

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 27 January 2005

The Council continued to meet at Nine o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

DR THE HONOURABLE PHILIP WONG YU-HONG, G.B.S.

THE HONOURABLE WONG YUNG-KAN, J.P.

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 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, 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 TIMOTHY FOK TSUN-TING, G.B.S., J.P.

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

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

THE HONOURABLE LI FUNG-YING, B.B.S., J.P.

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE FREDERICK FUNG KIN-KEE, J.P.

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

THE HONOURABLE VINCENT FANG KANG, J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

THE HONOURABLE LI KWOK-YING, M.H.

DR THE HONOURABLE JOSEPH LEE KOK-LONG

THE HONOURABLE DANIEL LAM WAI-KEUNG, B.B.S., J.P.

THE HONOURABLE JEFFREY LAM KIN-FUNG, S.B.S., J.P.

THE HONOURABLE MA LIK, J.P.

THE HONOURABLE ANDREW LEUNG KWAN-YUEN, S.B.S., J.P.

THE HONOURABLE ALAN LEONG KAH-KIT, S.C.

THE HONOURABLE LEUNG KWOK-HUNG

DR THE HONOURABLE KWOK KA-KI

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

THE HONOURABLE CHEUNG HOK-MING, S.B.S., J.P.

THE HONOURABLE WONG TING-KWONG, B.B.S.

THE HONOURABLE RONNY TONG KA-WAH, S.C.

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE PATRICK LAU SAU-SHING, S.B.S., J.P.

THE HONOURABLE ALBERT JINGHAN CHENG

THE HONOURABLE KWONG CHI-KIN

THE HONOURABLE TAM HEUNG-MAN

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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 AMBROSE LEE SIU-KWONG, I.D.S.M., J.P.
SECRETARY FOR SECURITY

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

DR THE HONOURABLE YORK CHOW YAT-NGOK, S.B.S., J.P.
SECRETARY FOR HEALTH, WELFARE AND FOOD

CLERKS IN ATTENDANCE:

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

MS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

MEMBERS' MOTIONS**MOTION OF THANKS****Continuation of debate on motion which was moved on 26 January 2005**

PRESIDENT (in Cantonese): Clerk, a quorum is not present. Please ring the bell to summon Members to return to the Chamber.

(After the summoning bell had been rung, a number of Members returned to the Chamber)

PRESIDENT (in Cantonese): Fine. Now a quorum is present. We shall continue with the first debate session. Mr Albert CHENG, you said you wanted to speak. I now call upon you to speak.

MR ALBERT CHENG (in Cantonese): I have not indicated that I wish to speak today.

PRESIDENT (in Cantonese): Did you not say that you wanted to speak yesterday?

MR ALBERT CHENG (in Cantonese): Besides me, several other Members had also indicated that they would like to speak, had they not?

PRESIDENT (in Cantonese): Right.

MR ALBERT CHENG (in Cantonese): According to the Rules of Procedure, I think I have to press the button. But I still have not done so, nor have I raised my hand

PRESIDENT (in Cantonese): You still wish to say something. Please go ahead.

MR ALBERT CHENG (in Cantonese): If four Members have indicated their wish to speak

PRESIDENT (in Cantonese): If you are not ready yet, you may ask "President, may I speak later?"

MR ALBERT CHENG (in Cantonese): I would like to raise a question with you: As I have not pressed the button yet

PRESIDENT (in Cantonese): You raised your hand yesterday, and that indicated your wish to speak this morning. Yesterday, I asked, "Does any Member wish to speak?" You did raise your hand then.

MR ALBERT CHENG (in Cantonese): But several other Members also raised their hands at the same time.

PRESIDENT (in Cantonese): Yes, but you were the first who caught my attention.

MR ALBERT CHENG (in Cantonese): Thank you, Madam President. But I am not ready yet.

PRESIDENT (in Cantonese): You are not ready yet? Then, please sit down.

MR MARTIN LEE (in Cantonese): Madam Deputy, I am sorry, please wait for a couple of minutes. I am prepared already, but as I have not pressed the button yet, so I still need a little time. I do not wish to stop halfway in my speech.

Madam President, before the reunification, many Hong Kong people really worried whether they could continue to enjoy freedom. But insofar as the economic aspect was concerned, we were full of confidence. We thought that,

after the reunification, Hong Kong should act as the locomotive of the country, leading the country all the way towards the goals of four modernizations. We also said that Hong Kong was like a goose that could lay golden eggs — at the rate of one each day. We were so confident about the economic prospects of Hong Kong.

However, it is most unexpected that, after the reunification, Hong Kong very often has to rely on the support of the Mainland, and such support is even in the economic aspect. Not only CEPA, but we also have the Individual Visit Scheme. Even a national leader mentioned that Mr TUNG had come for something again. As a result, the morale in Hong Kong has fallen to a very low level. The most unfortunate incident took place last year, on 20 December 2004. Over the television, we saw that the Chief Executives of both Hong Kong and Macao, together with the top officials of Hong Kong, all lined up in a row before our national leader who gave them a lecture. I felt most uncomfortable about this scene. It simply disgraced Hong Kong.

In delivering his eighth policy address, the Chief Executive said that certain policies and measures adopted by the Government had no doubt caused the public pain and unease. He also admitted that the Government had been indecisive when dealing with emergencies, and these shortcomings and inadequacies have undermined the credibility of the policies made and their ability to govern. He then went on to say, "After much soul-searching and a review of the successes and failures of our governance, my colleagues and I have taken stock of experience gained and lessons learnt." I felt somewhat surprised at that juncture, asking myself, "Is he going to resign to assume responsibility for all those errors?"

But, the answer was in the negative. I had underestimated our Chief Executive. He was very brave. He chose the difficult course of action — continuing to stay in his office as the Chief Executive. This is more challenging than the easier option — resignation. When I continued listening to his speech, I also heard that he was resolutely against "collusion between business and the Government" and would strictly eliminate any "transfer of benefits". What he fell short of doing was raising his arm in the air when he said those slogans. Apart from this, he had acted nearly like a member of the Democratic Party. *(Laughter)* But later, as I watched his press conference over the television, he denied it all. On the following day when he came to the Legislative Council, he

denied thrice the existence of any collusion between business and the Government, or any transfer of benefits.

What was it all about? Some people say that, all he was doing was just indicating his opposition stance, and it did not mean that such cases had actually happened. This theory is totally illogical. Yesterday, some Members also mentioned that, if such cases had not happened, there was no reason for him to say something like that. For example, suppose the Chief Executive says that he opposes the use of foul language by government officials, and he will eliminate the act of wearing bow-ties among officials, and so on. If such acts have never taken place, why would he say so? Of course, such acts must have really existed before he will say something like that. If such cases have never occurred, he will probably say "I will never tolerate the occurrence of collusion between business and the Government in Hong Kong", and "I definitely will not allow any transfer of benefits". The wording should be something like that. Any copywriter should write in such a manner, otherwise Mr TUNG will not accept it after he has personally screened it.

I still recall that the Democratic Party had once followed others' example by releasing an alternative policy address. In it, there was one typographical error. We identified it and had it rectified by pasting the correct word over it. But Chief Secretary for Administration Donald TSANG removed the pasted-up word and teased us for the error. But, in this policy address of the Chief Executive, no amendment has ever been made, why should he withdraw those points? What on earth has happened?

Madam President, I can only make some speculation. I think President HU must have privately told our Chief Executive, "We are resolutely against 'collusion between business and the Government', and we want you to strictly eliminate any 'transfer of benefits'. You must do some soul-searching and make a response in your policy address." If this is not true, why should the Chief Executive respond in such a manner? In fact, the Chief Executive was just making confession to his own master. After the policy address was delivered, we could really see some effects. It was reported in certain media that the spokesman of the Hong Kong and Macao Affairs Office commended him on the same day for having done a good job. It was a forward looking attitude. The problem is considered solved after one has admitted his mistakes.

As such, our Chief Executive could immediately "change his stance after having achieved his own purpose." He was telling one version of the story to the national leaders — in Latin, it was "*meua culpa, meua culpa, meua maxima culpa*", which means "my sin, my sin, my severe sin". But he told Hong Kong people another version — "no mistake to confess". I hereby tell government officials clearly that, if the Chief Executive was really not making a confession of the existence of any collusion between business and the Government or any transfer of benefits, then the officials should withdraw such remarks completely on his behalf, that is, withdrawing the two points mentioned in the 24th paragraph of the policy address, so as not to mislead our national leaders, not to mislead the Hong Kong public.

Madam President, when DENG Xiaoping put forward the concept of "one country, two systems", I had made an analogy. I thought that it was good news, a blessing and was achievable. But when he proposed "Hong Kong people ruling Hong Kong" and "a high degree of autonomy", I thought it was not easy. At that time, the population of the Mainland stood at 1.2 billion, whereas Hong Kong had only about 6 million people. How can a comparison be made between the two sides? No comparison can be made at all. Therefore, for the implementation of the concept to work, the Mainland must make some compromise with such a small and weak Hong Kong. It is just like a father playing the seesaw with his son. If both of them sit at the far end of each side of the seesaw, the father's side will definitely drop to the bottom, while the son must be hung high up in the air. No matter how hard the father applies force onto the ground with his feet, the situation will not change because the unbalanced situation makes the game meaningless. If they want to continue this game, the father will have to tell his son to hold fast to the plank of the seesaw and then he should move towards the centre point until both sides are balanced. Then each of them should take turns to make the other side of the seesaw rise, and then the game can go on. If the concept of "one country, two systems" is to be realized successfully, the Central Government should not only refrain from interfering with Hong Kong, but it should also encourage Hong Kong people to unite together to uphold "one country, two systems", to uphold "a high degree of autonomy", to uphold "Hong Kong people ruling Hong Kong", to uphold our freedom, to uphold our rule of law, to uphold our fair competition. Only in this way can we stand any chance of success.

Madam President, when these concepts were written into the Joint Declaration, we could see that there were several very significant provisions.

