, now I would like to talk about my views on information technology and broadcasting. There is a paragraph in the policy address on creative industries. Of the various creative industries, the movie industry is perhaps receiving the most attention from the Government. The policy address says in a general manner that the development of various creative industries will be promoted and specifically that following CEPA, local films can be released in the Mainland without import quota restrictions starting from this year. The policy agenda also makes the support given to the movie and entertainment industries as one of the key areas of work and loan guarantee funds and development funds will continue to be made available to the movie industry.

We would of course welcome the attention and support given by the Government to the movie industry. However, I would like to point out that creative industries in Hong Kong with potentials for development are not only confined to the movie industry. As the policy address points out, "films, music, publishing, architecture, advertising, various types of design and digital entertainment have created their own markets overseas." Most of these industries are still in their infancy and they need policy and resource support from the Government. The DAB hopes that the Government will not overlook the contribution made by other creative industries. We suggest that old factory buildings can be converted into information technology buildings and equipped with super computers and other high-cost technical systems. This will solve the problems of making huge investments in the systems at the start-up stage, so that the hi-tech creative industries can be attracted and encouraged to start their business there.

In addition, the Government should formulate a comprehensive development strategy for the digital entertainment business. The young people of Hong Kong should be assisted to be knowledgeable in creative industries like the design of software and computer games, and so on. They should also be encouraged to join these industries. This will have the double benefits of helping youngsters to turn their hobbies into jobs and develop their creativity, as well as providing them with more job opportunities and hence easing the problem of youth unemployment.

Apart from the creative industries, the policy agenda also outlines the subsidies to be given by the Government on R&D projects including the following: the Hong Kong Applied Science and Technology Research Institute will expand \$80 million to launch six research projects on wireless services and

applications, the Innovation and Technology Fund will use \$40 million to finance six applied research projects in genes, and two research projects in nanotechnology are given a funding of \$70 million. These R&D projects are not purely academic research, and if the results are used in the commercial sector, it will contribute to quality reform in conventional industries and will lead to the emergence of new industries. These contributions have long been recognized in the international community. As early as three or four years ago, the Governments of the United States, Korea, France, Japan, and so on have invested billions of dollars in nanotechnology. The same case goes to genetic studies. In contrast, the support given to scientific research in Hong Kong is much too little indeed. The 14 research projects mentioned just now manage to get a total of less than \$200 million from the Government. It is the view of the DAB that if we are to enjoy the benefits of scientific developments in our society and economy, the Government must increase the funding for the universities and research institutions, improve their research conditions and enhance the support given to research scientists.

Madam President, though the policy address has not mentioned anything about broadcasting, I would like to present my views on paid television. As a newly licensed paid TV operator has launched its service recently, we are glad that the public will be given a greater choice of TV programmes. On the other hand, we are very concerned about the service charges of the new TV service. We worry that the launching of the paid TV may lead to cut-throat competition, hence affecting the business environment of the entire TV industry. The DAB hopes that the Government will pay close attention to the introduction of paid TV and the level of charges, as well as the impact on the development of the television industry in general and on consumer rights. We also urge the Government to complete its consultation and review of the broadcasting regulation framework expeditiously and formulate a regulatory regime which is in keeping with the times so that there can be healthy growth in the market.

Madam President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, the policy address this year has been criticized as the thinnest ever since the establishment of the SAR Government and the one with the least number of specific policies. This situation actually reflects two problems. First, the SAR Government has become a lame duck waiting to be slaughtered by the Central Government. It does not dare to make any major policy proposals. Second, it makes a tacit

admission that its various reckless reforms have greatly harassed and damaged the people of Hong Kong. For these reasons, the policy address this year stresses rest and recuperation. Of course, rest and recuperation imply a wish that the people can lead a life of stability. But it is unfortunate to know that if the people can truly rest and recuperate, there must be a sufficient basis for them to do so and that basis must be provided by the Government. The Government must not stand aloof and revert to the *laissez faire* of the 1950s and 1960s.

Over the past few years we have had the strong impression that the economic development of a place is inextricably linked to its political system. Our political system is such that irrespective of the gross ineptitude of our leader and his inability to lead society out of the economic impasse, we cannot rid him of his power. Such political conditions have taken away all the hopes we place on our future. We do not dare to make any investment even if we want to. So the economy of Hong Kong has become the slowest in the region to recover. The march on 1 July last year and the march on this New Year's day are all directed against the economic and political predicament in which the people are trapped. The people want a timetable for constitutional reforms. But the policy address only uses four paragraphs with a total of less than 400 words to say that a task force will be set up to study into the issue. Calls for constitutional reforms are unheeded and nothing is done to break the political structure deadlock behind our economic woes.

Madam President, it is precisely because of the absence of a democratic system that there is very little accountability in the officials, who only paint a rosy picture of our economy or try to wait for success to come by. Never have they made any substantive proposals to solve our present economic problems, nor have they pointed to any direction in which our economy can sustain its development.

Madam President, public officials may say to the people without any sense of shame that not long after the financial turmoil had hit the territory six years ago, they said that the economy would surely rebound and now it has turned the corner at last. But why do the people not celebrate but cast doubts and hurl criticisms at them? Madam President, if these officials can look carefully at the prevailing situation of the wage earners, they should feel so embarrassed that they will want to dig a hole for themselves. The claims that the economy has improved and the unemployment figures have fallen are actually a numbers game. It is everyone's knowledge that wages of the wage earners are constantly falling

as their working hours keep on increasing. People who earn less than \$5,000 a month now take up 17.5% of the working population, up from 15.4% last year, representing an increase of more than two percentage points. This also shows that government efforts in respect of employment are only directed at the numbers instead of the results.

Another example is the Government's constant stress that the number of job vacancies is constantly increasing, but if we look at the distribution of job vacancies carefully, we will find that these figures are only means to disguise and deceive and they are not accurate reflections of the plight of wage earners in finding jobs. If we just look at the list of 10 positions with the largest number of openings as announced by in the Labour Department, we can see that jobs which members of the general public would consider to be stable, such as clerks, will see 12 persons competing for one opening; for accountants, it is five persons for one opening. Vacancies which can truly be said to be in excess of demand are mostly those which do not promise a stable income and which do not offer any job security, such as sales representatives and promoters. Those who take up such jobs may even have to pay for the transportation expenses themselves. How can heads of a family with a few members waiting to be fed and with kids going to school work a job which is so insecure?

So despite claims by officials that job vacancies are ever rising, the people will want to know what the quality of these job opportunities available is. Can one make a living out of such jobs? Though the jobless figures are falling, people are still forced to continue applying for social welfare benefits because the wages have become so despicably low that they cannot support a person's living. This kind of amelioration or improvement is only passing the problem from the Labour Department to the Social Welfare Department. The problem is still there. And it is precisely because the Government does not have to be accountable to the people under the current system, there is no need to solve the problem right away and so wrappings are put on the figures.

Madam President, the unemployment problem can never be solved by the Government constantly asking some people not to get welfare and take whatever lowly jobs thrown their way. Even if they do, will the unemployment problem be solved? We know that many workers will want to take up low-paid jobs, but their income cannot really make ends meet and so eventually they have to rely on public assistance. That means the problem is still there and it is not solved.

Madam President, I think that a solution has to be found for the problem of unemployment, and for the problem of poverty as well. For if the low-income groups are still poor, they are still a burden on society. And it is a shame as well. For it is never a good thing that the gap between the rich and the poor can be so wide apart.

In my opinion, we have to look at the following two aspects in trying to solve the problem of unemployment.

More jobs should be created by the Government. There are many government services that warrant improvement, for example, the medical and health services and environmental hygiene. Problems still exist in these areas and they must be addressed. The avian flu that is with us now and the SARS epidemic that has passed show that there are problems that require more staff to handle. It is sad to see that not only has the Government not increased manpower in these areas but that it is trying to cut manpower. Even temporary workers hired to improve service quality are sacked. By March this year, at least some 7 000 people may be forced out of work, for these people are temporary staff. Why can the Government not hire these people because this can improve the living conditions of the people while solving the problem of unemployment?

Moreover, the so-called improvements in our economy may well be induced by the Individual Visit Scheme and the small rises in our stock and property markets. But can our economy rely on these to solve problems related to our long-term economic development? Such a kind of so-called economic development is actually like the bubble economy in the past — never stable and not lasting. I hope that our Government can propose some economic policies which are long-term and stable.

We have seen proposals raised in the past policy addresses on things such as high technology and Chinese medicine port which could have laid good foundations for our economy. Unfortunately, they have become empty talks and it is really like Hong Kong people talking about things that do not exist.

The policy address this year stresses again CEPA and it seems that some opportunities are likely to arise. But to date, the Government cannot provide any concrete data to tell us how CEPA can bring about any opportunities to our employment situation.

For this reason, in order to solve the unemployment problem, we must have a long-term and stable foundation in our economy. We therefore hope that the officials responsible will work hard to this end.

Financial Secretary Henry TANG said as he greeted the public on the second day of the Chinese New Year that he would like to see full employment. He also said that everyone should work for the prosperity of the country and that they should do their part well. We certainly agree with what Secretary has said and there is no question about it. We hope everyone can have a job and do their level best. But we hope Secretary Henry TANG can set an example and do what he should do first, that is, proposing plans to ease the economic and unemployment problems. For if not, even if a shower of blessings is poured on the people, it will never help matters.

Madam President, I so submit.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, the policy address this year can be said to be the seventh policy address given by the Chief Executive since the reunification. Our opinion is that this is really a report. Most of it is devoted to a description of the work done by the SAR Government in the past and in the form of a report, for example, on continuing to consolidate the core industries, continuing improvements to the business environment and putting more efforts on the four core industries, and so on. When Members from the Hong Kong Federation of Trade Unions (FTU) heard the delivery of the policy address, our immediate reaction was that there was nothing new about it. There was no pleasant surprise, nor any solutions to our current problems, for example, CEPA was not made good use of to solve our problems. We think that these should be done. What expectations do we have for the Chief Executive in the next three years of his term? What economic policies and employment policies has the policy report offered? We are sorry to say that we cannot find anything on these from the policy address.

The future of our economy lies in developing a knowledge-based economy and we have no doubts about this for the past few years and in this Council. In the policy address, the Chief Executive has mentioned economic restructuring a number of times, but how is this going to take place? What matching measures are in place to help those needy in the restructuring process? Nothing is mentioned. On the development of high technology, for example, the policy

address talks about promoting restructuring, introduction and application of new and advanced technologies to enhance Hong Kong's long-term competitiveness. No one will argue that this is not the direction that we should go. The CEPA effect in particular, is conducive to the introduction of new and hi-tech industries. But as for the development of new and hi-tech industries, if we are to follow the logic of the Government, all would depend on whether or not investors are interested in making investments. When compared with our neighbours, I think all of them are competing with Hong Kong by resorting to acts of their governments. I once said to officials in the Economic Development and Labour Bureau that with respect to the logistics industry, all the logistics activities in Shenzhen are aimed at competition with Hong Kong. The new airport in Guangzhou is built with the special features of our Chek Lap Kok Airport in mind. These competitions are all directed against us. All these are acts of the governments of these places and their targets are all our industries which we think are superior.

But the same things do not happen on our part. We are far behind others in this respect. When other people are fighting and competing with us, we are at a disadvantage and I think the officials concerned are aware of it. In the past when representatives from the logistics industry discussed with the officials, all of them saw the developments. Now we still have an edge in aviation, but when the new Huadu airport in Guangzhou is completed, how are we to react? We do not know how we are to react. So, apart from what I have said, that is, other people have the competitive edge while we have not, there is also a great distinction in mentality. Apart from the increasingly disadvantageous position that we find ourselves in, I would also like to mention that when we talk about new and hi-tech industries, there is a need for the Government to invest in research and development (R&D). Our expenses in R&D take up less than half a percentage point of our GDP, which is far less than that in many developed countries or places. So, I think even when some opportunities come our way, the Government has not made good use of them in the policy address. The same old moves are made. What are these moves? Madam President, they are training, training and retraining. Or in other words, it means studies, studies and more studies. Then, we find that those who enrol in such courses cannot find any jobs.

Madam President, this is not something that belongs to the past. Now despite the individual visits and other economic activities, we still find that some people would encounter very great difficulties in finding a job. I would like to stress that these people are not only those grassroots, but those young people

with matriculation or higher diploma education. They too find it very hard to get a job. Such conditions can be seen from the unemployment statistics.

So how can we rely on these measures alone? A foreign reporter once asked me whether it was true to say that Hong Kong people did not accept these measures. I told him that he was wrong and he should change his view. Actually, the people in Hong Kong like very much to study and they want to add value continuously and face all the challenges. But after they have made the effort voluntarily, they find that there are no jobs available. So they are very frustrated.

We can note from the policy address that \$1.2 billion will be spent to extend temporary positions and the Youth Work Experience and Training Scheme. We do not object to these. But we have strong opinions. To measures aiming at improving the training of local domestic helpers and the provision of construction-related jobs, and so on, we have no objection, but we have strong opinions. A few years ago when these measures were introduced, the FTU was happy and all along we had felt it was a good thing, from the outset that the Government was willing to address the problem of unemployment to its spending money later to create some positions. But the question is when these short-term jobs are created repeatedly, we will find that these temporary jobs may not be extended and so people may find themselves out of work again. This is a heavy blow to the young people. We do not deny that it is all very good for young people to be given these chances and that they can gain the experience and practice. However, they will be dealt a heavy blow if they find out later that no jobs are available. This blow will make the grassroots and the young people resentful. In other words, we have some opinions on the use of short-term measures to solve the problem of unemployment which to date does not have any solution and is a structural problem.

Madam President, we do not oppose the setting up of these short-term positions, we agree to this. The question is I hope the SAR Government will think about how these short-term measures can be turned, during the borrowed time of their existence, into new economic activities for reconstruction, so that the young people may find employment and take up new positions. This is our hope and wish.

Madam President, if you still recall it, after the elections of the second term of the Chief Executive and when the accountability system was being

contemplated, there were suggestions on many combinations of policy portfolios. The FTU agreed to put economic affairs and employment together. At that time we agreed to that idea, for in our opinion, the two were closely related. If the economy can grow continuously, there are bound to be more jobs and wage earners will need a booming economy to be given opportunities of promotion. That is why we agreed that the two should be put together.

However, Madam President, despite our ongoing criticism for many years, the Government has separated economic and employment matters. So I would think that the two Directors of Bureaux are in a difficult position, for at times the things they want to do may not meet their requirements. Now Secretary John TSANG may run into some problem. When he wants to do something about it, the matter may touch on Secretary Stephen IP's portfolio. And so they may have problems among themselves. But the Government always says that there is no need to worry, for there is a Secretary of Department above them. However, I think that there are still some problems, but I do not know where these problem lie. I think as onlookers we may think that there is nothing wrong. It was the original intention of the Government to separate economic and employment affairs. Even in such a big issue as CEPA, no effort has been made to make employment a major goal in taking CEPA forward. As it is, the situation becomes one which the two would think it is not their business to care about matters in the other house. They want to seize the opportunities themselves and do not care about the other. They do not care about how golden opportunities should be seized. I think our former Secretary has done a lot of hard work and so a new opportunity comes, that is, the number of products which enjoy zero tariff has increased from 273 to more than 300 now. Are more jobs created? At first, the threshold is 25% with the place of origin in Hong Kong, now it is increased to 30% after some negotiations. How are we going to turn opportunities in place of origin into jobs? As the Government has not put economic and employment matters together and the consideration made is only static, such a situation has emerged and we have strong opinions about that.

Madam President, the reason why I have raised all these points is it is my practice to show my respect first before launching my attack. I have a very good impression of Secretary John TSANG. Likewise, I have a very good impression of Secretary Stephen IP. I think they will listen to my views. There would be grave consequences if they do not match policy-wise. What the policy address has done is to separate their respective policy portfolios.

The FTU has put forward a proposal on giving employment priority in the formulation of economic development strategies. We have asked whether or not thoughts are given to solving employment and structural unemployment problems in the course of economic development. In my opinion, there is not any. There is not a full set of plans to make use of the excellent opportunities offered by the Mainland to the benefit of both sides and to boost employment. I fail to see this. I have discussed it with the two Directors of Bureaux and even the Chief Secretary for Administration. But the Chief Secretary told me not to worry, for many people would come here because of CEPA. I asked, "Do they come here to set up shell companies or what?" I do not know what they will do. Madam President, as you know, shell companies must have 30% of the process done in Hong Kong. Like the manufacturing industries, the United States requires that quotas imposed on Hong Kong manufacturing industries must have some 10% of their production processes carried out in Hong Kong. But all along there has been illegal transshipment of goods posing as products made in Hong Kong. If all the requirements as a result of the quotas are met in Hong Kong, we may have been able to hire some hundreds of thousand workers here, but the Hong Kong Customs has not solved the problem of illegal transshipment.

CEPA has come into force since 1 January. Has the Government addressed the present situation, that is, the loopholes in the production processes of goods for which quotas have been imposed by the United States, and plugged them? Madam President, no. In other words, with respect to R&D in the context of industrial policies, there is no specific policy on new and hi-tech industries. Even with the implementation of CEPA and the emergence of some favourable conditions and the requirement of carrying 30% of the production processes in Hong Kong, how can all these help in solving the unemployment problem and enable all workers to get a job? There is no mention about it all. Nor is any mention on how manufacturers can be attracted to relocate their factories to Hong Kong. Everything is left to the manufacturers themselves and dictated by free market. But when the market players tell the Government that many small and medium enterprises hope the Government can formulate some policies, or the labour sector hopes that the relevant production processes must be carried out in Hong Kong, will the Government really listen? I do not think it will.

I personally hope that the Government can be more tolerant and transparent and listen to these views of ours which have been patiently put forward at first and ultimately turn into grievances. I hope the Government will listen. It has recently set up the Economic and Employment Council. I would

not object to that in general, but I am worried that if the Council is still led by the Government, it would become nothing short of old wine in a new bottle. I hope that this Economic and Employment Council can be led by civilians like the case in Shanghai, where the voice of the people and their proposals are passed onto the Shanghai Municipal Government and implemented by civilian organizations. I do not know how in this area can we promote employment-oriented economic development strategies so that problems can be solved while making use of the CEPA opportunity. I really do not know.

But I really hope that the Government can listen to our views and think about them. I hope that it will refrain from thinking about import labour, nor think about training and short-term measures all the time. It should consider things from our perspective. If things cannot be done or fail, then we can think of other ways. But we have never done that, so I really hope that the Government can listen to views from the grassroots.

In addition, I wish to mention another point in the policy address. At the time when I heard about it, I was very happy, for Mr TUNG said in paragraph 52 that he would pay attention to whether those working on government contracts were receiving a reasonable wage.

(THE PRESIDENT'S DEPUTY, MS MIRIAM LAU, took the Chair)

Good day, Madam Deputy. I thought the Government had formulated a policy on minimum wage with respect to work types in government contracts and so I asked a question on that policy. But, Madam Deputy, I found out that there was no policy. He had never thought about that before and he was just talking about it. I think that as a lot of work is briefed out by the Government every year, so why can the Government not do something about it and start with minimum wages so that these workers can be protected? A few months ago the Oxfam conducted a survey and the findings showed more than 60% of the workers working on contracts of the Housing Authority only made a wage of some \$2,000 to \$3,000. This comes from survey findings, and they reveal that some people have employed tricks to circumvent the requirements. They take up government contracts and state on the employment contract that the salary is some \$5,000, but the money which goes to the workers' pockets eventually will not be more than some \$2,000 to \$3,000. This has been noticed by the

Government and so it is written clearly in paragraph 52. When I asked officials about it, they said that they were not prepared to do anything about it. They were only considering it and they would only list that out in the guidelines somewhat more clearly. This state of affairs is very disappointing.

Madam Deputy, we hope that the Government will realize that though the economic sentiments have improved somewhat, it should solve the problem of unemployment among workers in Hong Kong. It should think of ways to let workers have a job and to enable the economy to develop healthily. I hope the Government can address the views expressed by many Members from the grassroots and those from the public. It should listen to our views and translate them into action. The Government should, for example, set up a minimum wage for outsourced work and if it thinks it is hard to do so, it may draw a poverty line first. These are what the Government must consider these days. Now there are 1.3 million people with an education attainment below Secondary Three and they are looking for a job. Even though the economy has turned somewhat better, many of these people can only find temporary jobs. The Government should ponder over this and examine how these people may land a job in the market successfully. I think this is a very important theme in the debate in which I have taken part today. I hope the officials concerned — I have a good impression of them — can listen to our views so that a solution to the problem can be found. Thank you, Madam Deputy.

MR SIN CHUNG-KAI (in Cantonese): Madam Deputy, after going through the 2004-05 policy address with respect to the section concerning the economy, the Democratic Party is prepared to propose 12 initiatives for the Government's consideration and hopes that our views can be accepted:

1. To channel part of the investment profit of the Exchange Fund into the Government's general revenue, as proposed by the Chairman of the Democratic Party, Dr YEUNG Sum, earlier;

2. To develop Lantau into a regional leisure centre by building theme hotels to tie in with the completion of the Disney theme park and cable car projects;

3. To complement CEPA through formulating long-term industrial policies and establishing a river-loop or border industrial zone;

4. To sustain the development of high value-added and hi-tech industrial items;

5. To strengthen support for creative industries;

6. To review current policies for financing research and development programmes;

7. To appeal to Secretary Frederick MA to consider the abolition of estate duty;

8. To express the Democratic Party's support for the introduction of the "approved sponsor point-deduction scheme" and the establishment of the "derivative action mechanism";

9. To enact a Monetary Authority Ordinance to expressly provide for the regulation of the Hong Kong Monetary Authority (HKMA);

10. To express our support for the construction of the Hong Kong-Zhuhai-Macao Bridge (hopefully both passenger and railway services can be provided);

11. To express our support for the construction of Container Terminal No. 10; and

12. To justify the identification of sites near the Kwai Chung Container Terminal as part of the efforts to support the logistics industry.

To start with, the Democratic Party proposes that the Exchange Fund should, in addition to sharing investment proceeds with the Government annually, to set aside half of the balance as general revenue for the Government, subject to a ceiling of \$10 billion. This will ease the fiscal deficit and resolve the current hardship facing the Government, without compromising the Exchange Fund as a mechanism for defending and consolidating the link exchange rate.

Second, to tie in with the completion of the Disney theme park and the launch of the cable car service in the future, the Government should study the feasibility of building a cluster of theme hotels and leisure and recreational

facilities on Lantau with a view to turning the region into an entertainment or leisure centre and developing more tourist spots.

The Hong Kong Government and mainland authorities should jointly set up a mechanism for co-ordinating tourism development for the purposes of promoting the future tourism development of the Pearl River Delta (PRD) Region and establishing a regional integrated tourism network.

The Special Administrative Region (SAR) of Hong Kong should examine together with local governments in the PRD ways to streamline the immigration procedures for travellers from the two places and grant visa-free treatment to overseas travellers visiting Hong Kong for access to a number of PRD cities in order to attract more travellers.

Third, in order to tie in with CEPA, the Government should expeditiously formulate long-term industrial policies to give play to the merits of CEPA, and to ultimately help speed up the transformation of Hong Kong economy.

The Government should consider redeveloping Hong Kong industries in a border industrial zone by offering inexpensive land to attract manufacturers to set up factories there. At the same time, a quota system for mainland and local labour should be set up to improve the employment of local low-skilled workers.

Collaboration with the Mainland to jointly promote CEPA to the outside world by, for instance, organizing PRD trade fairs in the territory should be considered.

Fourth, to sustain the development of high value-added and hi-tech industrial items. The sustainable development of high value-added and hi-tech industries, such as telecommunications, hi-tech electronic devices, biotechnology, and so on, should become the general direction for Hong Kong's future development.

Fifth, to strengthen support for the development of creative industries. Support for small and medium enterprises (SMEs) engaging in creative industries should be strengthened through such means as enhancing protection for intellectual property, encouraging participation in overseas exhibitions, assisting local industries in strengthening liaison with overseas trade associations,

conducting market researches on target markets (including overseas and local markets) on a regular basis.

Sixth, to review the existing policies for financing research and development programmes. The Innovative and Technology Commission should strengthen the full collaboration between universities and enterprises to enable Hong Kong industries to take advantage of the quality researches conducted by universities to upgrade the quality of various high value-added and hi-tech industries. I believe the Government should review this aspect in particular. Although universities are given abundant funding for research purposes, the researches are not market-oriented. Very often, the researches are conducted in the light of the experience of individual professors or universities rather than the market.

The Government should promote the transformation of the fruits of the current subsidized projects and development programmes into commodities and launch them on the market, with a view to upgrading the long-term development of the territory's scientific research.

In addition to reviewing the role of research and development (R&D) activities on a regular basis, the Government should also consider concentrating more resources on primary research, nurturing research and promoting the work of commercializing research results so as to provide more manpower and technical support as an incentive for the business sector to conduct research activities on its own initiative. The Government should also allow expenses on product and service R&D to enjoy 200% tax deduction.

Seventh, it is proposed in the policy address that Hong Kong is to be developed into an asset management centre like Switzerland. To achieve this objective, the SAR Government should follow its neighbouring countries such as Singapore and Australia in scrapping estate duty.

Revenue from estate duty now stands at a considerable \$1.6 billion. Scrapping it hastily will definitely lead to a reduction in government revenue. However, lobbyists for abolition of this duty are very often administrators, not inheritors, of estate. Estate administrators are of the view that more people might move their estate to the territory should estate duty be scrapped and this will in turn boost employment in the territory. I think the Government should really examine the pros and cons of the proposal in detail.

Eighth, to introduce the "approved sponsor point-deduction scheme" and set up the "derivative action mechanism". The Democratic Party proposes introducing the "approved sponsor point-deduction scheme" and empower the Hong Kong Exchanges and Clearing Limited (HKEx) or the Securities and Futures Commission (SFC) to impose retrospective sanctions on sponsors in violation of listing regulations. At the same time, the authorities concerned should examine the feasibility of prohibiting sponsors from acting as underwriters to minimize the occurrence of conflicts of interest. Furthermore, the regulation of the quality of services provided by other intermediaries such as valuers, lawyers and surveyors, should be stepped up.

On the other hand, the Democratic Party supports the setting up of a derivative action mechanism with a view to safeguarding the interest of small shareholders.

The merit of derivative action lies in that small shareholders can, in the light of the misconduct found in the market, take actions against defaulters. As the relevant charges will be borne by the relevant organs, small shareholders will not be required to bear exorbitant charges. In this connection, the Government should expeditiously carry out extensive consultation and, with reference to the experience of overseas countries in drafting derivative action rights, re-examine the introduction of relevant legislation for enhanced supervision of the financial markets.

Ninth, the governance framework of the HKMA was brought up for discussion by the Legislative Council Panel on Financial Affairs the day before yesterday. The Democratic Party would like to reiterate here that it is now time for the Government to enact legislation to oblige the HKMA to, following the examples of the SFC and the Mandatory Provident Fund Schemes Authority, provide for its own governance framework. We consider the Government should indeed reconsider doing this for the HKMA.

Tenth, the Hong Kong-Zhuhai-Macao Bridge should cater to passenger traffic as well as cargo transport. The Democratic Party proposes that the Bridge should include the simultaneous construction of railways for passengers and cargoes to support the transport network services of the PRD, particularly west of the Pearl River, with a speedy and green railway system.

It is anticipated that, upon the completion of the Hong Kong-Zhuhai-Macao Bridge, the passenger and cargo flows between the two places will double, while the future effectiveness of the cross-boundary infrastructure and transport networks will directly impact on the development of the PRD. Since the plan has yet to be finalized, it is hoped that the Government can consider this.

The eleventh initiative is still being examined by the Government. We would like to urge the Government to take expeditious action to finalize the plan. The Democratic Party supports the construction of the Container Terminal No. 10 to meet our future needs. At the same time, we hope the Government will take this opportunity to introduce competition in order to lower the exorbitant charges levied by container terminals in Hong Kong. This point has indeed been discussed by many colleagues and debated in this Council before. We hope the plan can be finalized as soon as possible.

In connection with the twelfth initiative, we have recently met with many people engaging in the logistics industry. Actually, some work in respect of logistics has already started, though it is concentrated on Kwai Chung. The necessary backup land is not at all adequate. We hope the Government can consider constructing a logistics centre in the vicinity of Kwai Chung. The available sites, such as those near Wing Hong Road and Kwai Hei Street, are now left vacant. In the course of identifying suitable sites, the Government should conduct market research to ascertain whether those sites are suitable for setting up logistics centres before considering offering land and support to the industry.

Meanwhile, the Stonecutters Island, now partially used as a military base, is highly suitable for development into a logistics centre because of its proximity to the Kwai Chung terminals. Besides conducting studies, the Government should be prepared to approach the Central Government when necessary for the surrender of some military sites for conversion into backup land in the interest of Hong Kong's economic development.

I will now speak on behalf of the information technology (IT) sector, though my speech reflects the position of the Democratic Party as well.

This year, the policy address once again affirms the importance of IT in promoting Hong Kong's economic transformation and upgrading our long-term competitive edge. However, little has been said in the policy address about IT.

Not only has the Government failed to lead Hong Kong's IT industry to move forward, some people in the industry have even complained that they see no government commitment to IT development.

I believe it is actually no longer necessary for us to explain to the Government today the importance of IT. The Government should have known better. Otherwise, its past efforts in promoting IT will be wasted. In this connection, I am going to propose 12 IT-related initiatives for the Government's consideration:

1. To actively pursue the setting up of a "Pearl River Delta telecommunications special zone": I am extremely pleased to note that the Bureau headed by Secretary Frederick MA, and the HKMA, have gained huge success in developing the Renminbi services. The local telecommunications sector has once strongly urged the Government to lobby under CEPA for the setting up of a "Pearl River Delta special zone". The Government should be perfectly clear about this. I hope it can strive to pursue the matter for the 17 sector.

2. To consider conducting more market research to examine how the development of Hong Kong's software out-sourcing industry can be promoted. By capitalizing on Hong Kong's network in overseas market and the rising software technology standards on the Mainland, the Government should promote industrial co-operation between Hong Kong and China in undertaking IT outsourcing work in overseas market in the manner of "using the front portion of premises for shops and the rear portion for plants". To start with, with their past experience in supporting the manufacturing industries, the Hong Kong Trade Development Council and the Hong Kong Productivity Council should help the industry look for partners on the Mainland. At the same time, more efforts should be made by overseas Trade and Economic Offices in collecting information on overseas IT orders, relating such information to the local industry on a regular basis, and promoting to overseas buyers the outsourcing of software produced under the brand name of "Hong Kong - China collaboration". India has indeed made enormous achievements in this area. It is essential for the Information Technology Services Department to promote the adoption of internationally-recognized software research or quality standards, such as Capabilities Maturity Model (CMM), ISO 9000, SIX SIGMA, and so on, by the local industry in order to boost the confidence of overseas buyers in the capability of the local industry in software development and quality control.

3. To set up an "excellent software centre" to support the development of Hong Kong into a collection and distribution centre for software: Both mainland and overseas software firms hope to open up each other's market. The objective of setting up an "excellent software centre" is to strengthen Hong Kong's bridging role between overseas and mainland markets for the purpose of promoting the development of quality testing and software process improvement (BPI) services.

4. To set up an "Information and Telecommunications Technology Development Council": A number of practical recommendations have been made by the Information Infrastructure Advisory Committee to help the Government formulate IT policies. Nonetheless, the functions of the Advisory Committee have limited its effectiveness with respect to the formulation of policies and monitoring the implementation of the same. Against the backdrop of rapid development in IT and telecommunications, the Government should really consider turning the Advisory Committee into an "Information and Telecommunications Technology Development Council" and consolidating resources to put all departments and agents responsible for promoting IT and telecommunications under the purview of the new organ. Actually, this is what Singapore and Queensland, Australia have done. In Singapore, there is an Infocomm Development Authority (IDA); and in Queensland, an Information Industries Bureau (IIB). The Advisory Committee, expected to function in a way similar to these two organs, should be responsible for formulating and implementing policies on IT and telecommunications.

5. To set up an "e-commerce Committee": Despite the Government's vigorous efforts in promoting IT application in the business sector and developing e-commerce over the years, the results are still far from remarkable. In the final analysis, different industries, in the light of their respective characters, have different demands for IT services. Much of the work done by the Government in the past was focused on promotion. Despite an enhanced overall application of IT in the business sector, the Government has failed to tailor-make e-commerce programmes specific to the needs of individual industries. The so-called "Digital Trade and Transport Network" (DTTN) developed for the long-term growth of the logistics industry, or the e-commerce programme for tourism, promoted jointly by the Information Technology Services Department and the Hong Kong Tourism Board, each serves as an excellent example of a sector-specific platform specially designed for e-commerce. Renewed efforts on the part of the Government are therefore called for in setting up an "e-commerce Committee" to formulate and implement

policies for the development of e-commerce for individual industries, particularly pillar industries. For the detailed conception of this Committee, Members may refer to a study report, entitled "A Sectoral Strategy for E-commerce in Hong Kong", published jointly by the Hong Kong Information Technology Federation and me in October last year.

6. To review ITPSA: This scheme was originally designed to promote the development of Hong Kong's IT industry through collectively arranging and managing government contracts related to procurement of IT services. Industry comments about the scheme, having implemented for a year or so, seem to be mixed. The industry, particularly contractors and subcontractors, should therefore be invited to take part in discussing and reviewing this scheme expeditiously.

7. To upgrade IT security: In view of the rising trend of computer-related crimes and the prevalence of bogus websites, "website bulgery", and so on, IT security should be stepped up by such means as encouraging large enterprises to launch internationally-recognized IT security management programmes, and enhancing education in order to boost IT security awareness and computer integrity among small and medium enterprises as well as members of the public. Meanwhile, the Government should provide funding to the Hong Kong Computer Emergency Response Team Co-ordination Centre (HKCERT) on a regular basis to support the provision of services in this area. At the same time, enhanced IT training should be given to police investigation officers to upgrade police capacity in detecting computer crimes.

8. To set up an "e-government service centre": E-government services are currently provided by the public enquiry service centres under the Home Affairs Department (HAD) and community digital stations. For enhanced efficiency, I propose that these two organs be merged and replaced by a new "e-government service centre". Besides service platforms, this centre should be equipped with computer facilities. In addition, duty staff and free programmes may be provided to help and encourage the public acquire the knowledge of using digital devices. Given the simple fact that many District Offices under the HAD are now offering public enquiry services, it is essential for the Government to consider offering such services on-line in District Offices.

9. To study the enactment of legislation to regulate spam e-messages or e-mail: Spam has now become a serious problem, given that junk e-mail may

waste up to \$10 billion worth of productivity per annum in Hong Kong. Marketing phone calls, short messages service and junk fax have gone so far as to impact on the life of the public. For this reason, consultation should be carried out expeditiously so that measures can be formulated to regulate spam. Legislation serving this purpose has been enacted in many countries. The Government is duty-bound to examine this matter.

10. To develop public broadcasting and public access channels: To tie in with the introduction of digital terrestrial television, the Government should review its existing broadcasting policies to affirm its role as a public broadcasting service provider, and set aside a television channel for broadcasting civic programmes.

11. To continue with its promotion of IT education: Relevant work in this area has been completed. We can only wait for the next five-year plan, though it may be handled by the Education and Manpower Bureau instead of the Commerce, Industry and Technology Bureau. Yet I believe the Government is obliged to examine the matter.

12. As part of its responsibilities, the Commerce, Industry and Technology Bureau should consider ways to start promoting computer recovery with the Environmental Protection Department. As the problem of computer dumping continues to worsen, the Government should consider ways to deal with it.

I so submit.

MR AMBROSE LAU (in Cantonese): Madam Deputy, it is proposed in the policy address to develop Hong Kong into an international financial services and asset management centre similar to Switzerland, providing Asia with high value-added services in fund management, corporate investment management and personal banking. It is also stated that the Government will work with the industry to create even more favourable conditions for the achievement of these goals.

The Hong Kong Progressive Alliance (HKPA) considers that with regard to Switzerland's personal banking business, tourism, high value-added and hi-tech industries, and "headquarter economy", some are new areas in which Hong

Kong has the qualities to develop and some are already the existing edges of Hong Kong. Therefore, the Swiss model, which is in some ways similar and comparable to ours in Hong Kong, is worthy of our study and reference. If Hong Kong can achieve these goals, it would promote the diversification of the economic structure, facilitate the development of the capital market in Hong Kong and increase public revenue. It would also facilitate the further recovery of the property market and hence alleviate the problem of negative equity assets and create more jobs for the people. The HKPA supports these proposals and urges the Government to take measures in the following areas.

First, the Government should enact clear laws and regulations to develop Hong Kong into a financial centre trusted by international funds.

Given that a majority portion of the local manufacturing sector has relocated to the Pearl River Delta (PRD), their production-oriented financing activities and credit-related dealings with banks have also been relocated accordingly. The continued decrease in the local demands for bank loans in recent years is precisely a reflection of this trend. On the other hand, most of the world's community wealth is generated and accumulated in the emerging markets in Asia. Since Hong Kong is located in the centre of the emerging markets in Asia, the local banking sector can capitalize on the advantages of Hong Kong, that is, a relatively sound legal system, a simple and low tax regime, a well-developed financial market and an abundant supply of financial talents, with a view to developing personal financial management and private banking services and hence growing into the premier wealth management centre in the region. To develop personal financial management and private banking services, it is most important for the Government to expeditiously draw up clear guidelines for financial institutions engaging in private banking business, requiring these institutions, upon the receipt of funds, to ascertain the legitimacy of the sources of funds, in order to reduce the risk of taking in problem funds and the resultant impact on reputation. Absorbing problem funds casually is not conducive to the development of Hong Kong as a wealth management centre. Only when legitimate funds are absorbed will it help Hong Kong establish a system of confidentiality and the international reputation trusted by international funds.