In its Annex I, there is such a sentence, "The chief executive of the Hong Kong Special Administrative Region shall be selected by election or through consultations held locally and be appointed by the Central People's Government." The next sentence reads, "The legislature of the Hong Kong Special Administrative Region shall be constituted by elections." And the third sentence is, "The executive authorities shall abide by the law and shall be accountable to the legislature." Madam President, the Joint Declaration was first promulgated on 26 September 1984. Our Governor of that time was appointed by the Queen of the Great Britain, without any prior consultation with Hong Kong people. Once he assumed his governorship, he would proceed to appoint all the Members of the Legislative Council. And then, just like Madam President, he would sit in the President's seat to watch the debates conducted among Members. For those Members who had not acted smartly, he would make a note of it in his mind. Such Members would not be re-appointed in the following term of the Legislative Council. We had to change such a system into another one in which the Chief Executive would be elected by Hong Kong people and be appointed by the Central Government; and that all the Members of the Legislative Council should be elected by Hong Kong people to serve the public of Hong Kong. In fact, the Joint Declaration had already institutionalized "one country, two systems". Without this institution, "one country, two systems" cannot be protected. It was actually a dynastic change, a change from a "fully-appointed Council" to a "Council fully elected or elected by the people". Only in this way can our freedom be assured, and our way of living remain unchanged for 50 years. Yet some major changes must be made to certain areas before we can safeguard other things to ensure that they can remain unchanged for 50 years.

Madam President, upon the completion of the Joint Declaration, we proceeded to commence the work of drafting the Basic Law. I still recalled that Mr WU Jianfan, who has passed away now, told me enthusiastically that there was an important job to do. He said the Joint Declaration was very popular with Hong Kong people. I responded that he was entirely accurate in saying that. He then said that if the Basic Law drafted by us could not make Hong Kong people more satisfied than the Joint Declaration, then we should consider ourselves as having failed in our job.

They had really made very great efforts in this regard. Of course, the restrictions imposed on them by the Communist Party might have prevented

them from doing what they had originally intended to do. But at least, in Article 45 of the Basic Law, it is explicitly stated that the Chief Executive will ultimately be selected by universal suffrage. Similarly, it is also explicitly stated in Article 68 that all the Members of the Legislative Council will ultimately be elected by universal suffrage. This is a goal. Annexes I and II also contain some provisions for this. According to Ji Pengfei, Chairman of the Drafting Committee for the Basic Law, the system would be subject to some supervision during the first 10 years. But after that, it will progress slowly forward, and the process will go on without any limitation, and eventually it will progress to a point where all Members of the Legislative Council will be elected by universal suffrage, and the Chief Executive will also be elected by universal suffrage.

Unfortunately, as the SAR Government intended to enact laws to implement Article 23 of the Basic Law, it tried to push the Legislative Council to pass the Bill. As a result, it triggered off the mass demonstration on 1 July 2003. We can see clearly that the Central Government basically wanted to change certain rules of the game. On 6 April 2004, the Standing Committee of the National People's Congress (NPCSC) promulgated an interpretation of the Basic Law to impose two additional hurdles and advanced some originally non-existent explanations. I really fail to understand: How could they interpret something originally non-existent as something that really existed? And then, on 26 April, the NPCSC even decided that no universal suffrage would be conducted in the two elections to be held in 2007 and 2008 in Hong Kong, nor did it say when we could have universal suffrage.

Madam President, before the reunification, who could have imagined something like this could happen? Could we imagine that the major issues of Hong Kong would be decided by the Vice President of our country? I can recall two incidents. When the Basic Law was being drafted, we had asked Mr LU Ping, then Director of the Hong Kong and Macao Affairs Office, what would the Xinhua News Agency become after the reunification? He said that, under the circumstances in Hong Kong at that time, due to the existence of the three unequal treaties, even though China did not recognize the regime of the British Hong Kong Government, it could not set up a consulate in Hong Kong. As China did not recognize those treaties, how could it set up a consulate here? That explained the existence of Xinhua. But after the reunification, all of us would be compatriots, so there was also no reason for the establishment of a

consulate here. Therefore, Xinhua should by no means continue to exist in Hong Kong.

I still remember that, after the Joint Declaration had been promulgated, and it was still the era of the British Hong Kong Government, taxi drivers were once requested to introduce an increase in taxi fare. Taxi drivers went to the Xinhua News Agency to stage a protest against the Government's decision. Xinhua handled the incident in this way: They said, to this effect, "This incident is entirely an internal affair of Hong Kong. We shall not, should not be involved. But we believe the Hong Kong Government will listen to the opinions put forward by you, and make an appropriate response."

Why could they do that at that time, but interfere with us now? After the NPCSC promulgated an interpretation of the Basic Law on 6 April 2004, how can we still have any confidence in this Basic Law anymore? This is because for any sentence, or even something non-existent can be interpreted as existent, and something meaningful can be interpreted as meaningless. Chapter 3 of the Basic Law protects our freedom, but the freedom we can enjoy stopped at where the NPCSC had started to interpret the Basic Law. And we can no longer be sure of any articles in the Basic Law now.

Our Secretary for Justice Elsie LEUNG delivered a speech at a luncheon meeting in London on the day before yesterday. She mentioned two incidents in relation to The Link REIT incident of the Housing Authority. She said the following in her speech, "people queriedwhether there was an abuse of the process of the court and the issue has become very controversial." As a matter of fact, she was extremely tactful in her choice of words. It was anybody's guess whom she was referring to when she mentioned "people". The people whom she actually referred to were none other than our Chief Executive and Financial Secretary Henry TANG. I can see that they had spoken in that manner. The Chief Executive once said, to this effect, "Someone has disregarded the overall interests of society, and stirred up trouble behind the scene. It is not right for them to undermine the interests of Hong Kong." Financial Secretary Henry TANG also said, to this effect, "I feel that someone has abused Hong Kong people's respect for the spirit of the rule of law."

Can the spirit of the rule of law be abused? Everyone must abide by the spirit of the rule of law. Our Secretary Elsie LEUNG held a different point of view from them, and it deserves our applause. She said, "We believe, however,

that the rule of law has many facets, and access to the courts is one important factor. Any abuse of judicial process only happens rarely and should be left to the sanction of the courts."

As a matter of fact, many people in the legal profession told me that they felt those who had abused the judicial process were none other than the Senior Counsels acting on behalf of the Government. They forced the Appeal Court and attempted to force the Court of Final Appeal (CFA), to limit the appeal period of the Appeal Court, and to shorten the deadline to an unreasonable duration. Before the judgement was issued, they already said that if an appeal had to be lodged, the appellant had to file the application on the following day, and then the appeal proceedings would have to commence right away. Can things be done in this way? Fortunately, our CFA upheld justice, and was not in the least intimidated. Although they did threaten the CFA to the effect that, if the appeal proceedings did not commence right away, The Link REIT could not be listed as scheduled. But the CFA did not give in.

With regard to upholding the rule of law, our protector of law should be our Secretary for Justice Elsie LEUNG, instead of the legal experts in the Mainland. How can they protect the law? They can only protect the authority of the Central Government, and protect the interests of the Communist Party. The real protector of law should be our Secretary Elsie LEUNG. However, I am sorry, on some major issues, we cannot see our Secretary for Justice Elsie LEUNG has ever played this role as the protector of law.

Madam President, on the same day when Secretary for Justice Elsie LEUNG delivered her speech in London, *South China Morning Post* featured yesterday an article written by Prof Yash GHAI, a professor from the University of Hong Kong. The article was entitled "The Basic Law: Does anyone respect our constitution?" In it, he said he felt that our mini constitution had been abused by the Central Government and the SAR Government. He used the word "abuse" — "The abuse of Hong Kong's constitution". Then he went on to say, "It has been used to emphasize Hong Kong's autonomy, or to assert Beijing's sovereignty — whichever best suited Beijing and the TUNG administration." His final conclusion is, "A law compels obedience only when the ruler and the ruled are equally bound by it. Opportunistic use is a sure way to discredit a law. I fear that fate has befallen the supposed charter of Hong Kong's autonomy and self-government."

Madam President, in recent years, what has happened actually? We all know who had chosen the Chief Executive. We still remember that "handshake" over the television. It should be December 1996 and the venue was Beijing. I saw that JIANG Zemin, the national leader of that time, was looking around. After spotting a gentleman in a crew cut, JIANG walked over to him and shook hand with him. That was why Mr TUNG Chee-hwa was also dubbed as "JIANG's handshake target", and that was why he had been the Chief Executive for five years. In 2002, when he was ready to seek re-election, the first thing he did was not to let us know his platform, but went all the way to Beijing to solicit support from the three national leaders one after the other. After securing support from the north, he returned to Hong Kong to ask 714 members in the 800-member Election Committee to nominate him to run for the second term. Frankly speaking, when the nomination form is put in front of you, it is very difficult not to put your signature on it. If you decline, he will know who does not support him. For that reason, he could collect 714 signatures very quickly. Was there any need for him to do any electioneering? As there were only 800 persons in the Election Committee, it became an impossible task for any other persons to get 100 nominations. With the support of 714 persons, naturally he was re-elected uncontested.

If President HU is now dissatisfied with our Chief Executive, please go ahead to discuss the issue with his predecessor, Mr JIANG Zemin, for we are not responsible for it. After President HU had given the Chief Executive a lecture, of course the Chief Executive put the blame on us. In addition, those "imperial guards" and "royalists" who support the Chief Executive also shifted the blame onto the pro-democracy camp. Now the Chief Executive calls on us not to cause any more trouble. But of course he would not be so direct in putting the message across. He would never act like us Members. Instead, he would remind us that only by "maintaining social harmony" can we achieve the ideal in which "a family that lives in harmony will prosper", and we should be "well aware that social harmony is the foundation of stability and prosperity". So, I believe the mass demonstration on 1 July was not harmonious, and our acts of criticizing government officials in the Legislative Council were also not harmonious.

In fact, if such acts are already labelled as acts of social discord, then who actually has caused such discord in society? Are the people the culprits? The Chief Executive's concluding remarks are like this, "We need to unite to

safeguard stability and harmony. Let us join hands to build a better future for Hong Kong and to contribute to the bright future of our country."

Madam President, our poor governance is not attributable to the bad relationship between the executive authorities and the legislature, as alleged by certain Members. This is not a problem. Instead, it is a consequence, not a reason. The reason is, as the Central Government wants to control Hong Kong, so Vice President ZENG Qinghong exercises control over our Chief Executive; therefore the Chief Executive is a major puppet. Then ZENG also controls the smaller puppets — the three Secretaries of Departments and 11 Directors of Bureaux, via the Chief Executive. As the Chief Executive is not elected by the people, how can such a system succeed? In fact, anyone taking over the post will have to face continued extreme difficulties. Admittedly, making some amendments to the system could make it better. But this is not the fundamental solution. The fundamental solution in fact just lies in the original proposal put forward by Mr DENG Xiaoping in the '80s. "One country, two systems" should be administered by way of "Hong Kong people ruling Hong Kong", not "Beijing people ruling Hong Kong". In addition, Hong Kong should be given "a high degree of autonomy". A hands-off approach should be adopted and let Hong Kong people decide the pace of our democratization and the timing of implementing universal suffrage. Only in this way can China convey a good message to the world and a good message to Taiwan too.....*(The buzzer sounded)*

PRESIDENT (in Cantonese): Your time is up.