Second, increasing investment instruments and developing the bond market. To develop into an asset management centre, Hong Kong must

increase the choice of investment instruments. Last month, Invest Hong Kong announced that in the first three quarters of 2003, Hong Kong's inward foreign direct investment amounted to US\$14.8 billion, which already exceeded last year's total figure of US\$12.8 billion. Insofar as foreign direct investment is concerned, the figure stood at US\$23.8 billion in 2002, ranking second in Asia and was only after the US\$52.7 billion of mainland China. Last year, after the outbreak of Severe Acute Respiratory Syndrome (SARS) there were the signing of CEPA, the extensive implementation of the Individual Visit Scheme, the policy on investment migrants, and so on. All these attracted the return of capital to Hong Kong from all sources, causing Hong Kong stocks and the exchange rate of the Hong Kong Dollar to rise continuously. The reduction of interest rates in the banking sector actually reflects the massive inflow of funds into Hong Kong. But given a limited choice of investment instruments, banks have been "flooded with money". So, the Government should widen the choice of investment instruments in Hong Kong, including developing the bond market, to cater for these funds which profusely flow into Hong Kong to find opportunities for investment.

Third, improving the business environment to strengthen the "headquarter economy" of Hong Kong. Switzerland is not only a base for European multinational companies to set up headquarters, but also a place where most headquarters of different types of international organizations are found. Together with New York, they are considered the world's two major centres of international activities. Hong Kong has also established itself as the base of headquarters of multinational companies in the Asian-Pacific Region. According to statistics of Invest Hong Kong, as at June last year, a total of 966 overseas enterprises have set up their headquarters in Hong Kong, which means 18 companies more than the year before and represents an all-time high. However, in respect of the development of Hong Kong into a "headquarter economy", there is still room for improvement. The Government can, through the provision of special conditions, such as venues, attract different types of international organizations and enterprises to set up headquarters or regional headquarters in Hong Kong and hence develop Hong Kong into an international centre of financial activities in the Asian-Pacific Region similar to Geneva.

Fourth, the Government can capitalize on the zero tariff benefit provided by CEPA to attract and encourage investment in high value-added industries in Hong Kong. The thriving Swiss economy features not only outstanding

personal banking services, tourism, and "headquarter economy", but also high value-added and hi-tech industries such as watch making. In a prosperous small economy, a share of 25% to 30% by high value-added industries can attract an employment rate of over 20%. This can fundamentally improve the structure of manpower needs, the financial and tax regimes and also employment in Hong Kong. At present, while industries in Hong Kong have been on the decline, we still have advantages in respect of design, quality management, brand names and reputation. More importantly, when the PRD is developing in the direction of becoming the world factory, if Hong Kong wishes to play a co-ordinating role by serving as a bridge or an intermediary in the supply chains linking up the PRD and the world, we must have our own high value-added industries, including high value-added products with advanced design components, brand name products of good reputation, traditional industries that are reformed and upgraded by technology, industries that can upgrade services, hi-tech industries, and also industries which enable Hong Kong to play a co-ordinating and liaising role in the supply chains of the world. The zero tariff benefit provides an opportunity for us to develop high value-added industries. The Government should offer concessions in terms of tax, land and labour services, and comprehensively review its policies on the border areas, with a view to attracting and encouraging investment in high value-added industries in Hong Kong.

In respect of employment, the policy address has set aside about \$1.2 billion to implement three employment measures. First, to extend about 11 000 temporary jobs; second, to extend the Youth Work Experience and Training Scheme which was introduced in the year before last by two years to place into employment 10 000 young people aged 15 to 24; and third, to introduce a one-year trial scheme to assist 1 000 young people to become self-employed. The HKPA considers that these initiatives are basically just the two old measures adopted by the Government, that is, creating jobs with public money and providing training schemes. While these two measures can temporarily alleviate the pressure of unemployment, the creation of jobs with public money is nevertheless a relief measure and a kind of welfare, which, in the long term, the Government will not have the means to sustain due to a huge deficit. Worse still, it will even affect the adjustments of the labour market. These continuous efforts to arbitrarily create jobs for young people would not in the least enhance the competitiveness of our young people. Pampering young people by temporarily placing them in jobs will only delay the restructuring of the labour market.

The HKPA considers that despite signs of economic recovery in Hong Kong, it is basically an unemployment-based recovery. After the middle of the '90s in the last century, as the relocation of traditional industries in prosperous economies gradually speeds up, unemployment-based recovery has therefore become a common phenomenon in prosperous economies where costs are high. As Hong Kong is located just next to the Mainland, it is inevitable for the relocation of traditional industries and off-shore economic activities to increase. That is why the economic recovery in Hong Kong features a relatively weak internal situation against a thriving external environment, that is, the economic recovery is mainly spurred by external developments. Apart from the Individual Visit Scheme which has given a boost to the local tourism industry, a substantial part of investment and employment activities are taking place outside Hong Kong. Obviously, it is purely wishful thinking to sit and wait for the economy to pick up, hoping that the unemployment problem will disappear in time. Under the circumstances, the Government should, while continuing to adopt the two old measures, play two trump cards. For one thing, in order to tie in with the implementation of CEPA, the Government should propose relevant policies and measures to expeditiously give play to the potentials of the Individual Visit Scheme. Adjustments should be made to target actions on the inflow of mainland visitors and the mainland market and to meet the huge demands of individual travellers for medical services, education, investment, culture, entertainment, and so on, with a view to claiming a greater share in the economic pie of the Mainland. For another, we must capitalize on the zero tariff policy to attract more investments and hence reinvigorate the local manufacturing sector, so that Hong Kong can build up and take root in a strong domestic economy and revert the trend of the local industries hollowing out and becoming marginalized, thereby creating more jobs for the people.

Madam Deputy, I so submit.

MR BERNARD CHAN: Madam Deputy, I would like to congratulate the Chief Executive for not announcing any significant new economic visions or initiatives in his latest policy address. I think this is a very good sign. We are finally seeing definite signs of recovery in our economy. The best thing for the Government to do at this stage is to relax a bit, and stop trying so hard to manage or stimulate the economy.

The Government's past attempts to steer the economy have been well-intentioned, but they have not been successful. Now would be the right time for the Administration to confirm its confidence in market forces and its belief in small government.

In the course of his address, the Chief Executive repeated his belief that Hong Kong can find new opportunities in manufacturing, in hi-tech industries, in creative industries, in commercial health care and in various other sectors. Well, maybe he is right. Maybe he is not. The fact is that it is not the job of the Government to plan our economy. If investors want to enter these sectors, using their own capital, they are welcome. But the Government should not try to force the economy into areas it does not want to go.

My sector, the insurance industry, is a highly competitive business. We have to work hard. Some times are good and some are bad. Some companies make healthy profits and some do not. You will never hear us ask for free land. You will never hear us say we can create more jobs if you give us subsidized office space. We have never asked for a tax cut just for us, to help us through the hard times, or to attract more insurers here. We do not expect subsidies from the rest of the community. It would be good if the Administration would make it clear that it is not in the business of picking winners or offering them favours and subsidies.

The best way for the Government to create jobs and economic growth is to support private enterprise — regardless of sector — by keeping taxes and red tape down.

Another way for the Government to stimulate our economy is to open the door to overseas talent. I have called for this in the past. We have a very small local population base. We need to attract the best from around the world and from China.

We have a scheme to attract old millionaires. Let us have a scheme to pull in young, energetic, creative and clever people who will take risks and make Hong Kong a more dynamic place.

Finally, it would be good if our Government could talk up Hong Kong a bit more. It seems every time when our officials speak in public, they go on

and on about our terrible economic problems. I know they want to appear to be in touch with the community, but they are depressing people both here and overseas.

Let us be objective. Yes, certain sectors of the community have been having a very tough time, and we need to focus on effective ways to help them. I am actually involved in an initiative bringing the business and welfare sectors together to do just that.

And yes, we do have some structural problems — especially the budget deficit, the need for tax reform, and things like education and the environment. But please remember that we have superb economic fundamentals. On top of those, we now have good news on job creation, and on consumer confidence. Imports, property sales and other indicators are looking good.

So I say to the Government, please cheer up. One of the duties of leadership is to keep your people in good spirits. Thank you.

DR TANG SIU-TONG (in Cantonese): Madam Deputy, to most people in Hong Kong, 2003 was presumably a very unforgettable year, because SARS broke out in this very year, claiming the lives of 300 and plunging the Hong Kong economy into the worst state ever. Luckily, the external economic environment started to improve in the wake of the epidemic, thanks particularly to the strenuous support rendered by the Central Government — the implementation of the Individual Visit Scheme and CEPA. As rightly pointed out by the Chief Executive, the economy of Hong Kong has undergone a "V-shaped rebound", or it can be said that the worst times are already over. But like all Hong Kong people, I hope that this very welcomed trend of recovery can be sustained. The latest policy address accords priority to the solving of economic problems. Its ability to realize the current social situation, to prioritize policies in their implementation and to ride on the trend of recovery does represent an improvement. The policies proposed in the policy address to promote the pillar industries and economic restructuring are certainly right in direction, for only economic improvements can dispel the grievances in society.

But this policy address of the Chief Executive is a bit lacking in any substance. In regard to many of the proposals, we simply do not know whether

they can be implemented at all in the end, and many of the proposals are merely old times harped anew. On economic issues, for example, despite the Government's claims that the economic difficulties and unemployment problem faced by Hong Kong are structural instead of cyclical in nature, the policy address still stresses that with "a weaker US Dollar", and "as the world economy improves", in brief, as a result of cyclical factors, the economy is improving, so we should be "optimistic about our own economic prospects". I think such a judgement is really over optimistic. So far, Hong Kong has not yet succeeded in transforming itself into a knowledge-based economy. As long as we have yet to succeed in restructuring the economy, our fundamental economic problems and also that of unemployment will remain. We simply should not be too optimistic because we will continue to suffer the disappearance of jobs under the trend of globalization. It is such a pity that all the Government says in this policy address are nothing but worn-out ideas completely devoid of any impetus.

The economic development of Hong Kong and that of the PRD are closely related, and sound infrastructure facilities are essential to industrial and commercial dealings. In 2005, the Shenzhen-Hong Kong Western Corridor will be completed. This major logistics thoroughfare will require the support of other developments. Therefore, land use planning, especially in respect of feeder roads and back-up land for containers, must be drawn up as soon as possible for the landing points of the Corridor in Hong Kong, in order that the economic development of Hong Kong can be promoted.

CEPA will definitely bring immense benefits to Hong Kong. But the details of implementation must be worked out by both sides as soon as possible. In particular, both sides must make detailed arrangements as quickly as possible for the northward expansion of local professionals, so as to create more opportunities for professionals searching for business prospects in the Mainland.

Since we have yet to succeed in economic restructuring and workers are still facing uncertain employment prospects, the Government should not take the situation lightly lest social unrest may arise to directly affect the governance of the Government.

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

DR LUI MING-WAH (in Cantonese): Madam Deputy, after six years of bitter struggle, Hong Kong economy has finally seen the dawn and displayed a momentum of revival in response to the impetus injected by the Individual Visit Scheme and CEPA. At this critical moment of change, the Chief Executive delivered his seventh policy address.

This policy address, entitled "Seizing Opportunities for Development Promoting People-based Governance", highlights that in the coming year, "what is most needed is to push ahead with work already planned in a pragmatic manner, to ensure that the good momentum built up in the recovery is sustained" after seeing the dawn of the economic recovery and considering other factors. Although the policy address has brought neither surprises nor bold, aggressive plans and strategies for active reforms, the Government has become better able to, compared to the past, seize the trend of economic development and objective reality, grasp the sentiment of the members of the community, allow the community to take a respite and build up its strength, and let the economy run its course in moving forward. The policy address may after all be considered to be pragmatic, moderate and practical.

Looking at the past six years, Hong Kong has gone through all kinds of hardships and difficulties. Subsequent to the bursting of the economic bubble caused by the financial turmoil in 1997, Hong Kong economy plunged to an abyss from its peak, and the public suffered badly from the economic recession. With the economy rising again and unemployment coming down, there is eventually a feeling among the general public that they may breathe a sigh of relief. At this very moment, the Chief Executive demonstrates a big progress in his wisdom of governance by proposing a new thinking of allowing the community to take a respite and build up its strength, and minimizing any measures that will end up wasting manpower and money.

While the community can recuperate and build up its strength, it does not mean the Government can just look on and do nothing. The economic turnaround, attributed to an improvement in global economy and driven by CEPA and the Individual Visit Scheme, has actually nothing to do with the Government's economic policies, not to mention that there is still a hidden worry in the structural imbalance in the economy. For the economy to regain its past glory, our economic structure has to be adjusted. However, it is going to take a

long, long time to accomplish this monumental task. Fortunately, the policy address has managed to get a more reasonable and clearer idea of our economic prospects. Apart from making continuous efforts to consolidate our core industries, the Chief Executive highlights that "judging from our experience of repeated exposure to the impact of external factors, we must also seek to broaden the base of our economy" — this is what he said — in order to create new areas of growth. This shows that he has come to realize the weakness and inadequacy of our economic structure due to its excessive reliance on tourism, logistics, financial services and producer services. Such an in-depth understanding of Hong Kong's economic development and change in thinking carry a far more profound significance and impact than any of the reforms carried out in the past.

Under the influence of this new thinking, the Chief Executive has once again reaffirmed in his policy address his economic strategy of "leveraging on the Mainland, engaging ourselves globally, capitalizing on our advantages, strengthening our core industries, deploying new knowledge and new technologies and moving up the value chain". This will mean that, among other things, new areas of growth will be hammered out, including manufacturing industries and high technology. While the implementation of CEPA will certainly bring our manufacturing industries a golden opportunity, whether this opportunity can bring Hong Kong practical economic benefits will still hinge on government policies and support measures. In this connection, the Chief Executive undertakes that "we particularly welcome the development of the more competitive, high-technology manufacturing industries in Hong Kong. We will make policy adjustments to facilitate as necessary". Obviously, this is a manifest of the new policy, which merits commendation. The Chief Executive also points out that Hong Kong is "capable of pursuing innovation in areas such as integrated circuit design, photonics, wireless communications, digital media entertainment, applied nanotechnology, biomedicine and Chinese medicine" and all this will provide new momentum for economic growth. It is evident that the Chief Executive and his governance team have come to realize that technology is fundamental to knowledge-based economy. I would also like to point out here that hi-tech manufacturing industries are the carrier and manifestation of high technology. Such a breakthrough is commendable. Despite the Government's enhanced knowledge of Hong Kong economy, the policy address has not done enough in promoting manufacturing industries as the engine of economic revival.

In conclusion, the seventh policy address, though appears to be plain and unattractive, is embedded with important messages. To start with, the Chief Executive and his team of policy-makers have gained an in-depth knowledge of Hong Kong economy and acquired a clearer idea of the way forward for economic development. The Government should realize that high technology, without manufacturing industries acting as a carrier, cannot create wealth for the community. Second, in order to create new areas of economic growth and explore new horizons, the Chief Executive undertakes that "the Government will actively provide the necessary support and co-ordination in respect of policy, infrastructure and software". For the purpose of attracting manufacturing industry to the territory, he has specifically reiterated that "..... We will make policy adjustments to facilitate as necessary to facilitate the development of the more competitive, high-technology manufacturing industries in Hong Kong". He has obviously discarded the manifesto of "upholding the active non-intervention policy" and his outmoded way of thinking. This is going to bring hopes to Hong Kong in adjusting the economic structure and relaunching manufacturing industries, and provide a foundation for steady forward development of the Hong Kong economy. Such a hugely positive message is indeed encouraging.

Thank you, Madam Deputy.

MR FREDERICK FUNG (in Cantonese): Madam Deputy, insofar as the policy address delivered by the Chief Executive is concerned, the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I share the worry that the employment policy mentioned therein has relied excessively on the Central Government and the favourable elements brought about by CEPA. On the contrary, it has failed to give Hong Kong a clear positioning in terms of its development and economic role. I find the thinking that we should look to the Central Government on everything too simplistic. Moreover, the employment demands of the grass-roots workers have not been fully met.

People who care to read the policy address will surely notice that the four English letters, C, E, P and A, are mentioned most frequently throughout the text. The ADPL and I will definitely not underestimate the assistance CEPA will bring and its impact on Hong Kong economy. Without a doubt, CEPA has brought local manufacturers a multitude of tangible concessions in business

operation. However, I can still not help asking this question: Are leveraging on the Mainland and reliance on CEPA the only panacea for our economic development? Can the opportunities brought about by CEPA benefit each and every member of the public in Hong Kong, particularly the wage earners? Has the Hong Kong Government ever thought of the inadequacies of CEPA and what is it prepared to do in order to make up for such inadequacies? Although the Hong Kong Government's determination to undergo transformation is widely agreed, what is the destination of the Government? What can wage earners and the grassroots do in the course of transformation? No answers to these questions can be found in the policy address.

First of all, both the ADPL and I share the view that, despite the new room of development brought by CEPA, it must be noted that such an edge is only relative and transient. With the accession of China to the World Trade Organization, the huge and potential-rich market the Mainland is bound to open gradually. In a matter of years, the competitive edges presently enjoyed by local manufacturers on the Mainland by virtue of CEPA will gradually diminish as a result of the inflow of capitals, manpower and skills from overseas countries into the country. Such an impact is not to be taken lightly. For this reason, it is imperative for Hong Kong to explore how it should position itself specifically, bearing in mind the integration between the territory and the Mainland and the influence of the trend of globalization. In particular, Hong Kong must compete for international markets beyond China in order to disperse its investment risks. Putting all the eggs in one basket will bear some uncertainties and risks.

Secondly, as mentioned in paragraph 28 of the policy address, new industries and high value-added production processes may be attracted to Hong Kong as a result of the implementation of CEPA. It can thus be anticipated that CEPA will impact positively on the workforce of new, hi-tech industries of low-density employment such as telecommunications, creative industries, and so on. However, it appears to be very difficult for hundreds of thousands of low-skilled and low-qualification middle-aged workers to benefit from CEPA because of their age and academic qualifications, as well as their limited self-enhancement abilities and motivation.

With respect to these two issues, the greatest concern shared by the ADPL and me is whether the issue of "employment polarization" can be properly dealt

with, against the background of integration between Hong Kong and China. We share the view that the theory to enhance the quality of the dual economy, put forward by the academia years ago, is of great reference value. Although this is nothing more than a theory, the Government is duty-bound to examine if it is applicable to Hong Kong. The theory advocates that the Government should inject resources to develop high value-added and high technology that offers small employment opportunities in order to boost its global competitive edge. At the same time, policies should be formulated to meet the employment demands of grass-roots workers and renew efforts to develop low value-added industries that can provide a large quantity of stable jobs, with a view to preserving the rice bowls of the wage earners. These types of "low value-added, high employment" jobs are particularly important at a time when the speed and duration of the territory's economic recovery are still uncertain, and when the unemployment rate stands at a relatively high 7%.