MR MARTIN LEE (in Cantonese): Why was there no warning?

PRESIDENT (in Cantonese): I share your feeling. Therefore, I have already informed the Clerk by a note to request the relevant staff to produce some warning sound when the speaking time of a Member has only one minute left.

MR MARTIN LEE (in Cantonese): I still have one more sentence to make.

PRESIDENT (in Cantonese): As there was a technical problem, so please go ahead reading it out.

MR MARTIN LEE (in Cantonese): Thank you, Madam President.If we can return to this original blueprint, then we can say this, "Let China, Hong Kong and Taiwan join hands to build a better future and to contribute to the bright future of our country." Thank you, Madam President.

PRESIDENT (in Cantonese): We do not know whether the technical problem can be rectified shortly. Members who shall speak later on may not use up the 25 minutes of your speaking time, as in the case of Mr Martin LEE, but you are still requested to pay some attention to the clock.

MS EMILY LAU (in Cantonese): Madam President, in recent years, I have ceased to hold any expectation for the policy addresses of the Chief Executive. However, I still wish to speak because it is mentioned in his latest policy address that they are resolutely against "collusion between business and the Government" and will strictly enforce various monitoring systems to eliminate any "transfer of benefits".

This is just like a stone thrown into the water, causing rounds of ripples and evoking the very bitter memories of the people and the Legislative Council. And, precisely because of the many controversies caused by this statement in society, Secretary John TSANG found it necessary to explain the case of the Cyberport by publishing articles in the local press both yesterday and today. Madam President, I am sure that at that time, Members of the Legislative Council were extremely sceptical of the authorities' approach, thinking that it was not at all proper, indicating significant problems of governance. The accountability system for principal officials was not yet put in place then.

In regard to what Secretary John TSANG said yesterday, I actually have two articles written by him. One of them was handed to me by journalists on the night of the Legislative Council meeting, and Mr Alan LEONG should also remember this. In this article, Secretary John TSANG mentions the proposal of property developers on parcelling out the land lot for auction and the provision of government funding for the construction of the Cyberport. According to this

article, the Legislative Council rejected this proposal after consideration. And, in the other article, the one that has been made public, it is said that the Legislative Council did not agree to the proposal after consideration. Both these assertions are untrue. We were given neither any time nor any opportunity to consider the authorities' proposal, that is, we simply did not have any time or opportunity to say that we must not award the whole project to one single developer but should auction the land to get money for construction of the Cyberport instead. As far as I can remember, this proposal was not on the agenda. Consequently, I hope that the Chief Secretary for Administration, or maybe, Secretary John TSANG (who will be here for the next debate session), can answer my question.

The Legislative Council indeed voted on this several times. But, yes, I may as well mention one thing. Even Mr Martin LEE has said that whenever there are any typing mistakes in the papers submitted by the Democratic Party to the Government, they will always paste the correct words on the mistakes before publication; there are also mistakes in Secretary John TSANG's articles. He said that he had attended a number of discussions in the Legislative Council — with the Panel on Information Technology and Broadcasting, first on 8 March 1999, then on 29 April, and yet again on 4 May (to be correct, it should be 5 May, and I hope he can make it right). How many Members were present at that time? Madam President, during the Public Works Subcommittee meeting on 12 May 1999, the authorities requested an appropriation of \$964 million for constructing roads, drains and essential infrastructure for the Cyberport project. According to the voting records of the meeting, 10 members from the democratic camp, of whom I was one, voted against the request. One member (Mr Eric LI) abstained, and 14 members voted for the request. During the Finance Committee meeting on 21 May, there were 14 votes against and 30 votes in favour of the request. Then, at the Public Works Subcommittee meeting on 17 May 2000, the authorities requested an appropriation of \$231.8 million for the construction of the northern approach road to the Cyberport development and ancillary drains and waterworks. There were two votes against the request, one from me and the other from Miss Cyd HO. Five members from the Democratic Party abstained, and 12 other members voted for the request. Then, when the proposal was tabled before the Finance Committee on 9 June the same year, 17 members, all from the democratic camp, voted against it, while 26 others cast their positive votes.

Madam President, all these records show that there has been opposition from some Members all along. But one simply cannot argue that support for the funding requests should be interpreted as support for the idea of awarding the Cyberport development to the Pacific Century Group, because as pointed out by Members present at the meetings, the concept underlying the Cyberport project was fine enough, but there was a problem with how it was handled. I therefore think that Members must learn a lesson: while they may support the underlying idea of something, they should still cast a negative vote to whatever proposals the authorities put forward, be they the construction of waterworks or any other infrastructure facilities, if they cannot agree to the approach of the Government, such as the one adopted for the current incident. I think we must not allow the facts to be distorted, because Members supported (or better say there were enough votes to support) the appropriation requests, it is now claimed that they also supported the construction of infrastructure facilities and waterworks. But the authorities have never tabled any motion at any Legislative Council meetings to seek Members' support for their plan to construct the Cyberport. They have never done so. As for whether the Legislative Council "rejected" or "did not agree to" the proposal, I hope somebody can give me an answer later on.

Madam President, since some Members said yesterday that Secretary John TSANG had lied, he hastened to publish a long article in the newspapers today, saying, "I have never lied." He is really very embarrassed, so embarrassed that he has to hasten to say something like this. Seeing this, I immediately think of one person. Madam President, I immediately think of Mr Richard NIXON, a former President of the United States, who got into deep trouble as a result of the Watergate Scandal. At that time, the *Washington Mail* printed news about him literally every day. And, what did he say at the height of the scandal? Madam President, he said, "I am not a crook." In other words, he said that he was not a bad guy. Somebody then made a clock and named it "Dirty Dick". Why is it necessary for Secretary John TSANG to say something like that? And, what has caused others to accuse him of lying? Actually, Secretary John TSANG has all along had nothing to do with this incident. The only reason why he has become involved is Mr TUNG's reference to "collusion between business and the Government" as well as "transfer of benefits" in the policy address — incidentally, precisely why he has made such reference is still open to speculation, and some have even commented that he is in fact courting trouble. Anyway, I still hope that government officials can tell the facts, can tell us whether the construction of the Cyberport was really supported by Members. Why do people say that there was collusion between business and the

Government and also transfer of benefits? The Pacific Century Group was at that time just a newly-established organization. Madam President, when Members questioned the Government why it had awarded the Cyberport project to the Pacific Century Group, what did former Secretary for Information Technology and Broadcasting KWONG Ki-chi say? He said that since the Pacific Century Group enjoyed a high repute in the industry and would be able to convince a number of large information technology companies to become major tenants of the Cyberport, the Government was convinced that the Pacific Century Group was very suitable for implementing this project. But just how many people would really believe that? Anyway, he did give the Pacific Century Group very great help. Why? Madam President, just the following year, in February 2000, something happened. What was it? The acquisition of the Hong Kong Telecom by the Pacific Century Group. Naturally, this was not the only reason. But well, seeing all this, others would simply think that the Pacific Century Group was really something, being able to get whatever it wanted. Madam President, I would not dwell on all this any longer because I am going to move a motion on the very same topic next week.

I notice that in the newspapers yesterday, some Members were saying, "Well, the 'opposition' is out there making trouble again." Actually, it is never our intention to cause the dissatisfaction of the business sector with Hong Kong by moving all such debates. Nor are we trying to depict a bad picture of Hong Kong and tell the business sector not to invest in Hong Kong. All of us, particularly me, will never do anything like this. Madam President, I am a member of the Economic and Employment Council chaired by the Financial Secretary. I have joined all of its subcommittees and even subgroups, and I take part in all of its business. And, it is precisely because there will be a meeting of the Economic and Employment Council today that I will not be able to attend the Legislative Council meeting this afternoon. I always exert my very best in everything. I have always been making it very clear in the meetings of the Economic and Employment Council that I hope to see a favourable business environment in Hong Kong. But if the policies and deeds of the authorities all give the business sector, Members and the general public the impression that they are biased, especially towards the offering of assistance to certain large consortia, we in the Legislative Council should not be blamed at all. I hope that next week or this week, all Members can speak the facts and discuss every incident instead of trying only to smear others.

The problem of collusion between business and the Government as well as transfer of benefits is directly related to another problem — disparity in wealth, which is also mentioned in the Chief Executive's policy address. Hong Kong is extremely rich in resources, but our resources are unfortunately concentrated in the hands of a few people. We rank fifth on the list of places with the greatest disparity in wealth. We are ranked among those other places usually referred to as Fourth World countries. We are often ranked very high on the list in many desirable aspects, but when it comes to disparity in wealth, we are no different from many poor countries, where corruption is rampant. Why has our Hong Kong degenerated into such a deplorable state of serious disparity in wealth? All this is related to collusion between business and the Government and transfer of benefits. Hong Kong possesses very rich resources, but for reasons unknown (or perhaps reasons that some should know only too well), these resources are freely given away to a handful of people, to those who are so obese that no socks can fit them.

Madam President, precisely for this reason, Mr LAM Hang-zi of the *Hong Kong Economic Journal* once wrote, to this effect, "The giving away of the Cyberport by the authorities has radically changed people's perception of the SAR Government, giving rise to the prevalence of spongers in the business sector, something which the Government will find very hard to handle." One thing that has to be handled (so I have heard) is the Hunghom Peninsula. Why? Because another fellow whose feet are not so fat has wondered why others are so obese that no socks can fit them, and why he is not allowed to put on some weight as well. Hence, someone has asked him, "Do you want to put on some weight as well? In that case, I will also give you some meat so that you too can become fat." Hence, a piece of meat was chopped off for this fellow. How can things be like that, Madam President? I very much agree with some colleagues that constitutional reform is the only ultimate solution to this problem.