Reviewing the various employment initiatives proposed in the policy address, the ADPL and I definitely welcome the Government's decision to extend 11 000 temporary posts and the Youth Work Experience and Training Scheme, as well as continuing with its arrangements for the development of the local community economy. In the meantime, more can be done by the Government in improving employment. For instance, it can consider strategically identifying several relatively low value-added industries with greater manpower demands such as manufacturing, garment or electronic timepiece industries and, through offering land and tax concessions, suitably tilt resources and provide incentives to assist local industrial development, with a view to continuously providing more job opportunities for low-skilled middle-aged workers with a low educational attainment.

In conclusion, the ADPL and I share the view that relying solely on CEPA to relaunch Hong Kong economy is not advisable and there is also a time constraint. The Government must take precautions beforehand by expeditiously getting a clear idea of the role and positioning of Hong Kong in the giant furnace of world economy. At the same time, the Government must actively formulate policies that can create a large quantity of long-term and stable job opportunities before the employment demands of wage earners can be properly met and social development be stabilized.

Madam Deputy, I so submit.

MR LAU PING-CHEUNG (in Cantonese): Madam Deputy, the Chief Executive has predicted in the policy address a sustained economic growth and a continuous drop in unemployment this year, and that deflation will disappear within 12 to 18 months. I share this prediction with caution. Since the signing of CEPA between the Central Government and Hong Kong in mid-2003, the benefits of CEPA have begun to show in a number of trades and sectors, particularly tourism, and the overall economy has seen a revival as a result.

CEPA is a sustainable agreement. When it was announced in mid-2003, 17 industries and 273 items of goods were supposed to benefit from it. The numbers of industries and goods being benefited had however risen to 18 and 374 respectively when CEPA was implemented early this year. It is definitely a pleasing sign to see a constant rise in the number of beneficiary industries and goods. However, it must be noted that these industries, particularly professional services, vary in pace of progress. Insofar as market access is concerned, individual professions, such as those related to architects, are still wandering outside the entrance. There is little to write home about insofar as this aspect in the policy address is concerned. The Chief Executive mentions in the policy address that "progress has been made in respect of the recognition of qualifications by the Mainland for Hong Kong architects, estate surveyors and stockbrokers". However, it must be pointed out that the mutual recognition of professional qualifications of Hong Kong architects and estate surveyors is actually the result of the negotiations held between Hong Kong professional bodies and their mainland counterparts over the years. Of course, the vigorous promotion made by the SAR Government over the past nine months or so has certainly helped.

However, the hardship facing Hong Kong professionals in the construction industry is essentially related to access to the market. Under the Annex to CEPA, professional firms in the construction industry and related engineering services are required to meet a certain set of standards, including performance and the number of professionals employed. Madam Deputy, should the threshold, an issue brought up by me repeatedly in this Council, be set too high, only a fraction of architects' firms, surveyors' firms or planners' firms can qualify to operate in the Mainland. What we are striving for at present is to set the threshold at a reasonable level to facilitate the entry of more local professional firms into the mainland market. For instance, we are now campaigning for the right of Hong Kong-funded architects' firms to operate independently on the Mainland and enjoy the flexibility of providing the sole

service of architectural design without being obliged to operate business in the form of an integrated design house. This will allow architects' firms to present their designs direct to the relevant authorities for approval and to participate in the entire package, from construction, supervision to testing, throughout the construction period.

Madam Deputy, you will probably find it strange because these specific issues, relating to professions in the construction sector, should be dealt with in the fourth discussion session. The industry has an impression that the Secretary for the Environment, Transport and Works is not enthusiastic in negotiations of this sort. Talks on CEPA have always been led by the Financial Secretary, with the Secretary for Commerce, Industry and Technology being responsible for support and co-ordination. The Financial Secretary and the Secretary for Commerce, Industry and Technology will, in the middle of this month, lead a deputation of representatives of construction-related professions to reopen discussions in Beijing on the mutual recognition of professional qualifications and the lowering of the threshold of entry with their mainland counterparts and organizations. Hopefully the talks will bear fruit to enable local professionals to bring their ability into full play on the Mainland expeditiously.

I would like to emphasize that the mutual recognition of professional qualifications entails negotiations between Hong Kong professional bodies and their mainland counterparts. However, negotiations for market entry must be conducted at a government-to-government level. Individual companies can only gain access according to government rules. Naturally, very few Hong Kong companies can access the Mainland should the rules, or the threshold, be set at an excessively high standard. The benefits thus brought will naturally be limited. Certainly, I welcome the Financial Secretary's attempt to hold talks with mainland departments on behalf of Hong Kong professions. Yet I fear that it might not be possible for the Financial Secretary, who has such a heavy official commitment, to take care of the detailed arrangements of the talks, and ultimately the task will fall on the Bureau Directors.

Actually, developing the mainland market will help ease local unemployment. Despite the lowering of the local unemployment rate from its peak of 8.3% to 7.3% last year, the unemployment rate in the construction industry was still far higher than the overall unemployment rate. Dropping from its peak of 20% to 17.7% last year, the unemployment rate in the construction sector was still more than double the overall unemployment rate.

Despite the Government's announcement of resuming the application list land sales programme, it will take one to two years for the process from auction to planning to complete, and so the number of posts that can be created will still be limited. I hope the Government will be wise enough to enable infrastructure expenditure, valued at an average of \$29 billion per annum, to create more local employment opportunities. Should the construction industry shrink, skilled workers will be forced to switch to other industries. It will become even more difficult to recruit skilled construction workers, even if the industry becomes robust again in a couple of years.

I will leave the specific proposals related to the creation of more job opportunities for the constructing industry to the fourth session. I so submit.

MR MICHAEL MAK (in Cantonese): Madam Deputy, to revive the Hong Kong economy, it is not effective to merely propose some economic policies. Early last year, the Hong Kong economy seemed to show some signs of recovery. However, since the Government and the public had not done a good job in environmental hygiene, while the Government did not have a decisive and effective contingency mechanism, a vicious coronavirus together with an arrogant and stubborn health official dealt a hard blow to Hong Kong, not to mention the economy only!

CEPA and the Individual Visit Scheme have really injected a new impetus into the sluggish economy. In grasping the economic development opportunities brought by these two policies, the Government must also learn a painful lesson from SARS. It should assess prudently the possible impact on public health by individual travels.

The Government should not think that the tourist industry can be revitalized simply with the Individual Visit Scheme, Disney theme park or by the introduction of other tourist spots. The Government should seriously crack down on deceitful shops, and enhance the bilingual and tri-literate standard of the personnel in various trades, before it can provide quality tourist services to tourists from all parts of the world. In fact, since the Hong Kong economy has slightly improved, a lot of hotels could not wait to raise their fees and charges, while some unscrupulous shop owners and taxi drivers continue to cheat our tourists. If the above situations are not addressed and the sectors concerned do not discipline themselves, the reputation of Hong Kong will only be seriously injured.

(THE PRESIDENT resumed the Chair)

Although the latest unemployment rate (7.3%) has come down slightly, Hong Kong has still not successfully restructured into a knowledge-based economy. The employment problem of young people and grass-roots workers is still critical. The Government has to find a way to assist people in various trades to integrate into a knowledge-based economy and to stabilize the employment situation. Besides, there are as many as 67 000-odd cases of negative equity assets at present. Many negative asset owners are still in a very difficult plight. The Government must help these families from various aspects.

Finally, the Government has to change its outdated philosophy of financial management so as to boost people's desire and confidence in domestic consumption, before the economy can really recover eventually.

Madam President, I so submit. Thank you.

MR FRED LI (in Cantonese): Madam President, during the debate on the policy address last year, I said that cases of avian flu might emerge from time to time in future. Unexpectedly, this has come true today. Madam President, I hope you can excuse me for briefly mentioning avian flu, as I will relate this to the economy. Since the outbreak of avian flu covers a lot of countries — 12 countries — in Asia, we are already surrounded by avian flu. Avian flu is not only a problem of health. Indeed, I have mentioned to the Financial Secretary that if there is an outbreak of avian flu in Hong Kong, since epidemics and the economy are closely related, the economic losses thus incurred will be very astonishing. We learnt a hard lesson in the incident of Severe Acute Respiratory Syndrome (SARS) last year. Let me provide some figures to Members. According to the estimation of the SAR Government, in April alone last year, \$2 billion of economic losses were incurred directly by SARS, while the losses were estimated at \$1.8 billion in May, which accounted for 1.7% of the Gross Domestic Product.

Should there be an outbreak of avian flu in Hong Kong again, and should person-to-person infection become a reality, this blow to the Hong Kong economy will be more severe than SARS. As mentioned by Mr LUI Tim-leung,

a Tax Partner of PricewaterhouseCoopers, in the press, the outbreak of avian flu recently in the Asian Region would likely to affect the economic development of the Asian Region, including Hong Kong. He even predicted that the Budget to be announced next month by the Financial Secretary now sitting opposite to me may tend to be more conservative due to the epidemic. In turn, this will affect the sale progress of government assets which will be placed in the market soon as well as the proceeds from government investment. We can thus realize that the Government needs to pay due attention to it—it is a matter concerning only one Bureau, for it has to be studied by various parties, with a view to reducing the impact on our economy. In a preliminary enquiry with the Hong Kong Tourism Board, I learned that fortunately, there was yet to be any sign of cancellation of in-bound tours to Hong Kong. However, while living in peace, we still have to be mindful of possible danger. The SAR Government cannot take the avian flu problem very lightly. In the debate session where the Secretary for Health, Welfare and Food YEOH Eng-kiong will be present, I will propose some relevant measures, and I hope that the SAR Government can pay attention then.

Madam President, in the rest of the time, I would like to raise an old issue again — when the Financial Secretary saw me, he also said that this issue had been discussed for 10 years, and that is the enactment of a fair competition law. We opine that if the SAR Government can enact a fair competition law, it will help to enhance the confidence of overseas investors in investing in Hong Kong.

We in the Democratic Party raise this request again because we feel that the Competition Policy Advisory Committee, which has been established for five or six years, has achieved nothing indeed. Neither has the Committee any solid power to conduct investigation, nor has it done a lot of publicity among the public to promote fair competition or a lot of work in promoting fair competition. For many years, the number of complaints is also very small. The Committee especially formulated a set of guidelines last year. However, this set of guidelines is basically not binding. There is still a big question mark on whether or not it can encourage competition in the business sector.

We opine that the introduction of a fair competition law is a sound strategy to effectively protect the entire business environment in Hong Kong. In order to effectively ensure that Hong Kong possesses a level playing field, a powerful fair competition commission is indispensable. The Democratic Party urges the

Government, in studying the enactment of a fair competition law, to review again — again — the existing functions of the Competition Policy Advisory Committee. In the absence of any fair competition law or fair competition commission, we should enhance the functions of this Committee.

Besides, we are also very much concerned about the electricity market. The Democratic Party hopes that the Government can, on the basis of the major principle of fair competition and protection of consumers to ensure a reasonable and inexpensive supply of electricity, study how the market can be gradually liberalized in 2008 so that members of the public can be benefited.

DR ERIC LI (in Cantonese): Madam President, this year's policy address can be described as a "non-event", which literally means something not essential. But if we look at its meaning in context, it appears to be suggesting that this policy address is more of a routine than past policy addresses. From the preparations of the policy address to its publication some time ago, and also from the public's response to it, newspaper coverage and even this debate that Honourable colleagues are taking part in this meeting today or the protestors outside this building, there is simply a lack of passion or enthusiasm. Nothing in it is really a worthy topic of debate. It is more like something which is already known to all, or an economic analysis that has been published before, only that the data have been rearranged and consolidated for another publication. It is difficult to find any novelty in it, and it is even less interesting than some major news stories. That said, however, in this unique political environment of Hong Kong where people always criticize but are never generous in singing praises, the response is perhaps not bad already.

From another angle, this may reflect that the public does not have many expectations of the policy address and they may not wish to see any major political manoeuvres. In the final analysis, the people of Hong Kong are only asking for a harmonious society underpinned by freedoms and stability where they can earn their own living and stand on their own feet, rather than relying on the Government to create tomorrows for them. Today when the economy has turned the corner, this thinking is all the more evident in society. The main theme of revitalizing the economy as proposed by the Government at this juncture is, to some extent, a consensus reached in society.

If we look at the global economy from a macro viewpoint, the year 2004 has certainly shown a better trend than 2003. First, in the United States, the locomotive of the world economy, their economic growth was very encouraging in 2003, and it is generally believed that the growth can at least sustain until the presidential election in November. The property market in Britain has shown stable performance too; it has successfully shaken off the fate of deflation and the economy is back onto the track of growth. For the other major economies, such as the European Union and Japan, their previously stagnant economies have gradually shown signs of improvement. The economic performance of China is all the more outstanding. Not only is the manufacturing industry making rapid progress. Our Motherland also plays a vitally important role on the stage of international trade. It has substantially increased the import of goods and services on the one hand and continuously purchased bonds issued by the Government of the United States on the other to sustain the buying power of the United States and their ability to maintain economic growth. Moreover, it has been exporting large quantities of inexpensive quality goods, directly stimulating and facilitating international trade activities. In this connection, Hong Kong is in a most advantageous position in terms of timing and geographical location. So, to the local business sector, now is the time when the interest rate is low, profit margins improved and confidence in investment fully restored. Proposing "Seizing Opportunities" as the main theme at this point in time precisely answers our advantageous position in terms of timing and geographical location, which is indispensable.

During the policy address debates in the last few years, I criticized the Government for "talking too much but doing too little" at an inappropriate time, that is, when the objective circumstances were lacking. In 1998, I described the policy address back then with a headline of "scoring in macroscopic issues, losing for having little punch" to show that the policy address had strategies but not concrete actions. But several years later in 2003, I said that the policy address was "more pragmatic and dwelled less on the abstract" to reflect a change in the style of the policy address. That is more consistent with the prevailing circumstances and the basic aspiration of the majority of the people who expect the Government to practise a small government and effect as little intervention as possible over local economic issues.

In this year's policy address, the discussions are short but succinct. There were also some adjustments in my view in the 2000 policy address. At that time, I thought that insofar as the principle of less government intervention

was concerned, we should differentiate between "internal" and "external" affairs. I thought that while the Government should not intervene in the local livelihood and mechanisms, when it came to external affairs, particularly with regard to our development into the mainland market, and in order to cater for the development of major trends in overseas markets, the Government must be proactive and work actively to participate in the process and provide support. I even urged government officials to desist from red tape and come down off its high horse to co-operate with the community and form organizations, with a view to achieving goals and giving effect to some initiatives step by step.

The CEPA arrangements this year can be considered a big harvest of the efforts made in the past few years and signify a major victory. Certainly, many SAR officials have begun to frequently lead delegation of community representatives to the Mainland to kick off negotiations, and the Financial Secretary will again head a similar delegation in two weeks' time. This is responsive to the demand at the time and shows that there are now more actions than words on the part of the Government. I think this is a very good phenomenon. That said, it is unnecessary to boast too much in the policy address about the achievements that have been made so far, and I think the policy address has not done so either in respect of the achievements made. But these achievements are there for all to see. Mr TUNG has made a lot of effort, and so have many government officials whose contributions do deserve credit. Although this is not mentioned in the policy address, we, being members of parliamentary assemblies, should, in all fairness, sing them fair and high praises.

The relevant CEPA arrangements can reflect that although Hong Kong has advantages in terms of timing and geographical location, when it comes to external relationship or its relationship with the Central Government of China, success will not come if "harmonious human relations" are lacking in the political dimension. On the economic side, which is an internal affair, the public has waited for far too long indeed insofar as their expectations of the property market and of stocks are concerned. After six years of waiting, they now see this auspicious phenomenon of both the property and stock markets thriving at the same time. In the debate on the policy address in 1997, I already said that the property prices were still very high. To quote my words back then, I said, "what the public wants to see is a soft landing of property prices. Government officials should not appear to be menacing at this stage because the property market can easily be turned into a stagnant pool of lifeless water." What I said then had unfortunately come true, and it is not until six years later that we can walk out of the destined adversities.

Over the past seven years, I have indeed hurled quite many criticisms at the Government's land and housing policies, and I think Secretary John TSANG may recall this too. Today, I hope I can unload this "baggage" off my back. But I also hope that the Government can put a full stop to this major policy blunder. I hope that the Government can truly cherish this expensive experience and clearly understand that, under the system of free market economy, it must adhere to the principle of being selective in implementing public policies, doing what should be done and not doing what should not be done.

While the Hong Kong economy has been picking up gradually, and I have explained the merits of CEPA and given an account of the situation of the property market and the financial services sector, and many colleagues have also mentioned how tourism and consumer spending have taken the economy forward, in the policy address there is still little mention of the deficit problem, an issue that the public generally expected to be discussed. This is a bit disappointing to me. However, I will, as in the past, patiently wait for the publication of the Budget by Financial Secretary Henry TANG. While there are only about 300 words in paragraph 41 of the policy address, I can feel that the mission given by Mr TUNG to Financial Secretary Henry TANG is no easy task. From my perspective, in particular, the Budget will have several limitations. First, in my view, the Government and the public will suffer setbacks in the negotiation with civil servants over their pay; second, as tax increase is proposed to be postponed or dropped and fees and charges be frozen, we can only rely on the windfall gain of the Exchange Fund or selling our assets in order to increase revenue. This can sustain only for one or two years, and can only be a buffer to the scale of the deficit. It is absolutely not a solution to the problem of a structural deficit, particularly as we can see that the environment for investment will be even more difficult next year.

The Budget will continue to touch on the extent to which services will be cut, although the policy address is silent on this. Now that education has already taken the brunt as it has been caught in problems, we can foresee that rainstorms are brewing in our social welfare services and our medical and health care services as they will be reformed step by step. We can come to see that it is not easy even to be a caretaker government. Financial Secretary Henry TANG had been very successful in leading his family business to scale new heights and develop beyond Hong Kong, and his achievements have surpassed those of his predecessors. But of course, even if the future Budget spent more than it should, it may still be very difficult for Members to call him a "spoiled

son of a rich father" or "wretched son who ruins all of his family's fortunes". I trust that he will certainly find solutions to the problem. But in order to really solve the deficit problem in the long term, particularly as many economists in the academia and funds outside Hong Kong are doubtful of Hong Kong's ability to find solutions to it, I think the Financial Secretary must quickly show us his stock in trade.

I also wish to briefly mention the concept of international asset management mentioned in paragraph 33 of the policy address. In the debate on the first policy address in 1997, I said that I hoped the Government would expeditiously identify a direction for the development of the economy. In 1998, Mr TUNG responded by saying in the policy address that Hong Kong should develop into a cosmopolitan city in Asia, citing New York and London as examples. This year, there is also Switzerland, and this is the newest idea in this policy address. I agree with this view, for I have also made similar suggestions before, and particularly as China has huge assets but is at the same time subject to foreign exchange control and its legal system still leaves much to be desired. So, this positioning of Hong Kong will not only benefit the Motherland, but also bring our potentials into full play.

I also wish to take this opportunity to remind Financial Secretary Henry TANG that in the 2002 Budget debate, I said that I hoped the Government would expeditiously consider abolishing the estate duty. The purpose is to tie in with the policy on investment migrants and also this policy of developing Hong Kong into an asset management centre. I hope he can at least expeditiously abolish the estate duty for residents who reside in Hong Kong for less than 183 days a year. This, coupled with CEPA and the policy on investment migrants, will definitely be conducive to the promotion of Hong Kong overseas. CEPA will offer advantages to us for only about three years, which, I think, is a very short time. I hope that Financial Secretary Henry TANG will not let go this prime opportunity and will give me a piece of good news as soon as possible.

Madam President, that is all I wish to say for the time being, and I will leave my further discussion to the next available opportunity.

MR MA FUNG-KWOK (in Cantonese): Madam President, given a series of new measures introduced by the Central Government for Hong Kong in the middle of last year, coupled with substantial *de facto* depreciation in the

exchange rate of the Hong Kong Dollar against the US Dollar, the economic atmosphere in the local market has improved. But to what extent can this be attributed to the efforts of Hong Kong itself? This is a question worthy of our deep thoughts. As to whether the Hong Kong economy can follow a steady track to recovery, we can only be cautiously optimistic. According to studies conducted by the New Century Forum, as of the third quarter of last year, the nominal value of the Gross Domestic Product (GDP) was still shrinking. Notwithstanding this, the Government still considers it a key objective to eliminate the budget deficit by contracting expenditure, insisting on the target of effecting tax increases in two years as announced in March last year. We are very worried that this would deal a blow to confidence and investment sentiments, in which case the Government's tax revenue might eventually drop subsequent to such increases in tax.

In fact, although the situation of public finances in Hong Kong is unsatisfactory, it is not as bad as the Government has put it. Many public assets, including the Kowloon-Canton Railway and the Airport Authority, can generate huge revenues each year, only that they are not accounted as government revenue. The Exchange Fund is a case in point. The Exchange Fund, being a government-controlled asset, manages to achieve a sizeable return at tens of billions of dollars on average yearly, but only less than half or even less than one third of such return will go to the Government. The rest of the return will be accumulated in full and is therefore not put to good use. I have written an article to suggest that if the Government can make appropriate adjustments to the distribution of return or levy an interest at a fixed rate, say, 4%, from the Exchange Fund, the SAR Government would have a stable income of some HK\$30 billion yearly, and this can greatly ease the budget deficit.

The New Century Forum has all along considered that if the Government can utilize resources appropriately to create social assets with public expenditure and make appropriate investments in infrastructure that can yield economic benefits, jobs can be created on the one hand and the future development of the tourism and logistics industries facilitated on the other, thereby stimulating the economy.

Besides, as we suggested some two years ago, to add new impetus for economic growth in Hong Kong, medical services and education can be industrialized, so as to attract people from overseas and the Mainland to come to Hong Kong for medical treatment and education at their own cost. Government

officials also took a very positive attitude towards this. But after several years of discussion, there has been all talk but no action, and in this year's policy address, it is still said that studies would be conducted and there is no concrete plan for implementation. The Government's policy to contract expenditure in these two policy areas may even result in this idea being nipped in the bud.

Recently, the Hong Kong economy has rebounded and turned the corner. The Chief Executive has stressed in the policy address that Hong Kong must seize the opportunity to consolidate and develop the four economic pillars, namely, finance, logistics, tourism, and producer services. This, I very much support. But apart from these four pillar industries, the creative industries underpinned by creativity also have great potentials for development and should not be neglected.

In fact, according to the statistics on creative industries collected for the first time last year, the creative industries generated some \$40 billion worth of economic value, accounting for 4% of the GDP. Let us not forget that this value was achieved against the backdrop of serious infringement of intellectual property rights. Our creative industries, including films, music, publishing, architecture, advertising, various types of design and digital entertainment have long enjoyed a good reputation. They already have a solid foundation and so, it is not difficult to achieve further development in these areas. But the prerequisite is sound protection of intellectual property rights. After the reunification in 1997, the SAR Government was resolutely determined to combat pirated optical discs, in order to clear Hong Kong of the bad name of the "Centre of Piracy" and hence allow the endangered film industry an opportunity to breathe and recover. But regrettably, the authorities were caught in an impasse in taking the next further step of enacting laws to enhance protection for intellectual property.

The amended Copyright Ordinance provides protection for four categories of copyright works, including computer programs, movies, television dramas and music recordings, but appropriate measures are lacking for books and printed works. I believe Members still recall that in 2000 when the Hong Kong Government proposed amendments to the Ordinance, there was a huge uproar in society as the impact of the amendments was not fully assessed at the time. Subsequently, the Government had to announce that the Ordinance be temporarily suspended for implementation. Recently, the authorities are even prepared to extend the suspension permanently, which is contrary to the original intent of combating piracy. In fact, over the last few years, in order to allay

public concern, the publishing industry has already put in place a sound and effective mechanism to grant special permission, whereby guidelines have been formulated on photocopying for purposes of education and personal study. The local press sector also has in place a set of sound arrangements for granting licences for photocopying. The Government should therefore press ahead with the making of legislation to combat piracy.

Besides, the Government, in response to the demand of the public, now plans to decriminalize the use of parallel audio-visual products by commercial entities. But this will mean ignoring the adverse impact that this policy may have on the audio-visual industry. Moreover, in the course of amending the Broadcasting Ordinance, we could see that the Government had turned a blind eye to the interests of the creative industries. Despite rampant pirated viewing of Cable TV, the authorities have still taken a wait-and-see attitude and refused to criminalize pirated viewing which is tantamount to theft.

Furthermore, as Hong Kong is an international city, a substantial part of the proceeds of the creative industries relies on revenue from exports. But still, the SAR Government has been rather inactive in protecting the intellectual property rights of local creators overseas. In cases of infringement of local intellectual property rights, the Government has failed to provide assistance. Nor has it at least negotiated with overseas governments on enhanced protection. After the signing of CEPA between Hong Kong and the Mainland, in particular, the creative industries including films, television, and so on may have more products entering the mainland market. But the protection of intellectual property rights in the Mainland is still far from sound. Producers pursuing development in the Mainland are consistently under threats of piracy. Although they have expended enormous efforts and financial resources on their work, they might eventually lose every cent invested. In this connection, can the Government plan ahead to assist the local businessmen?

Meanwhile, the Government should also keep abreast of the times and make early preparations for the making of legislation against copyright infringement on the web as a result of the development of electronic networks.

Madam President, in expressing these views, I only wish to point out that the relevant departments still lack an awareness of protecting intellectual property rights. I think the Government should reflect on itself, or else this would be unfavourable to the development of the local creative industries. In

fact, the SAR has an environment with quality talents and freedom of information. The local creative industries, with the solid foundation built up by themselves, can develop into another pillar industry given full support and protection by government policies.

I so submit.

MS EMILY LAU (in Cantonese): Madam President, the Chief Executive reminded us in the policy address of the possibility of the economy reviving, deflation disappearing in 10 months or so, and unemployment easing slowly. At the same time, I very much share the comment made by several of my colleagues, that Hong Kong is still shrouded in fears of the avian flu and SARS, a cause of great concern to many people in Hong Kong. I hope the SAR Government can exert its utmost because the situation will run out of control should there be an epidemic outbreak. Our economy will, I believe, suffer a severe blow.

Madam President, the session today is on the economy. We in the Frontier really hope Hong Kong can foster a very friendly business environment to attract local and overseas investors. I have mentioned the point to the Secretary and Bureau Directors on various occasions that, besides reviving the economy, we still have to examine the growing disparity between the rich and the poor in Hong Kong. For instance, Madam President, I have indeed cited this example more than a couple of times before. Before the handover, according to the statistics collected in 1996, approximately 85 000 households (I am referring to families) earned \$4,000 or less monthly. Last year, the figure rose beyond 200 000. In other words, 200 000 households were making so very little every month. For certain Members who are now sitting here in this Chamber, \$4,000 is not even enough to pay for a meal. The same goes for senior officials. Now that we have more than 200 000 poor families in Hong Kong, the Government must try every possible means to take care of the disadvantaged, regardless of the severity of its deficit and the challenges it is going to face.

Offering jobs is definitely one of the best solutions. I believe I have made it very clear that I will not suggest the Government offering all sorts of posts. Yet I share with some colleagues who said earlier that, in the face of such a

difficult situation, it is desirable that the Government creates more temporary or short-term posts to induce improvements in such areas as health care, hygiene and the environment. This I agree. Should this be properly done, we can prevent ourselves from being plunged into an abyss, even if we are surrounded by disasters attacking us from all sides. I hope the Secretary and others will listen to this piece of advice.

Madam President, insofar as employment is concerned, we in the Frontier actually conducted a couple of surveys in late 2003 on the employment services provided by the Labour Department (LD), and the findings have been forwarded to the relevant Secretary. Of the respondents we have interviewed, some expressed the hope that more district centres could be set up and more computer and telephone facilities be provided in the centres to give them more convenience. They also hoped to see enhanced communication between the centres and employers to speed up the updating of recruitment advertisements. At the same time, they hoped the authorities concerned could strengthen publicity on the telephone employment service and the Job Matching Programme. What is more, they hoped the authorities concerned could, through studying every case in an in-depth manner, understand the hardship facing job-seekers so that suitable services can be provided. While we certainly hope this can be done, I understand the LD may not be able to meet all these demands. Yet the LD stated that it succeeded in helping more than 66 000 people secure jobs last year. I do hope more can be done.

Madam President, the Chief Executive has mentioned in the policy address improvement to the business environment. We in the Frontier strongly support this. In relation to the point concerning a level playing field, the Democratic Party has expressed its view earlier in the debate. The Frontier shares a similar view with the Democratic Party too. In a study conducted by the Frontier jointly with the Hong Kong Democratic Foundation last year, it was found that there was a general impression among the public that supermarkets, electricity supply, fuel, staple food supply, mass transit and container terminal services were being monopolized. In the policy address, the Chief Executive stated that "relative to neighbouring regions, our business costs are still too high". Madam President, everyone knows that monopolization is bound to push up costs. As such, we really hope a fair competition law can be enacted to prevent monopolization by large consortia and companies — or prevent the public from being castrated, as some people have put it.

Madam President, I believe the authorities concerned are aware that South Korea, offering plenty of business opportunities, is enjoying economic prosperity as a result of its implementation of a fair competition law. Hong Kong and Singapore are the only developed regions where there is no fair competition law. We have mentioned this many times before. I believe you, Madam President, will remember that Singapore is making an effort in this area. Should such a law be enacted in Singapore, we will be left high and dry. The country was cited as an excuse whenever this issue was brought up in the past; I wonder what excuses can be made in future. Therefore, we very much hope that a similar law can be enacted in Hong Kong expeditiously. I believe this will help open up new horizons and create more job opportunities. The disparity between the rich and the poor can also be resolved as a result.

Madam President, I support the recent initiative made by the Secretary to disband four committees relating to economic affairs. It takes courage to remove the old and establish the new. Yet, Madam President, no one knows whether the new organ is going to work. I understand that the new committee, with all members being drawn from the old committees, compromises will have to be made in the spirit of mutual understanding and accommodation in handling a lot of matters. I have no idea how the committee, with a membership of 40 to 50, can conduct its meetings. Madam President, I believe the Secretary can "handle" this, just as you can "handle" 60 Members at the same time. I think what matters most is not the ability of the Secretary to "handle" scores of people in the meetings. Instead, it is most important that proposals on helping the SAR Government and the development of Hong Kong be put forward. While we in the Frontier will be very pleased to participate, we wish to participate in a meaningful way.

Lastly, Madam President, I think I cannot help saying a few words on the Exchange Fund, because Joseph YAM was here on Monday, though we were not talking about his remuneration. Perhaps we can leave it to another time. Last year, the Exchange Fund reaped a total income of \$89.6 billion, described by Dr Eric LI earlier as a windfall gain for no reason. This profit, in excess of \$80 billion, actually represents the fruit of the joint efforts of Joseph YAM and his high-pay colleagues. It was definitely not from the sky. With \$25.7 billion going to the fiscal reserves and another \$57.7 billion to the accrued surplus, the accrued surplus of the Fund now stands at \$384.9 billion, and the fiscal reserves at \$252.3 billion. Therefore, no one will believe us if we complain we are short of money. I personally agree that wastage, or fat, must be "trimmed". However, if the disadvantaged have any needs, the Secretary must not direct his knife at them to make their life even harder.

I hope the Secretary can, in preparing the Budget, listen to these voices. We originally expected this year's revenue to stand at a mere \$12.3 billion. The Exchange Fund income is already a double of this amount. Given the profit of more than \$80 billion, we hope a fraction of it can be put aside if there are good reasons to spend — but where should the money go? Most probably for the provision of welfare in such areas as education, health care, hygiene, and so on. I hope the various Bureau Directors can help the Secretary formulate a caring budget. I so submit.

MR HENRY WU (in Cantonese): Madam President, I remember that in the morning of the day when the Motion of Thanks in respect of the policy address was debated last year, the Hong Kong Exchanges and Clearing Limited announced the decision to abolish the minimum brokerage commission system. So, in the first session of the Motion of Thanks debate, I spent more than 14 minutes expressing my dissatisfaction and that of the industry towards the abolition of the minimum brokerage commission system. The economy was in a very bad shape then, and since 2001, veteran organizations in the industry and I had kept on stating to the Government earnestly the shortcomings of abolishing the minimum brokerage commission and suggesting viable proposals. However, the Government and the parties concerned remained hell-bent on the abolition of the minimum brokerage commission to the neglect of the plights of the industry, which, to me, was very distressful.

In the past year, the abolition of the minimum brokerage commission aside, the implementation of the draconian securities law and the sudden onslaught of Severe Acute Respiratory Syndrome (SARS) had dealt multiple blows to the industry, accelerating the folding of some small and medium broker firms.

Thanks to the care and support of the Central Government and the hard work made by Hong Kong people to stand united, the Hong Kong economy has shown promising signs of recovery over the last six months. The daily turnover in the stock market also increased from the lowest of \$2.2 billion in early January last year to the highest of \$39 billion in mid-January this year; the daily average turnover last year also reached \$10.4 billion, representing a drastic increase of 55% over 2002, whereas the Hang Seng Index at year end also registered a growth of 35% over that of 2002. These figures have made many people think that all securities brokers are having a very good time and that their

good old days of having shark's fin in each meal are back. But this is actually not the case!

Since the latter half of last year, the securities market has become increasingly active, showing sustained growth in turnover. But transactions by big investors, particularly foreign-funded investments, still took up the majority share. So, brokers who belong to group C, that is, the hundreds of local small and medium brokers, had a market share of only about 17.7% last year on average, which was still down by 6% compared to 2002, and when compared to 2001, the decrease was even as much as 26%. Last year, the proportion taken up by small and medium brokers in the daily average turnover dropped a significant 6.4% in real terms than 2001.

The abolition of the minimum brokerage commission, the implementation of the draconian securities law, and unfair competition in favour of banks as a result of the unreasonable system of "having two authorities supervising the same business" have dealt a severe blow to the actual income of brokers. Added to these is the need to bear additional expenses to cater for the upgrading of network infrastructure. So, the local small and medium brokers, in general, are still tightening their belts to make ends meet!

Madam President, it has been one year now, and this year's policy address has not given us any pleasant surprises. While the policy address has not proposed major policies or assistance for the financial services industry which is still in dire straits, the financial services industry is perhaps of like mind and speaks the same language as we agree with what Mr Bernard CHAN of the insurance industry said earlier and that is, we still welcome this policy address, although it embraces no novelty or substantive policy initiatives. We generally think that as the Hong Kong economy has begun to turn the corner and the policies implemented last year to reinvigorate the economy have borne some fruits, more time should be allowed for these policies to be brought into play and the Government should also refrain from implementing too many new policies. It is believed so doing can further boost the economy and facilitate the smooth and early recovery of the Hong Kong economy.

However, what has nursed a grudge in the industry is that the policy address has omitted an important undertaking made by the Government over the years, and this undertaking has not yet been honoured. The Government has undertaken to abolish the stamp duty on stock transactions in line with the

general global trend — the general global trend as often referred to by the Government — after the abolition of the minimum brokerage commission. I have, for many times in this Council and on different occasions and through different channels, continuously urged the authorities to honour their promise. But this seems to have gone in one ear and out the other of the Government, as the Government has either turned a deaf ear to this or used the slight reduction in stamp duty in early '90s as a pretext, completely putting to the back of its mind the undertaking to abolish the stamp duty on stock transactions following the abolition of the minimum brokerage commission. Now that the brokerage commission has been abolished for nearly one year, but the undertaking to abolish the stamp duty on stock transactions has vanished without a trace. The policy address is completely silent on this. The industry considers that they have once again been shortchanged. It is already wrong not to listen to public opinions. Reneging on its promise to the people is not something that a responsible government should ever do.

Secretary Frederick MA has stated that the revenue from stamp duty has been greater than expected this year. The intra-day stamp duty on stock transactions on 13 January this year was as high as \$70 million. Calculating on this basis, the revenue generated by stamp duty on stock transactions for the Government in a year can be as much as \$14 billion. With a substantial increase in public revenue, the Government should seriously keep to the promise that it previously made by abolishing the stamp duty on stock transactions. It should not look after only its own interest to the neglect of the survival or otherwise of the industry by unilaterally requiring brokers to abolish the minimum brokerage commission system which had been operated effectively for two decades or so, but dragging its feet on honouring its undertaking. That the Government has vowed categorically to follow the general global trend but refused to abolish the stamp duty on stock transactions is indicative of the Government preaching one thing but practising another. So, I strongly urge the Government again to expeditiously abolish the stamp duty on stock transactions in order to reduce the cost of stock trading, thereby enhancing the competitiveness of Hong Kong's securities market in the international arena. I hope the Financial Secretary can give effect to the abolition of stamp duty on stock transactions in the Budget in March.

Moreover, as a major international gold market, Hong Kong has, due to significant fluctuations in the price of gold in recent years, once again become a market attractive to investors. The Government should in fact seize the

opportunity to further promote the development of the local gold market. I have requested the Government time and again to reduce the tariff on the import and export of gold, in an effort to enhance the competitive edge of Hong Kong. I hope that the Financial Secretary, in addition to the abolition of stamp duty on stock transactions, will at the same time reduce the tariff on the import and export of gold, thereby consolidating the position of the local gold market in the international arena as well as Hong Kong's position as an international financial centre.

Madam President, the policy address has mentioned that "we are working hard to establish Hong Kong as a major bond centre for Asia." So, the Government has recently proposed to securitize five tunnels and one bridge, which, I believe, is a positive beginning. However, since this is the first time that Hong Kong seeks to securitize government assets in this way, and in order to make it a success, each and every detail must be handled carefully, particularly on how this can be more extensively introduced to retail investors. This will help achieve the objective of the policy address.