In his reply to Mr Frederick FUNG's oral question yesterday, Secretary Stephen LAM once again said that in the case of some elections, candidates may be elected by "one person, one vote" after their nomination by functional sectors in the very first place (He did not quote Mr Eric LI this time around, but just referred to "somebody"). He went on to say that "one person, one vote" could actually accommodate indirect elections, and this would also be consistent with the principle of popularity and equality. I really fail to see how this can be possible; this is beyond all my imagination. In fact, the essence of popular and equal elections is that the votes of all are of equal value, and that everybody can

have opportunities to run as candidates. If the Secretary is really so brave, and if he really thinks that this is possible (but as he said yesterday, he was merely consulting), I must remind him that the SAR Government should now submit its report on the International Covenant on Civil and Political Rights to the United Nations Human Rights Commission. It is already a bit late now. I hope that the Secretary can incorporate his proposal into the report. But in that case, when a meeting is held, I will have no alternative but to ask the Human Rights Commission (for I am also going to the United Nations) whether it will agree that some popular and equal elections can do away with "one person, one vote", or whether an election can still be regarded as being based on universal suffrage, as claimed by Secretary for Justice Elsie LEUNG and Secretary Stephen LAM, when a handful of people are allowed to nominate candidates for election by another group of people. This is a very dangerous claim. Honestly, however, I should not be surprised at all because by now, no matter what proposal the TUNG Chee-hwa regime puts forward, we should no longer be surprised. Although some people think that it is now useless for us to say anything more, we must still put forward our views all the same, now that we have joined this Council.

Yesterday, Dr Philip WONG urged us to change, urged the democratic camp to abandon its confrontational approach in dealing with the Central Government. But, Madam President, what kind of confrontation does he mean? I simply do not know for how many years I have been saying this in the Chamber: we do not have any guns, or cannons. We do not have any arms at all. Perhaps the only confrontation occurs when we speak our minds, or join hundreds of thousand protesters in taking to the streets, speaking our minds. But can this be called confrontation? Are we expected to remain silent all the time and kneel down, saying "Yes, Master, you are right" whenever anyone in authority has said anything? Are we expected to behave in this way? That is why I hope that Dr Philip WONG can really speak his mind in the National People's Congress, or even if they do not agree to certain opinions, opinions that are nonetheless the true feelings of Hong Kong people, they can still voice them out in Beijing.

Indeed, Madam President, I also understand that the democratic camp should play a more active role in our constitutional reform. Yesterday, some people such as Mr TAM Yiu-chung criticized us for adopting a boycotting stance, for boycotting the current consultation exercise. I have heard that there was a consultation session on Tuesday night, but there has been very little media

coverage so far. In some reports, it is even said that no one in the democratic camp had turned up. The point here is not so much about any boycott. Rather, it is all about having nothing to say. The report issued by the Government does not allow people to discuss this and that, and it does not cover the things desired by the people, so what can we do anyway? This is precisely the dilemma facing us now. The people do not deliberately hold a confrontational stance towards the Government. The only thing is that all of us are convinced that there should be universal suffrage in Hong Kong because there are the conditions. Hong Kong people are absolutely capable, both as election candidates and electors. They are capable of electing the Chief Executive and the entire SAR Government. But the people are not permitted to discuss these issues, and even when some want to make a concession and ask for a timetable, the Government is not willing to discuss it, nor does it permit the people to do so either. It simply forbids discussions on all meaningful issues. But then, it asks the people to voice their views. What possibly can we say in that case? When we remain silent, we are accused of being confrontational, for boycotting the consultation exercise, and for doing nothing. What should the people of Hong Kong do? I very much hope that we in the democratic camp can respond to the aspirations of the people, showing them that we have in fact been handling this issue very actively. I hope that we will not always be pushed into a passive position, being criticized by people for opposing this and that. Although the people want us to take an active part, we must still adhere to our own principle and stance. Circumstances permitting, we will participate actively as much as possible.

In October (I cannot remember the exact date), we wrote to the Chief Executive, expressing our hope of explaining things to the Central Authority. What do we want to explain? We want to explain why the people of Hong Kong want to have universal suffrage. But the response we received was totally unfriendly. The Central Authorities have been doing this repeatedly, sometimes because of this problem, sometimes because of ZHAO Ziyang, sometimes because of this or that. But they have never responded to us. If, on the one hand, the Central Authorities continue to ignore us and refuse to communicate with us, but go on criticizing us on the other, then, Madam President, how can the democratic camp, and also the entire society, make any progress?

We know very well that our constituents do expect us to do many things. But we hope they can understand that we must adhere to our own principle and stance. If the Central Authorities insist on ostracizing us, or most of us,

refusing to hold any discussions with us and even tell us to take "a step back", or even "three steps back" in the words of Mr TUNG Chee-hwa, we certainly do not think that this is a viable course of action. Up to now, I still do not know what role the SAR Government has been playing in this matter, that is, the communication between the democratic camp and the Central Authorities (apart from Mr TUNG Chee-hwa's repeated advice that we must not say too much and must take a few steps back). Madam President, this involves precisely the point I made just now — the relationship between the executive and the legislature.

The ruling coalition proposed by Mr James TIEN was in fact suggested by me many years ago — though I am sure to have no place in that, for I am so insignificant. But what is the merit of a ruling coalition? It is good in the sense that some in this Chamber will become part of the ruling regime, having both powers and responsibilities. For this reason, every day, they must publicly face dozens of journalists and cannot hide themselves like Mr TUNG Chee-hwa. They must answer the people's questions. There will be no problems even if they are not directly elected, even if the DAB, the Liberal Party and the Democratic Party are to form a ruling coalition. Since these people will be part of the ruling coalition, they must hold themselves accountable for all policies on education, housing, health care, and so on. They must, for example, offer an explanation on cases like the West Kowloon Cultural District development. But, Madam President, Mr TUNG will never do so.

The reason for my saying so is that he appeared to be so negative to the small number of resolutions reached by the eight political parties and groups, though these resolutions were all meant to help him out in such matters as air pollution, SARS, economic revitalization, and so on. He dismissed all this as challenges to the executive-led administration, something that may lead to the dominance of the legislature. But there is indeed a point in his worry. Madam President, he knows that whenever he wants anything from the legislature — bills, policies, appropriation of funds and whatever — there must be the strong support of a majority of Members before he can get their approval, meaning that any other matters without such strong support will never pass through the Legislative Council. Actually, this is also the case with the parliamentary assemblies of all civilized countries in the world. And, in the parliamentary assemblies of other countries, the one who can get the greatest number of votes will become the Prime Minister. Therefore, Madam President, I do not think that there is any problem with this kind of ruling coalition. But Mr TUNG will never accept this idea.

Consequently, we are caught in this perpetual dilemma. He does not want to co-operate with Members, but he is not capable of governing Hong Kong well. And, having been dressed down by President HU Jintao, he now says that he will try to identify his inadequacies. But what has he identified? Initially, the people really thought that he was going to do something. But let us look at what has been happening with the Cyberport. The more he explains, the more suspicious the people have become. If he does everything that way, he must really step down. However, many people say that he will not step down, so we must still put up with the difficult situation for two more years. Well, although there are still two more years to go, many people have already lost interest in the present situation. Why? Because they want to vie for the office of Chief Executive. The race has already started. Madam President, you and I should know only too well.

There is nothing wrong for anyone to aspire to becoming the Chief Executive. And, in fact, this should be something good. Even when we visit primary schools and kindergartens, we will say to the children there, "When you grow up, you must seek to become a Legislative Council Member or the Chief Executive." But the problem is that even if someone now wants to be the Chief Executive, he may not have any chance at all, because he or she must "do the shoe-shining to the right persons" and "berth at the right piers". And, he or she must ruthlessly destroy all possible rivals. All this is simply not any other form of election, nor any electioneering. Eight hundred people, or 1 600 people as proposed by the Liberal Party, will vote in the election. But will the Chief Executive really be elected by these 1 600 people? What counts after all will be the invisible hand back-stage.

Therefore, in the next few years, Hong Kong will definitely be dragged into a whirlpool of struggles. People will certainly see many different intrigues, and as the struggles go on, there will be transfer of benefits. Why? The reason is that if a prospective candidate manages to secure the support of some large consortia or the wealthiest tycoons, he will likely win. Actually, the decision on who is to be the Chief Executive will not be made by the Central Authorities alone. The Central Authorities will certainly say that the future Chief Executive will have to be appointed by them. But the Central Authorities will not listen to the views of Hong Kong people; instead, they will listen to the advice of large consortia. A handful of consortia are able to exert huge influence on the Central Authorities. As a result, anyone aspiring to this post must necessarily side with these people.

I therefore hope that a system of some kind can be formulated in the coming 10 months or so, so that candidates can really speak their minds publicly — however, as it stands, no candidates will ever dare to speak their minds publicly, for the current system simply does not allow them to do so. Once anyone does so, he will be finished. How horrible is such a system! Therefore, we must formulate another system. We need much more than the existing anti-corruption legislation. There must be another system, under which no one can make use of his existing authority as a means of paving his own way and building up connections with any consortia, so that he can become the Chief Executive in due course.

Madam President, there is absolutely no mention of all this in the policy address of Mr TUNG. I think that this policy is totally, totally unacceptable. I will raise my objection, and I will vote against the Motion of Thanks. I will however support Mr LEE Wing-tat's amendment. But I think oh, the timer is not showing anything. Madam President, I am sorry that I do not know for how long I have spoken.

PRESIDENT (in Cantonese): It is 23 minutes. You have been speaking for 23 minutes.

MS EMILY LAU (in Cantonese): Yes, 23 minutes. I will time myself, but anyway, I have almost finished. I now know how Mr TUNG felt that day when the screen before him suddenly went out. I hope that the Legislative Council is not affected so much by any shortage of funds. Madam President, money is really short, but still we must work harder in the Legislative Council Commission.

We must eradicate and prevent any transfer of benefits. This is the most pressing task now. The problem faced by Hong Kong now is that someone is trying to make use of his existing authority to pave the way for his becoming the Chief Executive, for his political prospects. We must not allow him to do so. Therefore, I hope that when the Chief Secretary for Administration and the Secretary speak, they can tell us whether there is any mechanism to prevent any transfer of benefits. Please do not just talk about existing laws, anti-bribery laws.

I so submit.

DR DAVID LI: Madam President, it was heartening to hear the Chief Executive tell us that Hong Kong's economy is growing strongly. The economic trials of the past seven years are behind us. The economic agenda is set. We are now building on Hong Kong's key strengths. All that remains is to follow through, ensuring that the agenda continues to be implemented with imagination and a strong sense of commitment.

In general, the banking community supports the economic direction pursued by this Government, and looks forward to continued growth and prosperity in the years ahead.

My following comments are put forward in the same spirit of co-operation which the Chief Executive exhibited in his policy address. I would like to highlight two areas of particular concern to the banking sector: the Personal Renminbi Business Scheme and CEPA III.

Let me be honest. The limited Renminbi business now carried out by banks in Hong Kong does not deserve the high status accorded to it in the policy address. Hong Kong is not a Renminbi Centre. It is a mere Renminbi Collection Centre. Most banks participating in the Renminbi Business Scheme are losing money.