On the policy of reaching out to more retail investors, since I took office as a Member of the Legislative Council in 2000, I have been urging the Government to take advantage of Hong Kong's unique network of small and medium securities brokers in the course of securitization of any government assets, in order to achieve the objective of attracting greater participation from retail investors and hence enhancing involvement and direct participation from local small and medium brokers. I hope that these securitization arrangements can make use of this sound network.

As far as I understand it, overseas experience shows that in any process similar to the securitization of government assets proposed this time, a vast majority of participation comes from institutional investors, because rarely is there a place like Hong Kong where a solid network of retail investors is available to widely absorb such an offer as the major investors. Therefore, I welcome the vows made by the Government in the policy address to capitalize on this unique advantage of Hong Kong and issue a majority of bonds to retail investors. Also, in reply to my suggestion that sufficient room be allowed for direct participation by small and medium brokers in securitizing the five tunnels and one bridge, the Government has undertaken to specify in the tender documents to be published later that the tenderers are required to provide detailed plans on how retail investors can be absorbed through a more extensive

network. I hope that the relevant authorities will, when examining tenders in future, bear in mind the undertaking made in the policy address to support the development of small and medium enterprises and also the undertaking as stated in paragraph 38 of the policy address of "trying its best to minimize obstacles to the participation of local small- and medium-sized professional organizations".

Madam President, paragraph 20 of the policy address also mentioned that more mainland companies are expected to come for listing in Hong Kong. To provide support for more quality corporations seeking listing in Hong Kong in due course, and to upgrade the standards of the operation of the market, I think the vetting power should rest with an institution capable of keeping tabs on the market, so that it can respond to the ever changing market. At the same time, to achieve more effective checks and balances, the Securities and Futures Commission, which already features an over concentration of powers, should not be overly empowered to perform checks and balances unilaterally. In this connection, I hope the Government can take on board the many opinions of the market and make suitable adjustments on the basis of the existing dual filing mechanism which has been operating well, so that two separate institutions will be responsible for vetting listing applications. This is also in line with the policy professed in paragraph 64 of the policy address that "a people-based government is able to grasp public sentiment promptly and accurately".

On the other hand, apart from upgrading the corporate governance of listed companies, it is equally important to ensure good corporate governance in the regulators themselves. For this reason, the authorities must review on a regular basis the standard of corporate governance of the regulators and monitor the operation of the regulators under proper check-and-balance principles.

Madam President, on the proposal made in the policy address to develop Hong Kong into an international financial services and asset management centre like Switzerland, many professionals and non-professionals and I too have some misgivings about its feasibility. As we all know, we have in Hong Kong completely different financial systems and regulatory legislation from Switzerland, particularly as sound laws on confidentiality are embedded in Switzerland's financial system to protect personal privacy and investment. In Hong Kong, however, the extremely draconian securities law and other securities-related legislation are just the opposite, as they almost seek to lay bare everything. So, I wonder on what basis the Government can attract to Hong Kong private assets from overseas and hence make Hong Kong an asset management centre.

On this question, I had written to the Financial Services and the Treasury Bureau before the Chinese New Year in the hope that they could give me a detailed reply. But despite repeated urging, no response had been received, and it was only until around 1.30 pm today that I received a brief reply from them. Nevertheless, they have yet given me all the information requested. Nor have they responded to the key points of the question asked by me.

From the information provided by the Administration, according to a survey of global fund management in 2000, Switzerland is the world's top asset management centre, managing about 27% of private investment and wealth in the world. Second to Switzerland was Luxemburg, managing 19% of international assets. The third was Caribbean countries which managed 15% of international assets. Britain and the United States ranked only the fourth and the fifth, managing 11% and 9% of international assets respectively. Hong Kong, which was also on the list, ranked the seventh, managing only 5% of international assets.

These statistics are actually telling us that the management of global assets concentrates on the three countries which topped the list, and assets under their management account for 61% of all assets in the world. However, none of them is a major international financial centre. On the contrary, such international financial states as Britain and the United States are not among the top three. This goes to show that to become an international asset management centre, matching facilities such as financial infrastructure and professionals are only of secondary importance. Relevant support legislation and investor confidence and preference are most important.

Madam President, although Hong Kong is a major international financial centre with sufficient hardware support such as financial infrastructure and professionals, the software required for development into a major international asset management centre and that is, relevant support legislation, is still lacking. Insofar as the governing legislation in Hong Kong is concerned, since the Securities and Futures Ordinance came into effect last year, many financial laws have been grouped under this Ordinance and the Ordinance is formulated to be more stringent and harsher than the previous ones. To achieve the objective, there must be back-up by both software and hardware and also relevant matching facilities before there is a chance of success. If the Government does not make appropriate amendments to the governing legislation, it may not necessarily be so easy to achieve the objective as set out in the policy address, that is, developing into an international asset management centre.

We should know ourselves and our rivals as well. Have the authorities conducted relevant feasibility studies, particularly drawing comparisons between Hong Kong and the world's top three asset management centres to find out why other major international financial centres such as Britain and the United States are not ranked among the top three international asset management centres and how Hong Kong, according to the Administration, can surpass those countries to successfully claim a place as the world's major asset management centre? I very much hope that the Financial Secretary or the Secretary can further explain this in detail in their response later.

I believe the industry very much hopes to work in concert with the Government to achieve this objective. But if there is only hardware but not the support of software, the industry would not be able to help even if so wishes. There must be both hardware and software support before success can be achieved. I, therefore, hope that the Government can truly work with the industry to create even more favourable conditions.

Madam President, today is the Beginning of Spring. We are at the beginning of the year and everything will make a fresh start. I hope the Government can rid itself of its old style of work and take a new attitude to incorporate the views of the industry, so that the Hong Kong economy and overall social atmosphere can have a good new beginning. Madam President, I so submit.

DR LO WING-LOK (in Cantonese): Madam President, in this session, I will talk about the industrialization of medical and health care services. I am very pleased to note the Chief Executive's policy address clearly spelling out the Government's policy to transform medical and health care services into an industry. Regarding the industrialization of medical and health care services in Hong Kong, we actually need to consider it in many areas, and I would try to focus on five areas in my discussion.

First, the industrialization of medical and health care services must not rely on public medical institutions. The public medical sector has been known for its low efficiency and insensitivity to the market. So, the first and foremost step to take is to create an environment conducive to the development of private medical institutions. To this end, the Government and private medical institutions and even the medical profession must do their level best in their respective roles.

On the part of the Government, it should mainly provide support in terms of its policies. The most important government policy is the positioning of the public medical sector. Why is a positioning necessary? We all understand that given limited resources of the public medical sector, it is impossible to provide everyone with the medical services they need. A tablecloth of this size will only measure this size, and it is impossible for the table covered by this tablecloth to become bigger and bigger. If we insist on stretching the tablecloth from all directions, the tablecloth will only be torn apart ultimately, and the medical and health care system would be on the verge of collapse. The outbreak of Severe Acute Respiratory Syndrome (SARS) precisely showed that the public medical sector had already been stretched to its limits. It had faced a crisis of collapse and was almost unable to be the last saviour of Hong Kong people. So, if the Government intends to industrialize medical and health care services or develop medical and health care industries, it must immediately change the mindset of the public sector of doing everything on its own.

Second, it is necessary to determine a clear positioning for the public sector. A positioning of the public medical sector may achieve two very important effects. The first is that non-government medical institutions interested in making investments in medical services would know what to do and would be provided with greater incentives for investment. The second important effect is that it enables the public to make better plans for themselves as they would know how far the Government could provide medical services for them, and there would also be greater incentives for them to properly make preparations for their future medical needs.

Third, to industrialize medical and health care services, adequate training must be provided for the young talents in the medical profession, so that they could be trained to become worthy successors of the medical profession in Hong Kong. Given that the public medical sector has continued to expand over a very long time, the private sector has been shrinking correspondingly. As a result, there have been less and less incentives for senior doctors in the public sector to switch to private practice. If old or senior doctors do not leave, it would be impossible for new doctors to join the public sector and it would be impossible for them to be provided with the necessary training. For this reason, the Hospital Authority has since 1997 introduced the contract system, under which doctors who have been trained for seven years must leave, regardless of whether their specialist training can be completed. It is in fact a waste of public money to require doctors who have been trained for seven years to leave, because after

seven years of training when these doctors have become almost able to work independently, they are nevertheless required to go. In fact, they are the kind of human resources most needed by the public medical sector. A more serious result is that if these young doctors are required to leave and if senior doctors do not leave, several years later, say, five or 10 years later when those senior doctors retire, a succession gap would arise in the public medical sector and the quality of public medical services would decline continuously. So, 2004 is a critical year, for a large number of doctors who have served for seven years may have to go.

So, I think the Government must particularly give consideration to this, not for the future of these doctors but for the quality, the immediate quality, of medical services in Hong Kong and to avoid the emergence of a succession gap. If we do not even have the human resources, how can medical and health care services in Hong Kong be industrialized?

Fourth, I hope the Government will pay attention to the insurance crisis now faced by medical institutions. Employees' compensation insurance is a very big problem. After the SARS outbreak, many medical institutions have faced difficulties in respect of insurance or in taking out insurance. Last month, with the co-operation between the Government and medical institutions, the problem was temporarily settled. However, the problem has not yet been fully resolved, because the insurance premium has drastically increased by over seven to 10 times. If another incident occurs, the medical institutions may not even be able to take out insurance, in which case they would not be able to operate. By then, how can medical and health care services in Hong Kong be industrialized?

Another crisis is insurance coverage against doctors' professional indemnities, the premium of which was substantially increased by 50% to 80% in each of the past few years. The insurance premium payable by doctors engaging in specialties of higher risks is as high as \$99,000 yearly. In a few years' time, the premium may catch up with the levels in Britain and the United States. By then, Hong Kong people may no longer have access to services of obstetricians and gynaecologists, and there may not be orthopaedics services. It is because their annual income may not meet the premium for their insurance coverage. So, I hope the Government will discuss this problem with the industry to see whether there is any solution to the problem, or whether, from a legal point of view, the problem can be solved by law reforms or in some other ways.

Fifth, to industrialize medical and health care services, the Government should, in fact, channel more resources for studies of medical and biological technology. Hong Kong has performed remarkably well in clinical medical research and we are among the most outstanding places in the world. During the SARS epidemic alone, hundreds of medical writings from Hong Kong were published, not only in some ordinary medical magazines, but in world-class medical journals. So, today, Hong Kong can be considered the world authority in avian flu and in SARS as well. Everyone is reading the papers written by medical researchers in Hong Kong. The advice given by the World Health Organization to Thailand and Indonesia on what they should do and on the measures to be taken in various aspects are all based on Hong Kong's experience, and this is something that Hong Kong should take pride in.

In fact, such medical literature may not necessarily generate immediate benefits for Hong Kong. But if we have a robust private medical system, then it could help promote medical services in the private sector, because when people in other parts of the world read these papers or literature, they will know that they must go to Hong Kong for treatment of the disease. So, I think it is worthwhile to inject resources into this area. On the other hand, what may bring about direct benefits is the conduct of studies in biological technology. The Government can create an environment to encourage co-operation between research institutes and commercial organizations to facilitate the transformation of research results into industries, which can in turn inject dynamics into the development of medical technology in Hong Kong. The Government can consider this indeed.

There are a lot of things that we can discuss, for there are also problems in other areas. But due to the time constraint, I have to stop here. However, we do see that there are plenty of merits in Hong Kong's medical system. The many incidents that have recently occurred in Hong Kong may be helpful to the industrialization of medical and health care services. For instance, the Individual Visit Scheme has brought numerous mainlanders to Hong Kong, and these visitors will actually have the opportunity to come into contact with Hong Kong's medical services. We can never "hard sell" medical services, for they can only be a subject of "soft selling". Reputation can only be built up by word of mouth, and if many people come to Hong Kong to use our medical services, they will, when they go back, naturally tell their relatives and friends that Hong Kong's medical system is splendid, and they will encourage their friends and

relatives to seek medical treatment in Hong Kong. In fact, the reputation of our medical system does not rely only on the quality of medical and health care personnel. Nor does it solely rely on the quality of our medical technology. Rather, it relies on the overall social institutions in Hong Kong, the rule of law in Hong Kong, self-regulation of our professionals, and protection for consumers. All these are assurances for users of Hong Kong's medical services. In these areas, Hong Kong compares no less favourably than any of the neighbouring countries or territories, and we may even fare better. If we wish to promote Hong Kong's medical and health care services, we must focus on these aspects. So, if the Government can provide more support in the five aspects explained by me just now, we can expect the industrialization of medical and health care services in Hong Kong to realize soon.

Madam President, I so submit.

PRESIDENT (in Cantonese): I am supposed to ask whether any other Member would wish to speak at this point. But all Members in the Chamber have already spoken. *(Laughter)*

A total of 37 Members have spoken in this session. Council will now be suspended for 10 minutes. Public officers will speak when Council resumes.

8.11 pm

Meeting suspended.

8.21 pm

Council then resumed.

PRESIDENT (in Cantonese): Council now resumes to continue with the first debate session. Four public officers will now speak in this session. On the basis of 15 minutes' speaking time for each officer, they have up to 60 minutes in total for their speeches.

FINANCIAL SECRETARY (in Cantonese): Madam President, on 7 January, the Chief Executive announced the second policy address in his second term. This policy address, entitled "Seizing Opportunities for Development Promoting People-based Governance", sets out in detail the development directions and focuses of Hong Kong in the coming one year. Over the past four weeks, the various sectors of society have conducted active discussions on the policy address. As the principal government official in charge of Hong Kong's overall economic development and public finances, I wish to focus on these two policy areas in my response to these discussions.

In the past year, Hong Kong was faced with quite a number of challenges. The volatile international situation, together with the onslaught of SARS, plunged our economy into the worst state ever. But soon afterwards, with the containment of the epidemic, the signing of CEPA, the implementation of the Individual Visit Scheme, the pilot operation of RMB personal banking services and also the perseverance and enterprising spirit of Hong Kong people, there came a V-shaped rebound of our economy.

In recent years, people's confidence has been restored gradually, and domestic demand has started to return to normal. This has produced a very positive bearing on the Gross Domestic Product, nearly 60% of which is constituted by individual consumption. With the restoration of economic vitality and the increase in job vacancies, prices have become stable, and the problems of unemployment and deflation have also been eased gradually. This has in turn stimulated consumption, leading to a sound cycle of economic growth. Given such a trend of economic recovery, I believe that our economic performance in 2004 will be better than that of last year. Cases of avian flu have recently been detected in many other parts of Asia, but Hong Kong has accumulated very rich experience in epidemic prevention and handling, and its people have now built up a heightened awareness of environmental and personal hygiene. I am sure that with the efforts of various governments and the World Health Organization, the avian flu will eventually be brought under control, so I do not think that there will be any marked impact on our economy as a whole. However, we must not of course relax our vigilance, and the SAR Government has already formulated a comprehensive contingency plan to cope with the various possible scenarios arising from avian flu. In the Budget to be announced in March, I shall explain in greater detail outlook on the economy of 2004.

In the course of economic growth, we must grasp all opportunities and strengthen ourselves. Guided by the "market-led and government-support" principle, we must capitalize on our advantages and work with neighbouring places on complementing one another's strengths, so as to upgrade our overall competitiveness.

CEPA is a fine example of how the "market-led and government-support" principle works. With CEPA, a new phase in the omni-direction co-operation between Hong Kong and the Mainland has begun. CEPA also turns Hong Kong into a gateway to the vast mainland market for foreign investors, thus further consolidating the status of Hong Kong as a platform for the two-way convergence of the Mainland and the world.

Since its implementation on 1 January this year, CEPA has been operating smoothly on the whole. The Government has been maintaining close contact with the relevant mainland authorities, with a view to ensuring that CEPA can be smoothly and effectively implemented as scheduled to create a win-win situation in more areas. If any industries detect any problems with any specific segments, or if they find any bottlenecks, we encourage them to let us know, I mean, let both the mainland and Hong Kong authorities know. We will definitely take actions as quickly as possible.

Regarding trade in goods, the Government and the relevant certification organizations have issued almost 100 Certificates of Origin involving \$50 million worth of exported goods. We expect that after the Chinese New Year holidays, when factories resume production, the number of applications will increase gradually. We will continue to put in place a whole series of appropriate measures and policies to boost the effects of CEPA, such as studies on allowing the flexible importation of non-local skilled workers by manufacturers, making use of industrial estates to provide land at prices close to cost, and asking the Hong Kong Trade Development Council to open up new markets by promoting Hong Kong goods and brand name products both in the Mainland and overseas.

With respect to trade in services, commencing October last year, formal applications for Certificates of Hong Kong Service Supplier could be submitted, and as at last week, the Trade and Industry Department had received a total of 94 applications, 47 of which had already been approved. I believe that the Hong Kong Service Suppliers concerned will soon be able to lodge applications with the relevant mainland authorities for business operation in the Mainland.

Under CEPA, some services have been able to enjoy instant benefits, one example being the Hong Kong film industry. Owing to the liberalization of the vast mainland film market, there will be an increase in Hong Kong-made films and joint-venture films, thus bringing more employment opportunities to industry workers. Some services will understandably require more time for market analysis, preparations and planning. The Government will play an active role in facilitating their work and providing assistance.

Regarding professional services, since the signing of CEPA, the Mainland and Hong Kong have achieved concrete progress in the recognition of various professional qualifications. On the 17th of this month, a high-level professional services delegation led by me will leave for the Mainland to conduct further negotiations and exchanges with the relevant mainland authorities on the problems that may be encountered by professionals seeking to establish businesses in the Mainland (such as recognition of professional qualifications and thresholds). This professional services delegation comprises members from the legal services, health care services, engineering and related professional services, accounting and financial services and logistics services. The Policy Bureaux and departments involved have started to liaise with the relevant professional bodies and their practitioners. I believe the negotiations will help in the further implementation of CEPA in respect of professional services.

I also wish to emphasize once again that CEPA provides an excellent platform on which the commercial and industrial sectors of Hong Kong can participate further in the rapid economic development of the Mainland. As for how maximum benefits can be derived in contribution to the national economic development, all will have to depend on the business sector's ability to grasp opportunities and capitalize on its strengths. And, the Government will provide full support.

The policy address also announced the formation of a new Economic and Employment Council (EEC) by merging and reorganizing four advisory bodies on economic development and employment. The new Council will advise me on the formulation and implementation of various policies and measures to promote economic activities, attract inward investments, facilitate business operation and increase employment opportunities. The EEC will hold its first meeting late this month.

The EEC is a new initiative to improve governance. We hope that during the process of governance, political parties, the academia and various bodies from the commercial, industrial and labour sectors can thus be provided with a common forum to discuss significant issues related to the economy and the creation of employment opportunities. We will enlist the participation of as many people as possible in policy formulation, so that they can better understand the thinking process involved. Since the EEC oversees the entire domain of economic development, its members will be able to reach compromises, make choices and reach a consensus on different policy areas. One of the specific tasks of the EEC will be to facilitate business operation and increase employment opportunities. With the participation and advice of different sectors in society, this significant and long-term task will definitely be taken forward much more effectively. Lastly, I also hope that such a framework with wider participation can enhance the communication between the executive and the legislature, and it is further hoped that the implementation of policies can thus receive the support of Legislative Council Members.

I also wish to say a few more words on another significant initiative announced in the policy address: the establishment of a Lantau Economic and Infrastructural Development Co-ordination Task Force. When it comes to inter-departmental subjects, the internal co-ordination of the Government is extremely important. The development of Lantau has a significant bearing on the future of Hong Kong. Besides tourist spots such as the Tung Chung Cable Car System and the Hong Kong Disney theme park now under construction, other facilities will also be erected on Lantau, such as the landings of the Hong Kong-Zhuhai-Macao Bridge and a Value-Added Logistics Park. Moreover, new container terminals may also be constructed on Lantau. The Task Force will formulate a master blueprint for all these facilities, and it will also co-ordinate the views of the various departments within the Government while seeking to balance the various considerations related to the environment, society and economic development. From the macro perspective, it will seek to ensure that all the large-scale economic and infrastructure facilities on Lantau can be expedited and completed as scheduled under the principle of sustainable development for Hong Kong.

Economic development aside, we must also tackle the problems with our public finances. Hong Kong now faces an acute fiscal deficit. The Operating Account of the Government has recorded a deficit for six consecutive years since

1998-99. The reduction of the fiscal deficit is not only our constitutional obligation, but also a significant base of our economic development, not to speak of the fact it is the consensus of the majority public. I have actively consulted the various social sectors in the course of preparing the 2004-05 Budget. One very concrete message I have received is that the Government must first control its own expenditure very tightly and increase its efficiency as well before considering the possibility of increasing its revenue. This I agree.

During the Legislative Council meeting on 22 October last year, I already announced that the target of restoring operating and consolidated balances would be deferred to 2008-09, and that over the coming five years, government operating expenditure would be reduced by 11% to \$200 billion, or by an average of two percentage points a year. I also said that in line with the principle of "big market, small government", public expenditure would be kept at 20% of the GDP or below. I wish to emphasize that this rate of reduction is pragmatic, and it is not a sweeping requirement. Sufficient consideration has also been given to the practical needs in different policy areas and the aspirations of society. The Chief Executive has pointed out in the policy address that we will strike a proper balance between the reduction of fiscal deficit and the protection of the people's livelihood, so that they can take a respite and build up their strengths again.

Given the tight finances of the SAR Government now, there is actually no room for any tax reduction. On the other hand, I deeply understand that at this very time when the economy starts to turn around, we should not rashly introduce any measures lest this may thwart the trend of recovery right at its start.

It is an incontestable fact that the existing tax base of Hong Kong is very narrow. There is a total working population of 3.2 million, but only 1.2 million of them need to pay any salaries tax. And, only 100 000 taxpayers already contribute nearly 60% of the salaries tax; as few as 500 corporations contribute 60% of the profits tax. We must consider various options to widen the tax base in the long run, so as to reduce the fiscal deficit and ensure a stable and equitable source of revenue for the Government. A Goods and Services Tax is an option that merits consideration. The Government has established an internal committee to study the details of introducing a Goods and Services Tax. I shall report on this in greater detail in the Budget.

I wish to reiterate that we will introduce such a tax only in times of economic stability and growth. We hope that the various social sectors can adopt an open attitude towards a Goods and Services Tax and seek a consensus on how to introduce this tax through active discussions.

Over the past few months, I have listened to the views of various sectors on the issuing of government bonds. The issuing of bonds can give increased flexibility to the Government in capital utilization, thus facilitating the financing of capital works projects serving the long-term economic interests of Hong Kong. At the same time, the issuing of bonds can also help develop the Hong Kong bonds market and expand its dimensions, thus further consolidating the status of Hong Kong as an international financial centre. We are now conducting in-depth studies on the issuing of bonds, and a detailed account of the progress will be given in the Budget to be announced in March.

Hong Kong has undergone years of bitter but necessary economic restructuring. I believe Members will agree that the Hong Kong economy has started to show obvious signs of recovery. That being the case, we will let the people take a respite and build up their strengths. And, with a pragmatic attitude, we will also put in place appropriate measures to promote economic development and improve the economy and the employment situation.

I so submit. Thank you, Madam President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, the financial services industry is a major pillar of our economy and it is also a leading edge of Hong Kong. Although the industry only offers about 18 000 positions, it accounts for 12.1 % of the local GDP and it is therefore a high value-added industry. In the first half of 2003, the overall economic environment and investment markets came under a lot of attacks, such as the impact of the SARS epidemic. But with the recovery of the Hong Kong economy and improvements seen in the external economic conditions, the stock market performed well in the second half of last year. Trading volume rose rapidly, huge sums of money flowed into the market, and many mainland giant companies listed in Hong Kong, including the China Life Insurance Company Limited which raised \$26.7 billion and it is the largest financing activity in the world in 2003. It is the common expectation in the market that in the next 12 months, more companies, including mainland ones, will come to Hong Kong for listing.

A buoyant stock market has positive effects on the securities sector. Both the Government and the sector share a common goal and, that is, to make the market more efficient and competitive, as well as to create good conditions for investment. Therefore, the Government and the related organizations will continue with efforts to reinforce Hong Kong as an international financial hub and a leading place for financing in China. In view of these, we will seek to improve the quality of the market, enhance market infrastructure, protect the interests of investors and depositors, and promote policies and measures aiming at market development.

To enhance the quality of our markets, we will work with the Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEx) to fully implement the Corporate Governance Rules released last year in order to maintain Hong Kong's excellent reputation in corporate governance. This would encompass the implementation in phases of the recommendations by the Standing Committee on Company Law Reform made after a full-scale review of corporate governance and released in the middle of last month. To improve the listing rules, the HKEx announced the amendments to the Listing Rules on 30 January. The amendments are meant to further enhance the corporate governance of listed companies. The HKEx also released on the same day the Exposure of Draft Code on Corporate Governance Practices and Corporate Governance Report to consult the market on the provisions and the timetable for implementation of the same. Another major initiative is to implement the recommendations on regulating auditors and enhancing the quality of financial statements in the wake of the consultation undertaken at the end of last year. Such recommendations include the establishment of an independent inquiry body expeditiously. With respect to the regulation of sponsors, the SFC and the HKEx have conducted consultations and, to my knowledge, they will report on their findings soon.

With respect to listing matters, we appreciate that the regulatory regime should effectively ensure market quality as well as meeting the needs of the market. We will carefully consider public opinions solicited and work in close partnership with the SFC and HKEx to formulate improvement measures. We will brief the Financial Services Panel in April on the progress made.

In addition, we also attach great importance to provision of an efficient market infrastructure. We are presently overseeing the implementation of a

series of improvement measures with a view to promoting safety, soundness, diversity and efficiency of the payment, clearing and settlement systems in securities and currencies. For example, we will introduce legal protections to the Legislative Council on the major payment, clearing and settlement systems so that the Hong Kong Dollar may gain access to international payment, clearing and settlement systems and hence providing international financial investors with more incentive to trade in the Hong Kong Dollar.

With regard to the protection of small investors and depositors, the Legislative Council is presently deliberating on the Deposit Protection Scheme Bill and it is expected that the Bill can be passed within this Legislative Session. In addition, The Office of the Commissioner of Insurance has launched a public consultation exercise since December last year on the viability of setting up a fund to protect policy holders. The Mandatory Provident Fund Schemes Authority is working with the sector on strengthening new rules on the disclosure of information on fund charges and performance.

Another important area of our work is to promote the development of the bond market. From a macro perspective, the development of the bond market may serve as a channel other than the banks and the stock market for public and private sector institutions to raise capital over a longer term. This would attract foreign companies to come here for financing activities. A diversified range of investment products will be helpful to attracting the inflow of more overseas capital and for individual investors, the development of the bond market will provide them with more investment options to meet their needs and hence help spread their risks.

The Government will continue to adopt a multi-pronged approach to create an environment conducive to the growth of the bond market. This will include improvements to the financial infrastructure and streamlining the issuing procedures, and so on. We will take part direct in the issuance of bonds of various natures with a view to promoting the development of the bond market. For example, on 18 February, I will propose in this Council a resolution to empower the Government to embark on the securitization of toll revenues from government tunnels and bridges and to issue bonds with different maturing periods. And as the Financial Secretary has said earlier, we are actively considering the issuance of government bonds and we will explain the plan in the Budget to be delivered in March.

With the implementation of CEPA, we will continue with our efforts to assist the local financial sector to explore business opportunities on the Mainland and promote the exchange of professionals. We will visit mainland authorities with the sector and strengthen co-operation in business and finance. With respect to the banking sector, we are committed to ensuring the successful launch of personal Renminbi (RMB) services, including deposit, exchange, remittance and RMB cards. The scheme will encourage both mainland and Hong Kong residents to engage in more cross-boundary visits and spending. It will also open up a new channel for the movements of RMB in the banking systems of the two places. Banking business is expected to grow as a result. As I pointed out in a meeting of the Financial Services Panel on 15 January, the scheme is an important step towards building a RMB settlement system in Hong Kong. It is expected that new services will be launched by banks in Hong Kong within one or two months. Dr David LI has made a proposal to allow banks with restricted licence and deposit-taking banks to run RMB business. I would like to respond to that here. At the present stage, the first and foremost task of the Hong Kong Monetary Authority and other related institutions is to fully implement this new initiative of allowing local banks to run personal RMB banking business. As to the question of whether or not the scope of the new business be further expanded, we think that this should be done on a gradual basis and when the related measures are running smoothly and when a solid foundation is formed, we can discuss with the mainland authorities about it.

The Chief Executive pointed out in his policy address this year that the Government would strive to make Hong Kong a world-class asset management centre. Rapid growth in the economies of Asia, particularly the mainland economy, would provide great development potentials for asset management services in Hong Kong. Specifically, Hong Kong will continue to give play to its existing edges, including the vast number of asset management companies and the pool of talents here, the freedom of capital movement, the sound rule of law and corporate governance, plus the simple and low tax regime, and so on. We will strengthen our work in training up talents in financial services, especially those in asset management, in order to upgrade Hong Kong's competitiveness. We are working through the Advisory Committee on Human Resources Development in Financial Services Sector to study into ways to encourage the sector and various post-secondary institutions to work together to enhance the training of talents in Hong Kong, with a view to meeting the needs of asset management and the development of personal banking business.

The Government will work closely with the sector to study into ways to improve the market environment and to facilitate the launching of new investment products. We will also look into how international funds can be introduced to the local market, including forging closer links with overseas regulatory bodies and offering tax concessions, and so on. We started a consultation exercise in the market in this respect on 14 January in the hope that the relevant laws can be amended expeditiously and that exemptions from profits tax can be granted to off-shore funds.

I believe with the concerted efforts made on the part of the Government, the regulatory bodies and the market participants, the financial services sector in Hong Kong will see more prosperous development.

Thank you, Madam President.

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): To start with, Madam President, I would like to thank the many Members who have expressed a lot of valuable opinions in the debate on the motion of thanks today.

In commerce and industry, the Chief Executive has categorically pointed out that the most pressing task for the Government ahead is to implement the various arrangements under CEPA in time. As remarked by the Chief Executive in the policy address, CEPA has ushered in a new phase of development, enabling Hong Kong and the Mainland to make use of institutional arrangements to promote comprehensive economic co-operation. As a major policy objective for the coming year, the Commerce, Industry and Technology Bureau will put CEPA into effective implementation and promote its development. Since the formal implementation of the major measures under CEPA on 1 January this year, the Government and relevant mainland authorities have been maintaining close liaison to ensure the smooth, timely and effective implementation of CEPA.

With respect to trade in goods, we note the concern expressed by Miss CHAN Yuen-han with respect to the possibility of the issuance of origin certificates being used by undesirable elements for illegal transshipment of goods not produced in Hong Kong, an issue taken very seriously by the SAR Government. The Customs and Excise Department (C&ED) will implement

CEPA's Certificate of Origin system in concrete terms to prevent and investigate illegal acts of making false reports of origin. The C&ED has rich experience in law enforcement related to the prevention of non-compliance of origin rules. Effective measures will be actively adopted by its staff, including maintaining close liaison with import authorities, to prevent the origin system and the import and export control system from being jeopardized.

Under CEPA, it was agreed that zero tariff will extend to all goods produced in Hong Kong not later than 1 January 2006. Details of the application procedure were published in December 2003. The Trade and Industry Department (TID) has also started accepting applications since 1 January this year. We have received 20 or so applications so far.

The implementation of CEPA will bring the business sector and service industries in Hong Kong unprecedented business opportunities. Owing to CEPA, Hong Kong products and services will be able to enjoy exclusive, preferential access to the mainland market earlier and wider in scope than the Mainland's commitment to the WTO. These preferential treatments will be conducive to the expansion of the operation of Hong Kong's manufacturing and service industries to the mainland market. At the same time, Hong Kong's appeal to overseas investors will be greatly enhanced. It is anticipated that CEPA will promote Hong Kong's traditional industries and give impetus to new industries, and in turn speed up transformation.

The zero tariff concession will make the prices of Hong Kong products more competitive than overseas products when entering the Mainland. We believe the concession will attract some brand-name products to move their production to Hong Kong, or attract high value-added manufacturing procedures or those with a high intellectual input to be undertaken in Hong Kong. This will in turn promote the structural adjustment of Hong Kong's industries and enable them to move further towards a diversified mode of high value-added, high-technology industrial development. When it comes to service industries, as Hong Kong enjoys more preferential treatment than what the Mainland has promised the WTO, Hong Kong companies will be able to enjoy a "first mover" advantage in exploring the mainland market. Of course, the amount of actual economic benefits Hong Kong can ultimately reap as a result of CEPA has to depend on whether and how far businessmen from Hong Kong or other parts of the world can fully capitalize on CEPA in striving for a larger share of the mainland market.

All this is going to impact positively on Hong Kong's economic development. The business opportunities brought about by CEPA have become one of Hong Kong's prime attractions to overseas businessmen with respect to introducing more overseas investments. As pointed out by Mr HUI Cheung-ching, all relevant departments of the SAR Government, including Invest Hong Kong, 11 Hong Kong Economic and Trade Offices set up on the Mainland and abroad, all members of the HK Inc., including the Hong Kong Trade Development Council (TDC), will continue with their active efforts in jointly organizing a series of overseas promotional programmes.

We also note Members' concern that the market liberalization measures under CEPA are still not enough, and the implementation of these measures is still facing numerous hurdles imposed by mainland organs. I would like to point out that CEPA, opting for a progressive approach, has put in place a mechanism in preparation for the introduction of more measures to open up the market. To achieve the purpose of gradually widening the scope and coverage of CEPA, the Government will, taking advantage of the existing consultative mechanism under CEPA, continue to discuss with the relevant mainland authorities on further liberalizing the trade in goods and services. The Government will listen carefully to suggestions made by people from various sectors of the community, including the valuable views expressed by Members of this Council in the policy debate, meetings of the Panel on Commerce and Industry, and on other occasions, with a view to striving for Hong Kong the most favourable market access during the discussions held with the relevant mainland authorities. We will urge the relevant mainland organs to minimize the number of hurdles to facilitate the operation of business by Hong Kong people and enterprises on the Mainland.

In respect of helping industries, the Government is committed to fostering and maintaining an ideal environment, particularly in encouraging industries to undertake research and development (R&D) and explore related businesses in Hong Kong, as well as assisting industries in moving towards high value-added development. Active efforts will be made by the Government in promoting applied R&D, innovation and design in order to help industries move towards high value-added development. For the purpose of developing high value-added products, particular attention will be paid to assisting industries in switching from original equipment manufacturing (OEM) to original design manufacturing (ODM). The Government will also continue to provide the

industrial sector with necessary support. Major measures to be taken include: (1) To provide the industrial sector with land at a price close to cost to undertake production procedures through the industrial estates managed by the Hong Kong Science and Technology Park Corporation; (2) to launch a comprehensive set of standard and eligibility assessment services through the Hong Kong Accreditation Service, the Product Standards Information Bureau and the Standards and Calibration Laboratory set up under the Innovation and Technology Commission for the purpose of providing manufacturers with support to produce products that meet overseas market standards; (3) to provide through the HKPC innovative and growth-oriented local companies, especially those of manufacturing industries as well as small and medium enterprises, with comprehensive support services spanning the value chain; (4) to help the industries enhance their competitive edge through the four funds set up under the small and medium enterprises (SMEs) funding schemes, the Innovation and Technology Fund, and the Applied Research Fund; (5) to provide manpower training and technology upgrading services through the eight institutions funded by the University Grants Committee, the Vocational Training Council, the SME Development Programme operated under the TDC, the Clothing Industry Training Authority, and the Employees Retraining Scheme; and (6) to actively promote to overseas and mainland enterprises Hong Kong brand names and establish the overall image of Hong Kong products and services in order to help the industrial sector to explore export markets through the TDC.

The setting up of a boundary industrial zone was mentioned by a number of Members earlier. The Planning Department is now conducting a stage three public consultation on "Hong Kong 2030: Planning Vision and Strategy", including the use of land at the border areas. Comments on the use of land at the border areas from the public and organizations are welcomed. Apart from occupying a vast area of land, the boundary zone has a unique position because of its proximity to Shenzhen. The Government is now holding an open-minded attitude towards the use of land at the boundary. The consultation will last until end-March this year. We will fully consider comments from various parties before making a decision. In studying the development of land in the border areas, the Government will, taking into account the uniqueness of the areas, consider the matter in the best overall interest of Hong Kong.

Mrs Sophie LEUNG has requested the Government to provide more support to the textile and clothing industries. Coupled with the international

acclaim enjoyed by Hong Kong's clothing industry and the rise in Hong Kong's fashion design standards, we have also seen the emergence of a number of reputable fashion designers in recent years. Faced with the huge markets on the Mainland and the Asia-Pacific Region, Hong Kong has huge potentials of developing into a fashion hub in the region. Since its establishment in December 2002, the Steering Committee on the Development of the Fashion Industry has made a series of recommendations on intensifying the development potential of the industry, upgrading manpower training and promoting the image of Hong Kong fashion brand names. Targeting the needs of the industry in terms of business development and the mutual co-ordination between manpower requirement and the education sector, these recommendations will help upgrade the competitiveness of Hong Kong's fashion industry. Active efforts are currently made by the SAR Government in putting all these recommendations into implementation.

As regards improving the business environment, the Government launched in 1996 the Helping Business Programme aimed at improving the local business environment, ensuring the maintenance of Hong Kong's competitive edge, and providing the best conditions to enable commercial and trade enterprises to thrive and thereby enable Hong Kong to retain its status as the best place for doing business. The major objectives of the Programme are to cut cumbersome regulations, abolish excessive regulation, and remove business obstacles.