One year has passed since I made a call in this Council for more official contact with the Mainland, and more hard work to extend the Scheme. Nothing has happened. The proud boasts in the policy address are mere words. It is time for the Chief Executive to take responsibility for the claims he has made. It is time for real progress in turning Hong Kong into a real Renminbi Centre.

Regarding CEPA III, the banking sector has made a number of proposals. These include:

- relaxation of the shareholding limit in mainland banks. This would allow Hong Kong banks to make a greater contribution to the development of the Mainland's banking sector;
- reduction in the capital requirements to open a full-service branch on the Mainland. The capital requirements which Hong Kong imposes on mainland banks operating here are considerably less. We believe that equal treatment should prevail;

- allowing Hong Kong banks to treat Renminbi deposits in Hong Kong and on the Mainland as the same; and
- allowing trading in Renminbi derivatives and bonds in Hong Kong.

Madam President, given the favourable economic situation, this policy address offered the Chief Executive a rare opportunity to deal with the larger issues which had been pushed aside during the economic downturn. Furthermore, this was the Chief Executive's first policy address to the third legislature of the Hong Kong Special Administrative Region. As such, it offered a chance for a new beginning, setting the tone for the coming Legislative Council term.

Holding up the banner of people-based governance, the Chief Executive spoke of his determination to work with the District Councils. He spoke of the important role of the advisory councils. Yet, he all but ignored the Legislative Council. The omission is unfortunate. For under the Basic Law, the power to legislate rests with this Council.

Over the course of the next two and a half years, it will be essential for the Chief Executive, his Policy Secretaries and this Council to work together closely to build for the future of Hong Kong.

Three fundamental issues are of pressing concern:

- the widening gap between the rich and the poor;
- our living environment; and
- political reform.

Let me deal with each in turn.

The Widening Gap Between the Rich and the Poor

This issue was dealt with in the policy address, although not in so many words. To succeed, the Chief Executive must rally Members of this Council, community groups and the public at large to his cause. A positive community

spirit is in every bit as important as the Government's commitment in narrowing the divide between the rich and the poor.

In this regard, I find the proposed Commission to Alleviate Poverty woefully inadequate. The proposal that the Financial Secretary should lead the Commission.....

PRESIDENT (in Cantonese): Dr David LI, excuse me, you are now speaking on the policy area of welfare, but the first policy area of our debate today is on administration of justice and legal services, constitutional affairs, public service and security. Will you just speak on the part related to political reform? You just said that you would talk about political reform.

DR DAVID LI (in Cantonese): Fine.

DR DAVID LI: Within the next one to two years, this Council will be called upon to legislate for the political framework for the elections in 2007 and 2008. The issue facing us is not universal suffrage in isolation. The issue is how to make our governing structure more effective. This involves the relationship between the executive, the legislature and the people.

By emphasizing people-based governance, the executive appears to bypass the legislature. On the other hand, the actions of some in this Council are seen as a challenge to the authority of the executive. The legitimate roles of both the executive and the legislature are enshrined in the Basic Law. Neither party can ignore the other.

The third Legislative Council must deal with political reform during its term of office. This policy address was the right time for the Chief Executive to support substantive change, aimed at strengthening our political institutions and improving governance.

Of course, such change must be in line with the Basic Law and the 2004 interpretation of the Standing Committee of the National People's Congress. But changes must be made. Hong Kong cannot afford to have a government which is hostage to narrow interests, afraid of acting on behalf of the people of Hong Kong.

The policy address highlighted impending problems which will require strong political will if they are to be resolved. These include:

- the funding of our health care system, as our population ages; and
- the imbalance in our tax system, and the possible introduction of a goods and services tax.

The present Chief Executive will not tackle these issues. His policy address made that clear. However, his successor must. The Chief Executive and this Legislature owe it to the next Chief Executive to put in place a political structure which is effective, and a structure which will allow us to move forward on these and other contentious issues.

For effective governance, the executive authorities must enjoy the support of both this Council and the popular will.

Thank you.

MR ALBERT CHENG (in Cantonese): Madam President, in his eighth policy address, Chief Executive TUNG Chee-hwa raised the important point — "Working Together for Economic Development and Social Harmony". He talked about making use of Hong Kong's unique advantages — "the principal reason for Hong Kong's emergence from the economic doldrums is that our unique advantages have produced results. Under "one country, two systems", Hong Kong continues to be a highly liberal and diverse society under the rule of law. We have a mature market economy and world-class infrastructure, a clean government"

We all know what the four pillars of Hong Kong are; the rule of law and freedom are even the cornerstones of Hong Kong's success, the very features that make Hong Kong different from other Chinese cities. In a bid to publicize the rule of law in Hong Kong, Secretary for Justice Elsie LEUNG made it a point to mention The Link REIT incident during her recent visit to the United Kingdom, commenting that the legal challenge posed by a resident to the Housing Authority's privatization of its assets is in fact a fine expression of the rule of law in Hong Kong. I of course very much agree with the Secretary on this point. Unfortunately, however, she chose to make that point only when she

was overseas. Had she also said so to the majority of Hong Kong people here in Hong Kong, our society might have been much more harmonious than it is. And, on 1 January, all those unscrupulous politicians and shameless politicians would not have waved the red banner against the red banner, taking to the streets and protesting against "some politicians' attempt to abuse the judicial procedures". Besides the remarks she made in the United Kingdom, Ms Elsie LEUNG has also published an article in the *South China Morning Post* today. We can thus see that the SAR Government is also determined to uphold the rule of law in Hong Kong.

Another significant issue is freedom. Freedom is one of the four pillars of Hong Kong, and freedom of speech is of course included. In her speech in the United Kingdom, Ms Elsie LEUNG mentioned the quitting of the three famous talk show hosts. And, in the *South China Morning Post* article today, this is also mentioned. According to Ms Elsie LEUNG, there is freedom of speech in Hong Kong; Allen LEE and WONG Yuk-man, two of the three talk show hosts, have started to go on air again, and Albert CHENG is now a Legislative Council Member. Well, frankly, I have chosen to become a Legislative Council just for the lack of any alternative. My purpose is simply to make the voices of the underprivileged heard in the legislature. As for my two former colleagues, Mr Allen LEE is no longer the host of "A Teacup in a Storm", which has been terminated. In the case of WONG Yuk-man, he used to be the host of a prime time evening programme five days a week, attracting the highest rating during the period. The programme was of very high commercial value to the radio station, as the audience was always in the hundred thousand. But what has become of him now? He now hosts a programme from 10.30 pm to midnight every Saturday. Many people are not even aware of this because very few people will listen to the radio during this time slot. Even Mr Martin LEE, a big fan of WONG Yuk-man, is preoccupied with watching soccer matches during the time slot, though he has somehow managed to come up with a solution of some kind — listening to the radio while watching soccer matches. As for me, I am usually not yet back home by 10 pm, and even if I am, I often forget that his programme is on air. So, usually, I will not remember his programme until well past midnight when I am ready for bed. Then, I will have to listen to the programme on the Internet. He, Mr Allen LEE and I were all the victims of threats, and we all reported to the police. There were many reports that questioned us why we did not report to the police after being threatened. We did, and all these reports were untrue.

Ms Elsie LEUNG says that the two of them are still leading a life of high profile in society, continuing to host programmes in the media. And, one of them, she says, has even joined the Legislative Council, proving that they do not face any problem of personal safety. Had this not been the case, she says, how could they have maintained such a high profile in society? The policy address refers to freedom as one of the four pillars of Hong Kong, asserting that we must uphold freedom of speech. But should we wait until the day when I can no longer speak in the Legislative Council, when WONG Yuk-wan is not even able to host a programme, when Allen LEE is even barred from the Cable Television, before we can say that they are under threats?

The threats we face are very simple, all meant to prevent us from exerting any "undesirable" influence. I used to host a three-hour programme every morning, one which had the highest rating in Hong Kong, but someone simply did not want me to affect the governance of the Hong Kong Government. Allen LEE took my place, and he did even better. Before the Legislative Council Election, Allen LEE did a very effective job in his capacity, saying that someone from the Mainland wanted to influence the results of our election. WONG Yuk-man said that he was anti-communist, so he had not taken part in the candle light vigil commemorating ZHAO Ziyang.

What kinds of threats did we face? Threats that we must not host any programmes — no "A Teacup in a Storm" for me and no "Close Encounter of the Political Kind" for WONG Yuk-man, and Allen LEE must not work as replacement. I was assaulted in 1998, and the case has not been cracked by the police so far, but I have in fact rendered my full co-operation to the police. One can say there is freedom of speech in Hong Kong, and there is indeed freedom of speech in Hong Kong. But if there are 7 million people in Hong Kong, I would say 6 999 997 enjoy freedom of speech. Albert CHENG is the only one who does not.

I have hosted "A Teacup in a Storm" for the past nine years or so. This programme had the highest rating and was the most influential, and like it or not, I received the highest pay among all phone-in programme hosts in Chinese communities all over the world. But today, my microphone has been removed. I have said openly that I am prepared to host a programme for free, as a voluntary worker, so just give me two hours of "fun". It can be something like the programme hosted by Ms Audrey EU every Saturday, and that is already fine for me. I am even prepared to take an even earlier time slot — 4 am to 6 am is also fine for me (*laughter*), and I am willing to get up in the middle of the night

to host a programme. Radio Television Hong Kong would not have the money to hire people like us, but now, even I say that I can do it for free, no one will take me on. There has been no offer because this is a commercial decision.

I have roughly calculated that in the past 10 years, my programme brought the radio station \$100 million a year in advertisement proceeds. For 10 years, the total sum should be \$1 billion. From the commercial perspective, I was actually a hen that laid golden eggs, so if there is freedom of speech, why should I be jobless now? Why should I have to stand here now? Why should I have to watch the time when I am speaking? (*Laughter*) Sometimes, I am even told to sit down because I do not observe the Rules of Procedure. Luckily, I still have choices. This is my last choice, a choice I have to make anyhow. If I have a choice, I will not become a Legislative Council Member. I hope that the Government can protect freedom of speech in Hong Kong. It is only in this way that we can "work together for economic development and social harmony" and safeguard our prosperity and stability. Deprived of freedom of speech, how will Hong Kong be different from all other mainland cities?

The four pillars of Hong Kong are human rights, the rule of law, freedom and the market economy. Judged against these yardsticks, this policy address is not up to the standards of a passing grade. Collusion between business and the Government and transfer of benefits are violations of market economy principles; human rights in Hong Kong are being exploited, and the rule of law is also facing many challenges. In The Link REIT incident, a Judge of the Appeal Court remarked somewhat metaphorically that he had to make the very difficult decision of starting a hearing immediately with a gun being pointed at his head. Before the case was even heard, the two highest leaders of Hong Kong, Mr TUNG Chee-hwa and Mr Henry TANG, openly challenged the law and exerted pressure on the Court, claiming that someone was trying to abuse the judicial process. This might have been a case of perverting the course of justice. What is going on in our society anyway? Therefore, if we really want to "work together for economic development and social harmony", I must urge the SAR Government, especially Mr TUNG Chee-hwa, to respect human rights, the rule of law and freedom. Without these four pillars, without the rule of law, human rights and freedom, there will be nothing left in Hong Kong. When this happens, the Hong Kong tomorrow will not be bright and glittering as described by Mr Martin LEE. The Hong Kong tomorrow will be grim, as grim as our situation now.

I so submit. 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 no, the meeting will now be suspended for 10 minutes. When the meeting resumes, government officials will speak.

10.12 am

Meeting suspended.

10.22 am

Council then resumed.

PRESIDENT (in Cantonese): Council now resumes to continue with the first debate session. Five public officers will now speak in this session. On the basis of 15 minutes' speaking time for each officer, they have up to 75 minutes in total for their speeches.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, the title of the Chief Executive's policy address this year is "Working together for economic development and social harmony". It shows that the SAR Government will aim at facilitating social harmony and stability and work in the overall interest of Hong Kong in the future polices. To promote social harmony and stability, the policy address has proposed a series of pragmatic policy objectives, including insisting on the principle of fairness in governance, sparing no effort to implement "people-based" governance, mitigating antagonism between different strata and encouraging rational discussion.

Earlier on Members have expressed copious views on many issues in the policy address. Given the time constraint, it is impossible for me to respond to all these issues one by one here. I can only give explanation on several issues

of the greatest concern to Members and the public. As for the other issues, my colleagues will explain them and respond to them in detail in this debate or at meetings of the relevant panels on other occasions.

First of all, I would like to talk about "collusion between business and the Government" and "transfer of benefits", so to speak, as often mentioned by Members. Then I will talk about two issues, namely "people-based governance" and the relationship between the executive and the legislature.

Business activities are the lifeline of economic development in Hong Kong. The wealth brought by such activities has injected the necessary impetus for the prosperity and stability of Hong Kong, and this is beyond doubt. The revenue to be generated from profits tax this year is estimated at \$47.6 billion, accounting for the largest source of the Government's operating revenue. The business sector has always provided assistance to the needy in the community through donations and organizing charity activities, and an overwhelming majority of job opportunities in Hong Kong is created by the private sector. Therefore, the Government must actively create and maintain a business-friendly environment conducive to fair play on the premise of compliance with the law. This is absolutely in the long-term interest of Hong Kong, and I think no one would equate such practice with "collusion between business and the Government" and "transfer of benefits".

In fact, the efforts made by Hong Kong to promote business have all along been widely recognized and commended by the world. Over the years, Hong Kong has been ranked the freest economy in the world by authoritative institutions. The Heritage Foundation, for example, has given this honour to Hong Kong for 11 years in a row, affirming the many advantages of Hong Kong, including little government intervention in the economy and the fact that our regulation of business activities is simple with rules being equally applied to all.

These advantages show that the role consistently played by the SAR Government in business activities is to provide a level playing field for market participants to compete with each other freely. The Government will not be biased towards any market participant, and will absolutely not allow anyone to obstruct fair competition by bribery or other improper means and hence jeopardize the healthy development of the market.

As everyone knows, Hong Kong has in place a sound anti-corruption mechanism which is independent of the Government. If the so-called "collusion between business and the Government" or "transfer of benefits" involves corruption, the Independent Commission Against Corruption (ICAC) will definitely conduct investigation. The operation of the ICAC is independent of the Government, and its achievements in combating corruption by a three-pronged approach of investigation, prevention and education are well recognized by the world. I believe no one will doubt the performance of the ICAC. Apart from the ICAC, we also have The Office of the Ombudsman and the Audit Commission which are given statutory powers to monitor the administrative efficiency of the Government. Certainly, the Legislative Council and the media are powerful institutions monitoring the work of the Government.

That said, I understand that the concerns of Members and other people are not just confined to criminal acts of corruption. Their concerns can be briefly summarized in two points: First, in the decision-making process of the Government, particularly in respect of issues involving land grant, will there be unfairness and does the Government tend to favour certain consortiums? Second, will government officials deliberately find an easy way out for certain consortiums in the decision-making process, showing favour to them in decision-making and being particularly lenient to them, in exchange for convenience for these officials to join the business sector after retirement? These two concerns may not necessarily involve criminal offences and so, some Members are concerned that it may not be adequate to rely only the ICAC. The second concern involves the retirement arrangement for civil servants. The Secretary for Civil Service will explain in detail to Members later in this debate the approval procedure for retired civil servants to take up employment in commercial organizations. Now, I would like to focus on the first concern.

The only way to make the public see clearly that the Government has not shown favour to certain consortiums in making decisions is to enhance transparency and to make the entire decision-making process as open as possible where it is lawful to do so and without compromising public interest. In this connection, I would like to illustrate this point in the context of planning and land policies.

In respect of planning and land policies, the Government has all along played the role of a facilitator, aiming to provide a fair, transparent, simple and

suitable framework to facilitate the development of the private sector and enable their creativity to be brought into play. From the angle of public administration, a transparent, open and fair procedure is an important cornerstone of the administration and guiding principles of the Government. With a sound system, such as inter-departmental consultation, division of labour in the Government and collective decision making, and so on, the exercise of powers by individuals can be appropriately restricted. In respect of land policies, land disposal by the Government currently is effected through the application list system, which is an extremely transparent process. Regarding regrant premium, there is also a set of established procedures and practices. In respect of lease modification and land exchange, the Lands Department regularly publishes in its webpage on a monthly basis all newly-registered leases and the amount of regrant premium payable.

To further enhance transparency in the handling of land cases, we plan to regularly upload onto the webpage of the Lands Department the summary and a breakdown of the cases received and being processed without disclosing the specific details of the cases.

In processing applications for private treaty grant, apart from fulfilling the relevant planning intention, the Lands Department will seek policy support from the relevant Policy Bureaux depending on the land use involved in the application and will consult the relevant departments to ensure that the development proposals are fully in line with the requirements of government departments and that the views of the community are given full consideration in the process. Besides, we also plan to publish in the webpage of the Lands Department the approved private agreements and the land premium payable, with a view to enhancing the transparency of the entire process.

In respect of town planning, the Government has all along encouraged greater public participation. All development proposals must comply with the planning intention, land use and development constraints of the statutory plan. The statutory plan is formulated by the Town Planning Board (TPB) in accordance with the statutory procedures under the Town Planning Ordinance, and a sound mechanism is in place for the public to put forward their views on the plan and proposals on individual development projects. The Town Planning (Amendment) Ordinance enacted last year has further increased the transparency of the planning system, streamlined the town planning procedures and provided more opportunities for the public to participate in the formulation of plans.

On the implementation of the Town Planning (Amendment) Ordinance, we have extensively consulted the industry on the relevant guidelines. We hope that when the Ordinance comes into effect early this year, the agenda and summary of the TPB's discussion as well as its decision on individual applications will be published on the Internet, in order to enhance the transparency of the operation of the TPB.

Madam President, all these show that any attempt to neglect the law or established administrative procedures and ignore overall public interest by engaging in transfer of benefits or collusion between business and the Government to the benefit of certain businesses is unlikely under the existing monitoring and preventive mechanisms.

Moreover, I wish to point out that under the Basic Law, the administration of land is within the powers of the executive. We certainly have to be accountable to the Legislative Council and the public in respect of all policies and particularly, when the use of public coffers is involved, we must first obtain the approval of the Finance Committee of the Legislative Council. In spite of this, the constitutional fact that the power of land administration rests with the executive should not be undermined.

Certainly, we understand that although the SAR Government has the power to manage the use, development, lease or grant of land in the SAR, the Government must maintain a high degree of transparency in the decision-making process, just as it has been doing in respect of other policies, in order to ensure that the public can clearly see that the policies are implemented in a fair and honest manner. We will endeavour to enhance the transparency of the administration of the Government and regularly review the existing mechanism to ensure that the mechanism can keep abreast of the times and adapt to the latest situation of economic development.

In relation to this principle, a number of Members have continued to criticize the SAR Government for not putting the Cyberport project to open tender in 1999 but awarding the right of development to Pacific Century, which they argued was a departure from normal procedures. As I was the Financial Secretary at the time and I had been directly involved in the studies of this project and was supportive of the Cyberport project, let me just say a few words:

- As stated by the Secretary for Commerce, Industry and Technology in an article written by him, the Cyberport was conceived in the hype of the dot.com boom when many of our regional neighbours had already built or were in the process of building information technology (IT) infrastructure similar to the Cyberport. It was, therefore, necessary for Hong Kong to expeditiously kick start and complete the Cyberport project, in order to upgrade the competitiveness of Hong Kong in the IT arena.
- It has been five years now, and when we are here criticizing the decision made jointly by the executive and the legislature back then, we must not forget that the economy of Hong Kong was very weak at that time. After the Asian financial turmoil in 1998 and the subsequent economic adjustments, Hong Kong was in need of new momentum for development and job opportunities. The Government considered then that Hong Kong could vigorously develop its advantages, including telecommunications and tourism. That is why the Government proposed in the budget released in March 1999 such special measures as building the Cyberport and a Disney theme park in Hong Kong.
- Given the rapid development in IT and as all our competitors were making emphatic efforts trying to carve out their own corners of the market, Hong Kong must race against time and complete the Cyberport in the shortest time. In times of economic doldrums, it was imperative to expeditiously provide new impetus for the development of Hong Kong. To this end, it was necessary to rely on the expertise and enterprising spirit of the private sector. The Government, therefore, adopted the Public Private Partnership (PPP) approach in carrying out the Cyberport project, which was also supported by the Finance Committee.
- I do believe that it was because of these important factors that the Finance Committee, after repeated consideration, accepted the PPP approach and approved the funding application for building infrastructure for the Cyberport in 1999 and 2000. We have never concealed the fact that both the Cyberport and Disneyland would be PPP projects that would not be put to open tender. This was also a

key issue in the studies of these two projects conducted by Members and the media at the time.

Next, I would like to talk about "people-based" governance.