Since the implementation of the Programme, we have been maintaining close co-operation with the relevant Policy Bureaux and government departments in simplifying regulations and scrapping obsolete and unnecessary regulations, streamlining and speeding up licensing procedures, reducing costs of compliance, introducing new services and improving existing ones, and providing the business sector with improved services. So far, more than 100 helping business projects and studies have been completed, and a number of improvement initiatives implemented. A number of initiatives for helping business, such as those for simplifying the licensing requirements and procedures for hotels and guesthouses, streamlining the customs declaration requirements laid down by the C&ED, and upgrading the relevant services, can facilitate the business sector to benefit from CEPA. The Government will continue to implement the Helping Business Programme to further improve the business environment in order to maintain Hong Kong's status as the world's best place for operating business.

A number of Members have also expressed support for Hong Kong to move towards a knowledge-based economy. The Government will continue to support the application of high technology. In this respect, particular attention is given to co-operation with the Mainland in strengthening scientific research. We understand that, with the enhanced collaboration with the Mainland in technological development, coupled with Hong Kong's technological facilities and well-developed system for protecting intellectual property, as well as the opportunities brought about by CEPA, we should be able to attract those Mainland enterprises and overseas enterprises intent on entering the mainland market to set up applied R&D centres in Hong Kong. Through the Expert Group on Cooperation in Innovation and Technology set up under the Hong Kong Guangdong Co-operation Joint Conference and the framework of co-operation soon to be set up jointly with the Technology Ministry on the Mainland, Hong Kong's R&D capabilities will be enhanced and we will in turn be able to find a way out for Hong Kong's high value-added products and intellectual property and help them shift their production to the Mainland, particularly the Pearl River Delta (PRD).

Being adjacent to the PRD, Hong Kong enjoys an advantage of being able to "use the front portion of premises for shops and the rear portion for plants" edge. Hong Kong's business sector has, in the past two decades, made incessant investment in the PRD. At present, close to 660 000 enterprises associated with the territory are operating in Guangdong Province (Appendix 2), employing a workforce of 10 million. In order to move in the direction of high value-added development, most of these enterprises, now operating in the OEM mode, will have to capitalize on innovative technology and design in order to upgrade to ODM.

Members are also concerned that the Government should support scientific research projects in various aspects. Since the establishment of the Innovation and Technology Fund in 1999, approximately \$1.4 billion has been provided to finance 492 projects. Through the allocation of funds, we actively promote the development of individual fields of technology with a view to promoting new industries such as integrated circuit design, wireless telecommunications, and so on. More than 90% of the projects funded by the Innovation and Technology Fund have been completed smoothly, whereas over 50% of the project results have been successfully transferred to the relevant industries or commercialized.

In order to thoroughly implement the direction of innovation and technological development, we have set up a Steering Committee on Innovation

and Technology. Its members comprise representatives from various technological support organs, universities, industries and government departments to co-ordinate the implementation of policies in this area. The foremost task for the Committee is to, targeting advantaged and potential technological domains, co-ordinate various existing measures and programmes to enable them to bring their co-ordinated efforts to more effective performance, and to promote the convergence of technology with the requirements of the industries.

I am very grateful to Mr SIN Chung-kai for putting forward a series of recommendations with respect to communications and technology. We have exchanged ideas with Mr SIN and other organizations on different occasions with respect to some of the recommendations, such as the setting up of a PRD telecommunications special zone, spam, public channels, and so on. We will continue with these discussions and include other recommendations in our discussions in order to pool collective wisdom on how Hong Kong can sustain the momentum that enables it to develop into a leading digital city.

As regards the incident mentioned by Mr MA Fung-kwok in relation to the infringement of Hong Kong copyrighted works in overseas countries, we are willing to take appropriate follow-up actions if the owner of the copyright can provide us with specific information. We do have in place an excellent intellectual property regime that is fully compliant with the requirements of international treaties. However, we will not be complacent about this. We will continue with our efforts in co-operating with the industry to enhance the effectiveness of law enforcement and to improve the relevant laws and work.

Madam President, the key to the successful development of trade and commerce, or other economic activities, really lies in the co-operation and joint efforts of the Government, enterprises, professionals and the general public in fully grasping the business opportunities that lie before us. Thank you, Madam President.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, first of all, I would like to thank the great many Honourable Members who have provided a lot of valuable input in respect of economic development and labour just now. I would like to take this opportunity of the debate today to speak on the way forward for such industries as the tourist and logistics industries as well as measures for promoting employment.

Tourism is one of the major pillars of our economy. Apart from propelling the development of related industries, it has also created a lot of job opportunities. Last year, though affected by the SARS outbreak, the local tourist industry still saw the arrival of more than 15 500 000 visitors, a decrease of 6% over 2002. Hong Kong continues to be the hottest travel destination of mainland visitors. Fuelled by the mainland policy of launching the Individual Visit Scheme, the figure of mainland visitors arriving in Hong Kong has increased substantially during the past few months. The number of arriving mainland visitors of last year had increased by 24% over the previous year to 8 460 000 persons. Ever since the implementation of the Individual Visit Scheme, more than one million mainlanders have visited Hong Kong individually.

We will continue to allocate resources to promote tourism products of Hong Kong. We will also actively co-operate with the industry in making full use of our advantages to answer the different aspirations of tourists from different markets. "A Symphony of Lights", which has recently been launched successfully, is a very good example. This innovative show of multimedia lighting and music has blended the beautiful night view of the Victoria Harbour with the latest lighting design and technology. It provides tourists with a brand new experience in travel.

On strengthening tourism hardware facilities, progress has been good as well. Several projects will be completed one after the other during the period between this year and 2006, and such projects include the Hong Kong Disneyland, the Hong Kong Wetland Park, the Tsim Sha Tsui Promenade, the Avenue of Stars, the Engraving of the *Heart Sutra* on Wooden Pillars on Lantau, the Tung Chung Cable Car System as well as other heritage tourism projects.

The Mainland will continue to be our major source of visitors. We will launch of all kinds of measures to cope with the increasing influx of visitors. Such measures include co-ordinating the efforts to improve cross-boundary clearance, increasing the matching transportation facilities, stepping up promotion campaigns and providing visitors with information on consumer protection and health, and so on. We will also carry on with the effort in upgrading the quality of services in the tourist and related industries, thus consolidating Hong Kong's status as the most popular city to visitors in Asia.

Earlier in the debate, many Honourable Members have spoken on issues related to the development of the logistics industry. In promoting the development of this particular industry, the emphasis of our work is on strengthening the tie between Hong Kong and the hinterland of our goods, and boosting the competitiveness of Hong Kong through promoting free flow of information and the development of "one stop" logistic services.

We have been striving for improved clearance efficiency at our checkpoints so as to lower our transportation costs and enhance our competitiveness. At the moment, the three land boundary checkpoints are handling 27 000 trucks daily. The hourly throughput of each crossing has increased from 90 trucks to 120. The efficiency has in fact increased by 33% when compared with the situation of over a year ago. With the extension of the operating hours of the Lok Ma Chau/Huanggang crossing and the opening up of more crossings on a round-the-clock basis, the number of trucks passing through the checkpoints has increased substantially, thus alleviating the heavy cross-boundary traffic at the peak hours during daytime. In order to cope with future demand, the Government has started the construction of a new bridge linking Lok Ma Chau and Huanggang as a dedicated passage for trucks, and it is expected to complete by the end of this year. The expected completion date of the construction of the Shenzhen Western Corridor is the end of next year. By then the clearance capability of the land crossings between Guangdong and Hong Kong will be doubled. As for the Hong Kong-Zhuhai-Macao Bridge, with its preparatory work already commenced, it will even connect Hong Kong to the west bank of the Pearl River Delta, thereby further expanding our service hinterland.

A study, jointly conducted by the National Development Reform Committee and us, on the co-operative logistics development between Hong Kong and the Mainland is being finalized. The findings of the study confirm the need and strategic significance of co-operation in logistics development between Hong Kong and the Mainland, and it is recommended that, on the basis of the present co-ordination mechanism, the two places shall enhance mutual co-operation in logistics development through specific projects such as the "logistics pipeline" and "inland freight villages". In the light of the findings of the study, we shall consult the industry and formulate implementation measures.

In the area of aviation, with a first-class international airport, excellent air freight handling facilities and a superb international aviation transportation

network, Hong Kong has provided an exceptionally favourable operating environment for the development of the logistics industry. Although the Hong Kong International Airport already ranks number one in the world with its annual air freight throughput exceeding 2 million tonnes, in the face of keen competition from neighbouring airports and the development of the logistics industry, we need to continue upgrading our competitiveness in air freight transportation. We also need to see how we can step up our co-operation with airports in neighbouring areas, in order to complement the strengths of each other. During the negotiations with our civil aviation partners on air service arrangements, we will continue to adopt a positive attitude in expediting the opening up of air rights, so that more airline companies can operate flights to and from Hong Kong, thus strengthening the status of Hong Kong as an aviation hub. Recently, we have reached an agreement with the British Government on the extension of bilateral aviation arrangements. This is a good example.

On port development, we estimate that the total throughput of last year should amount to 20 million TEUs, roughly a 4.5% increase over the figure in 2002. Hong Kong continues to maintain its position as the busiest container port in the world. In the face of strong competition from neighbouring ports, we are studying all kinds of options to enhance the competitiveness of the port of Hong Kong. First, we should reduce the transportation costs: We are actively studying what kinds of measures can help to suppress the land transportation costs of containers. Next, we will also identify ways of speeding up clearance at the checkpoints: Both the new bridge linking up Lok Ma Chau and Huanggang and the Shenzhen Western Corridor will be completed by end of this or next year. They will substantially increase the checkpoint clearance capability and the clearance of goods at checkpoints will be improved too. Thirdly, the communication between freight forwarders and terminal organizations: The transparency of the terminal handling charges should be enhanced. The Government will continue to act as the middleman in promoting the communication and co-operation between agreement organizations and shippers. We will also conduct port promotional campaigns: The Government will work out comprehensive promotional campaigns in conjunction with the industry in order to promote the combined advantages of the port of Hong Kong.

In order to tie in with the development of the port of Hong Kong, the Government has commissioned a consultancy to conduct a study entitled "Hong Kong Port — Master Plan 2020", which is proceeding with a comprehensive

review of the operation and structure of the port of Hong Kong, assessing the need, siting and feasibility of the Container Terminal 10, as well as proposing a competitive strategy and a master plan for its long-term development. The study will be completed in this quarter. And the Government will, as suggested by Honourable Members, consult the industry on the various proposals before the implementation plans are formulated to enhance the competitiveness of the port of Hong Kong.

In order to upgrade the competitiveness of the logistics industry, we are actively developing the Digital Trade and Transportation Network (DTTN) System to provide a neutral electronic platform for the improvement of the speed and reliability of the flow of information in the supply chain. Last year, we had openly invited proposals for the development of the DTTN System. After careful scrutiny, the Logistics Council recommended the Government to conduct negotiations with one of the bidding companies with a view to signing an operational agreement to make that company the service provider of the DTTN System. We are proceeding with negotiations with the company and will continue listening to suggestions made by the industry through the Logistics Council and its E-logistics Project Group, so as to facilitate the implementation of the DTTN System in 2005.

Besides, we are promoting the development of the Value-Added Logistics Park to provide dedicated facilities for high-value goods with tight schedules, so as to cope with the modern logistics development trend and to enhance Hong Kong's capability in providing "one-stop" comprehensive logistics services. The project will consolidate Hong Kong's status as the prime international logistics hub in Asia. Over the past year, we have held extensive consultations and discussions with the industry on the siting and the scope of services of the Value-Added Logistics Park. We should not forget that the construction of this Value-Added Logistics Park will be funded by the private sector. Therefore, it is indeed necessary for us to hold in-depth consultations with them. We shall continue holding further discussions with the P-logistics Project Group of the Logistics Council to ensure that the planning of the Value-Added Logistics Park will really serve the practical needs of the industry. The Lantau Economic and Infrastructural Development Co-ordination Task Force led by the Financial Secretary will also be most concerned about the progress of this project.

In the area of employment, the past one year has been a tough year. Last year, we made use of a total of about \$1.15 billion to create more than 50 000 short-term employment and training opportunities to alleviate the impact of the SARS outbreak on the community. Of course, to solve the problem of structural unemployment, we still need to make more efforts in various aspects in order to enhance the employability and competitiveness of people of different age groups.

Targeting our efforts at the needs of the middle-aged unemployed persons, we launched the District Employment Programme for the Middle-aged (DEP) and the Re-employment Training Programme for the Middle-aged (RTP) with the purpose of encouraging employers to hire middle-aged unemployed persons and offer them on-the-job training.

As for the young people, the Youth Pre-employment Training Programme (YPTP) and the Youth Work Experience and Training Scheme (YWETS) continue to provide them with pre-employment and on-the-job training. In the year of 2003-04, the number of places under the YPTP has increased from 6 000 to 18 000. On the other hand, the achievement of the YWETS is obvious to all. Since its inception, 18 000 young people have been placed into employment through the Scheme.

Looking ahead to this year, as the unemployment rate of Hong Kong is still quite high, the Government will naturally continue allocating resources to promote employment.

The Government will reserve \$1.2 billion to implement three employment initiatives to provide 22 000 employment and training opportunities. Such decisions made by the Government, albeit in the face of fiscal deficit, fully illustrate the significance we attach to the unemployment problem.

Among the three initiatives, two are relevant to the young people. One of them is an amount of \$300 million allocated for the extension of the YWETS for another two years with a view to benefiting 10 000 young people. On the other hand, \$30 million will be allocated to the Youth Self-employment Support Scheme (YSSS) to provide assistance to about 1 000 young people who want to start their own businesses.

Besides, the YPTP will continue to operate to provide pre-employment training for 12 000 young people aged between 15 and 19. The implementation of all these schemes serves to illustrate the great significance we attach to the employment problems of the young people.

I would also like to take this opportunity to point out that, the YSSS mainly assists young people, with reference to their potentials and interests, in the provision of services such as tennis coaching, magic show, beauty therapy, and so on, in building up their customer networks by way of self-employment. Social service agencies taking part in this Scheme will provide advisory and follow-up services to participants who are interested in starting their own business.

Of course we will not lose sight of the unemployment problems of the middle-aged persons. The Labour Department (LD) will continue to offer assistance to middle-aged job-seekers through the RTP and its comprehensive employment services. The RTP has about 10 000 places now. The LD will continue to co-operate with the Employees Retraining Board in promoting the Special Incentive Allowance Scheme for local domestic helpers, which was launched last year. The LD will promote the Scheme to managing companies operating in large private housing estates, thereby creating more employment opportunities for local domestic helpers. The Scheme now has about 7 000 places. The Chief Executive has announced in the policy address that the Government will expend \$880 million to extend 11 000 short-term posts, most of which are suitable for middle-aged persons with lower educational qualifications. This initiative is helpful in alleviating the unemployment stress faced by those employed in such short-term posts which might otherwise have expired.

In addition to all these, the Government will invest in infrastructure projects in the next five years, with an annual expenditure averaging at \$29 billion. About 41 000 construction workers will be employed annually. Besides, the Hong Kong Disneyland and related projects are expected to enter their peak construction period in 2004-05, and it is expected that such projects will provide 3 500 employment opportunities. On the other hand, there are altogether 24 new hotels under construction and the expected completion dates will fall within the next five years. Moreover, 35 new hotel development plans have already been approved. Upon the completion of these projects, 13 000 new service posts will be provided. All these engineering and construction projects will be helpful to middle aged persons in securing employment.

Many Honourable Members have mentioned issues such as working hours and wages, and so on. In fact, we have debated such issues on numerous occasions, and now due to the time constraint, I shall not rehash past viewpoints here. However, I believe we shall continue exploring such issues in the Labour Advisory Board and the Manpower Panel. Besides, on the issue of labour insurance, I am ready to listen to your opinions and a consultation will be conducted shortly. I believe Members need not worry too much about it. On your suggestions such as the capping of the insurance, whether there should be a central body to take charge of labour insurance matters, and so on, we shall be glad to keep an open mind in our consultation on such issues. I hope Members, if you have some views, do let us know by all means. Besides, due to the time constraint, I shall not speak particularly on Miss CHAN Yuen-han's discussion of what kind of new employment opportunities will emerge under CEPA. However, we are ready to listen to whatever viewpoints you would like to share with us. In fact, we have listened to many opinions from Members. We did not mention the "one plus X" proposal. I believe under CEPA there will still be many new employment opportunities. We have also prepared some papers on this issue. I hope we can continue exploring this issue with the relevant trade unions and employers' organizations within this month. You can rest assured that we shall listen to your opinions. Besides, due to the time constraint, some Members have touched on issues which are frequently debated or discussed here, such as the opening up of the electricity market, a fair competition law, and so on. I believe we shall continue the discussion on such issues with Members in this Chamber in future.

Thank you, Madam President.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): The first debate session ends here. The time now is twenty-two minutes past Nine o'clock in the evening. I do not propose to start the second debate session now. At this juncture, I suspend the Council until 2.30 pm tomorrow.

Suspended accordingly at twenty-two minutes past Nine o'clock.

Appendix 1

REQUEST FOR POST-MEETING AMENDMENTS

Request for post-meeting amendment by the Secretary for Home Affairs to Question 17

The appointment information (the "*Name of Advisory or Statutory Bodies*" and "*Office*" column) of No. 37, Ms TSUI Wai-ling, Carlye, B.B.S., J.P. as shown in the Annex, be corrected as follows:

<i>No.</i>	<i>Name</i>	<i>District</i>	<i>Occupation (Note)</i>	<i>Political Affiliation (Note)</i>	<i>Name of Advisory or Statutory Bodies</i>	<i>Office</i>
37	Ms TSUI Wai-ling, Carlye, B.B.S., J.P.	Wan Chai	CEO, The Hong Kong Institute of Directors	Democratic Alliance for Betterment of Hong Kong	Air Transport Licensing Authority	Member
					Council of The Hong Kong Polytechnic University	Member
					Nursing Council of Hong Kong	Member
					Broadcasting Authority	Member
					Standing Commission on Civil Service Salaries and Conditions of Service	Member
					Hong Kong Advisory Council on AIDS	Member
					Council for the AIDS Trust Fund	Member
					Small and Medium Enterprises Committee	Member
					Personal Data (Privacy) Advisory Committee	Member
					District Fight Crime Committee, Wan Chai	Member
					Licensing Appeals Board	Member
					Area Committee, Wong Nai Chung	Member
					District Council, Wan Chai	Member (Appointed)

Appendix 2**REQUEST FOR POST-MEETING AMENDMENTS****Request by the Secretary for Commerce, Industry and Technology for post-meeting amendment**

Line 2, last paragraph, page 193 of the Confirmed version

To amend "....., close to 660 000 enterprises associated with the territory"
as "..... close to 60 000 enterprises associated with the territory" (Translation)

(Please refer to line 4 of paragraph 2 on page 3030 of this translated version)