In the course of drafting this year's policy address, the Chief Executive had taken the initiative to meet with members of various sectors of the community and Members of this Council to listen to their expectations and views of the policy address, so that he could respond to the 11 issues of greater concern to the public one by one in the policy address, demonstrating the determination of the Government to keep tabs on public sentiments. In the following fortnight, the accountable officials had attended meetings of various Panels of the Legislative Council to meet with people from different sectors of the community and also given interviews to the media, in order to explain the details of various policy measures in the policy agenda.

In this process, we notice that the majority of people support and agree with the general direction proposed by the Chief Executive of working together for economic development and social harmony. They consider that this can meet the actual needs of society. The industrial and business sector generally thinks that this direction is appropriate when the economy has just turned the corner. This reflects that the SAR Government has grasped the pulse of society and understood public aspirations, and this policy address is, therefore, supported by the public.

Meanwhile, we notice that some people are disappointed with the policy address for it has not proposed certain policy measures. Let me point out that there are indeed quite many issues that warrant studies and need to be addressed expeditiously in the community now. The Government has the duty to examine in detail the urgency of each of these issues and look into whether or not a consensus has been reached in the community on these issues and whether or not these issues are in the overall interest of the community. Then the Government will decide on whether a certain issue should be followed up and set priorities for the issues requiring follow-up actions. I do appreciate that it is almost impossible for all different strata and sectors of the community to feel happy about each and every decision of the Government. Having said that, the "people-based" principle will remain a benchmark of the SAR Government in formulating policies in the future.

Finally, I would like to talk about another important issue, which is the theme of this debate: effective governance. A counterbalancing and yet complementary relationship between the executive and the legislature is indeed the cornerstone of effective governance. To lay down and consolidate this foundation, it requires the sincere co-operation of both sides.

With regard to the executive, since the start of the new term of the Legislative Council last year, the Chief Executive has met with Members of this Council in groups to understand their views on the policy priorities of the Government. As of previous practice, he will attend four Question and Answer Sessions in the Legislative Council this year to answer questions raised by Members on different policy areas, and through various other channels, such as meeting with Members and political parties in groups, he will exchange views with Members on individual issues of public concern. The Chief Executive is now making arrangements for the next round of meeting with Members of this Council to further listen to their views on the policy address. The Financial Secretary has also arranged to meet with Members to consult their views on the budget this year.

On our work relationship with the Legislative Council, the other accountable officials and I will continuously strive to strengthen dialogue and co-operation with the Legislative Council on the basis of equality and mutual respect. Since the implementation of the accountability system, accountable officials have reported to the Legislative Council in advance on many issues by way of statement for over a dozen times. In the coming days, the other accountable Directors of Bureau and I will still announce major new policies to the Legislative Council in advance by this means where the circumstances permit. I trust Members will appreciate that under certain special circumstances, particularly when the relevant policy involves sensitive information in the market, we may not be able to make a statement or give a briefing to the Legislative Council in advance before public announcement. Yet, we will try to provide information to Members in writing as early as possible, to be followed by sufficient explanations and dialogues.

Moreover, since the start of this term of the Legislative Council, accountable officials have, apart from attending meetings of the Legislative Council, also attended meetings of the Finance Committee and the relevant panels as far as possible, explaining to Members in person the position of the Government on funding applications or policy areas involving significant public

interest. I will also attend meetings of the House Committee regularly, and the first meeting this year is scheduled on 18 February when I will exchange views with Members on issues of public concern.

In fact, effective communication should not be confined to exchanges in this Chamber. Colleagues in various bureaux and departments have often given explanation to and exchanged views with the Legislative Council on proposals relating to policies, public works, civil service establishment or finance and also answered questions from Members on various occasions. We will continue to actively exchange views with Members on issues of public concern on formal or informal occasions in the future.

Madam President, to enable society to advance, the economy to prosper, the political system to develop and our people to lead a better life, the prerequisite is a stable and harmonious environment. Apart from the Government's efforts, building a harmonious society also requires the active support of different sectors of the community, particularly the support of the Legislative Council. I believe that as long as we uphold public interest and adopt an open attitude and make a concerted effort to overcome difficulties, we can certainly work together for the well-being of the general public.

Looking ahead, the SAR Government will continue to step up efforts to maintain close liaison with Members of the Legislative Council, all sectors of the community, professional bodies and the media. I hope we can be understanding and accommodating and show respect to different viewpoints and join hands to work for a harmonious, united, prosperous and stable Hong Kong.

With these remarks, Madam President, I urge Members to support this year's policy address and oppose Mr LEE Wing-tat's amendment to the Motion of Thanks. Thank you.

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): Madam President, first of all, I would like to thank Members for expressing valuable views on civil service matters. When formulating and taking forward various civil service policies and initiatives, I shall take these suggestions into account.

In this year's policy address, the Chief Executive attributed Hong Kong's emergence from the economic doldrums to the results produced by our unique

advantages, among which are a clean Government and a highly professional and dedicated Civil Service.

The civil service policy of the Government of the Hong Kong Special Administrative Region (SAR) is clear and consistent, that is, maintaining a clean and efficient Civil Service that strives for excellence, gives the Government full support in policy execution and provides cost-effective and quality services for the community. Today, I shall first focus on the contributions made by civil servants towards the good governance and integrity of the SAR Government.

Last year, Mr David ELDON, the Asia Pacific Chairman of the Hong Kong and Shanghai Banking Corporation Limited drew an analogy when speaking of the contributions made by Hong Kong civil servants: "Sometimes we take for granted good customer service from our civil servants. Such service is like oxygen, you don't necessarily notice it unless you're not getting any."

Let me cite a few examples to illustrate our civil servants' achievements in rendering public service amid streamlining and under resources constraint.

Our Police Force continue to ensure that Hong Kong remains one of the most peaceful cities in the world. In comparison with 2003, the overall crime rate dropped by 8% in 2004 while there was a rise of 4.4% in crime detection rate.

Over the past four years, passengers and vehicles entering and leaving Hong Kong saw a sharp increase of 26% from 155 million in 2000 to 196 million in 2004. While maintaining speedy immigration service, officers of the Immigration Department have also implemented the arrangement of 24-hour opening of border crossings with Shenzhen to facilitate cross-border passenger flow.

Despite a persistent high unemployment rate, the officers of the Labour Department assisted over 86 000 job seekers in securing placements last year. This record-high figure represented an increase of 30% over 2003. For mediation of labour disputes and labour claims, the success rate reached 67%, which is the highest over the past decade.

The Trade and Industry Department, Invest Hong Kong and Customs and Excise Department have spared no efforts to realize the CEPA arrangements, thus opening up ample business opportunities for Hong Kong.

The Television and Entertainment Licensing Authority has offered assistance to local and overseas filmmakers to facilitate their shooting in Hong Kong. Hong Kong is also the first Asian city with a Film Services Office.

Hongkong Post won the 2004 Hong Kong Management Association Quality Award last year, the Association being a non-government organization.

The most recent example is, of course, the contributions made by civil servants in rendering assistance to Hong Kong people affected by the tsunami in South Asia and in raising funds for victims of the disaster.

While the policy execution and service delivery of certain government departments are subject to occasional criticisms, we are firmly committed to conducting thorough review and seeking improvements. I wish to point out that, day in day out, over 100 000 civil servants and government employees are in fact delivering a wide range of services that are on the whole promising. Examples are numerous and I shall be brief here.

I just want to recapitulate that to provide more and better services with less resources, each government department has been striving to simplify its structure, streamline work procedures and improve the mode of service delivery over the past few years. Yet there is no room for complacency and we shall do our utmost to achieve better. We welcome Members' criticism and suggestions. But of course, our civil servants, especially front-line staff, will be glad to know that their daily contributions are remembered and occasionally appreciated by Members and the community.

An honest Civil Service that observes the rule of law is one of the cornerstones of the SAR Government. It also underpins the confidence of international investors and our community in the effective governance of Hong Kong. We consider appropriate internal checks and balances within the Government the best measures to prevent corruption, abuse of authority and collusion between the Government and the business sector. Government departments have therefore well-established systems and procedures in place for policy-making, procurement, law enforcement, financial and personnel management. Through well-defined policies and laws, stringent procedures and proper monitoring, malpractices are kept to the minimum. Government departments also maintain close co-operation with the Independent Commission

Against Corruption (ICAC) to review systems and procedures on a regular basis so as to plug any loophole.

As regards civil service management, we have drawn up clear rules and guidelines to govern the conduct of civil servants. These include conflict of interests, acceptance of advantages, declaration of personal investments, use of government data and outside work. Departments may also lay down supplementary guidelines for their staff having regard to their own operational needs.

We take a firm stand towards disciplinary offence. Once allegations of misconduct or dishonesty are substantiated, we do not hesitate to impose disciplinary punishment or resort to law.

According to the annual Corruption Perception Index released by the Transparency International in October last year, Hong Kong is the second cleanest city in Asia. We are also pleased to know that relative to 2003, corruption reports involving government departments dropped by 17% in 2004 and the number of civil servants prosecuted for corruption also reduced by 24%. Despite this, we shall remain vigilant on the preventive front.

Just now, some Members have touched upon the post-retirement employment policy governing civil servants. First of all, let me reiterate that we follow established policies and approval mechanism in processing applications. Our basic principle is to prevent any conflict of interests between the intended employment and the previous official duties. For applications submitted by directorate staff, we follow the existing procedures and consult an independent advisory committee chaired by a Judge before making a decision.

I must stress that we attach great importance to the concern of Members and the public over the post-retirement employment of civil servants. I shall respond to this positively, despite Mr CHEUNG Man-kwong's unwelcome remarks. As a matter of fact, the Civil Service Bureau has been reviewing this policy since mid-2004. At the meeting of the Legislative Council Panel on Public Service last month, I mentioned that in this review, we would consider lengthening the sanitization period, enhancing the transparency of our approval mechanism in terms of data disclosure and whether the current practice of allowing retired officers to take up outside work during final leave has to be revised. We shall solicit the advice of our legal advisors on the proposals to

ensure that they are legally viable and capable of protecting the employment rights of retired civil servants. Separately, we shall seek the advice of the ICAC. In March, we shall inform the Legislative Council Panel on Public Service of the detailed proposals and consult the staff. I pledge to follow up the queries Members have raised on a particular case and inform the Panel of our findings in due course.

I would like to say a few words on the ongoing civil service reforms which most people might have forgotten. The reforms have been launched since 1999, with the objective of modernizing the Civil Service to seek continuous improvements in operation efficiency and service quality. In response to Miss TAM Heung-man, I want to emphasize that our reforms are comprehensive and we always accord priority to the overall interests of the community when taking them forward. We have retained the distinct qualities of the civil service system, observed the principles of lawfulness, reasonableness and fairness, and maintained thorough communication with civil servants. As in previous years, the latest progress of civil service reforms is set out in the Annex of this speaking note for the reference of Members and other interested parties.

This Annex of course covers the progress of the development of an improved civil service pay adjustment mechanism which Ms Margaret NG has enquired about. In a nutshell, we are making efforts to fulfil this task and have just consulted the staff on the methodology of pay level survey and the proposals regarding the application of survey results. Public opinion has been gauged as well. The consultation period has ended and we plan to proceed to the next step. The pay level survey is important in that it lays the foundation for the future development of an improved civil service pay adjustment mechanism. We shall brief Members of the details at the Panel meetings and we welcome further discussion with Members.

I now turn to other Members' questions and views on civil service matters. Mr LEE Cheuk-yan is not here at the moment. But his question on civil service establishment is to varying extents similar to those asked by Mr WONG Kwok-hing and Dr KWOK Ka-ki.

The point I wish to make is that a policy of streamlining would be meaningless unless it has a definite target. Our target is to reduce the civil service establishment to 160 000 by 2007 and it provides a clear direction for all departments. We have made it explicit that we are not going to lay off any civil

servant by forced redundancy. We shall also take a flexible approach and consider the actual situation of each department. Despite an overall target for streamlining, we have given 16 departments approval to recruitment having regard to their operational needs. 2004 and 2005 together, we have over 2 000 new recruits.

There are some doubts whether we are fiddling with the figure 160 000 because we also have some non-civil service contract staff. At present, there are 16 000 non-civil service contract staff. But actually thousands of such posts are temporary ones created at the request of the community and Members to improve unemployment. The figures quoted by Mr WONG Kwok-hing actually do not concern government employees. It is my responsibility to manage civil servants as well as government employees. For the public sector, its public services are provided by staff indirectly subsidized by the Government. This may include many public institutions and subvented organizations. The gross number of all those receiving salary from the public purse might reach some 300 000, far more than 160 000 or 170 000. This figures must be considered separately because it does not equate to the number of civil servants.

Regarding the remuneration of non-civil servants, the Government as a good employer will make reference to market levels when determining their level of pay. It is inappropriate to consider it unfair to offer civil servants higher salaries than those non-civil servants with similar duties. In some cases, civil service pay is determined by qualification. At present, the pay of certain civil service grades might outstrip the market level, but this does not mean that it is unfair if civil servants' salaries are relatively higher than those payable to non-civil servants with similar duties.

Mr CHIM Pui-chung also mentioned the pay issue. His view is that apart from the minority who warrant certain market value, most civil servants are overpaid. This is contrary to Mr WONG Kwok-hing's opinion that our treatment to civil servants at the basic level is unfair. Actually there is no end to this argument. This fully demonstrates how important it is to have an objective and comprehensive pay level survey.

Mr WONG Kwok-hing also mentioned hardship allowance. May I remind Members that hardship allowance is in fact one type of job-related allowances. A few years ago, the Public Accounts Committee of the Legislative Council, following up the criticism made in the Audit Report, urged

the Government to review the use of public money positively. It suggested abolishing, reducing or revising allowances where necessary. We are actually conducting the last phase of review and it is our responsibility to complete the review. During this process, we shall of course take into account the views of the staff side and try to be fair and reasonable. I believe that we have been carrying out this task in a fair manner and doing what we need to do.

Mr CHIM Pui-chung asked if the performance pledges introduced by the former Government before 1992 still exist or not. We do have performance pledges and what is more, they have been expanded. Departments usually have their performance pledges set out in their websites. If Mr CHIM Pui-chung is interested in the performance pledge of any department, we are more than willing to provide the information. I have a few here, the Transport Department, Immigration Department, and so on. Just like the way public services have developed, we have more and better performance pledges and are definitely making progress.

To sum up, Hong Kong is a civilized, pluralistic and open-minded society built upon the rule of law. I understand that the Legislative Council, various sectors, different walks of life and other members of the society might have diverse opinion on civil servants, civil service reforms and relevant policies. Some of these views are indeed very strong, even opposing or conflicting. I hope that the widest possible consensus can be reached on the basis of mutual understanding and support. I believe that the SAR Government, Members and the community all share a common goal, that is, to ensure that Hong Kong continues to have a stable, professional, clean and efficient Civil Service that wins the trust of the community.

Thank you, Madam President.

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, first of all, I have to thank Members for expressing concern for constitutional affairs in this debate and offering their views in a number of areas. The amendment proposed by Mr LEE Wing-tat maintains that the policy address has failed to fully identify the inadequacies and urges the Chief Executive to expeditiously implement dual elections universal suffrage in 2007 and 2008. I wish to comment on several aspects in response to this amendment.

In fact, the political system in Hong Kong is multi-faceted. Election is not the single most important element in it. Although we cannot implement full-scale universal suffrage, Hong Kong has been considered the freest city in Asia ever since a long time ago. We also have a very sound judicial system and the rule of law, as well as a very free mass media. We are subject to the monitoring of the Legislative Council every day. Therefore, in discussing the issues relating to the elections in 2007 and 2008 with Members now, our aim is to further open up the electoral arrangements for these two systems and enhance their representativeness, so that more people can take part in them and our democratic political system can be further improved.

Mr LEE Wing-tat urged the Chief Executive to expeditiously present a proposal on the election of the Chief Executive and all Members of the Legislative Council by universal suffrage in 2007 and 2008 respectively. In the past year, the Government and Members of the Legislative Council have had a number of discussions and debates over these issues. However, it is somewhat unfortunate that so far, some Members still cannot accept the need to accept the decisions made by the Standing Committee of the National People's Congress (NPCSC) on 26 April as the basis on which to promote the further liberalization of the two electoral systems. We very much understand their position of insisting on introducing universal suffrage in 2007 and 2008, however, we can see that Hong Kong society has not yet reached a full consensus on this issue actually. If we look back at the election last year, 60% of the voters gave their support to candidates from the pan-democratic camp and 40% supported candidates from other parties and factions. This reflects that there are a wide array of views in Hong Kong society.

Furthermore, the NPCSC made the decision in April last year not to introduce universal suffrage in 2007 and 2008. Therefore, concerning Mr LEE Wing-tat's amendment in this regard, if universal suffrage is to be implemented in 2007 and 2008 in spite of this, it will only intensify the conflict and lead to new problems and Hong Kong society will have to pay a price for such political wrangling. I believe this is not what the Hong Kong public wish to see and I also believe we all understand that the challenges that we are facing together cannot be solved by introducing universal suffrage alone.

Some Members have expressed the hope that a timetable for universal suffrage be set at an early date. We appreciate such wish, since Members and people expressing such a wish believe that if we set a target at an early date, this

will be helpful to determining the future development, pace and direction. However, at the same time, we have also received some different views during the greater part of last year and some of them maintain that no one can forecast whether the actual situation in Hong Kong a number of years from now will be suitable for introducing universal suffrage. Therefore, even on this question of setting a timetable for universal suffrage alone, it can be seen that Hong Kong is indeed a pluralistic society. The most important task before us now is to do a good job of revising the arrangements for the two elections in 2007 and 2008. However, at the same time, we are prepared to go on listening to the views of Members concerning a timetable and we will also convey them to the Central Government.

Some people think that it will not be easy to canvass support from two thirds of the Members in the Legislative Council, that is, to obtain 40 of the 60 votes. We in the Task Force will definitely not underestimate the difficulties involved. However, the greater the difficulties, the greater our determination, so we are determined to exert our greatest efforts to make improvements to the electoral arrangements for these two elections and to open them up further. We will continue to devote our efforts to three areas. Firstly, we understand that it is necessary for Hong Kong society to establish and maintain good communication with the Central Authorities and to promote mutual understanding. Therefore, as long as there are suitable opportunities, the Government of the Hong Kong Special Administrative Region (SAR) will be happy to bring about continuous communication and meetings between the Central Authorities and various parties and factions in Hong Kong, including Members of the democratic camp.

Secondly, together with the Legislative Council and various strata of Hong Kong society, we will continue to actively study how to further open up the two electoral systems, so as to allow the public greater participation, on the premise that this accords with the Basic Law and the decisions of the NPCSC.

Thirdly, we will strive to create greater scope for people from various parties who aspire to running in elections to play a part in public affairs and work for the public.

Madam President, Mr LEE Cheuk-yan alleged that our Election Committee and functional constituencies are the institutionalization of collusion between the Government and business. Ms Audrey EU has also expressed

some views in this regard. Madam President, I cannot subscribe to such views. In fact, our electoral system is precisely designed to reflect the views of all strata and sectors of society and realize the principle of balanced participation. The four main points proposed by Mr Ronny TONG are fairly pragmatic and we will respond to them as positively as possible. On the first point, he proposed that we should provide greater room for participation in politics. If the Article 45 Concern Group is willing to submit to us a proposal on increasing the number of seats, we will give it careful and detailed consideration.

Concerning the second point, Mr Ronny TONG remarked that it would be best if we can consider removing the rule that bars a candidate running for the office of Chief Executive from maintaining any political affiliation after being elected. We have received such views before and we will continue to give careful audience and consideration to such views.

On the third point, that is, to enhance the transparency of the work of the Government, the Chief Secretary for Administration has already made a response.

On the fourth point concerning the review of the work of the District Councils, we will launch a review on the functions of the District Councils this year and increase the support for District Councils. We will first focus on dealing properly with the issues relating to universal suffrage in 2007 and 2008, then deal with those relating to the District Councils. The Constitutional Affairs Bureau and the Home Affairs Department have set up a working group to begin preparations for this review.

A number of Members, including Mr LEE Wing-tat, Mr MA Lik, Mr James TIEN and Dr David LI, pointed out the importance of the relationship between the executive and the legislature. The Chief Secretary for Administration has already given his response. However, I wish to give a further explanation. After we introduced the accountability system in 2002, the Chief Executive can form his own team and invite people with political affiliations to join the Executive Council and become Members of the Executive Council or Principle Officials. Although a system of political appointment and participation by political parties in the work of the Government has been introduced, the arrangements of the new system have brought several types of political figures together, including officials, non-official Members of the Executive Council and Members of the Legislative Council. In order to

function smoothly, these people have to gear in with one another, their political beliefs have to undergo a fusion and it is necessary to go through a certain process. Different parties, including the Democratic Alliance for Betterment of Hong Kong and the Liberal Party, have their own political beliefs, in particular, in respect of society, people's livelihood and economic policies. Therefore, we have to continue to forge beliefs that are more similar in this political team through this process. In future, we will continue to pay attention to the developments in this area.

Mr LEE Wing-tat questioned that the existing accountability system is accountable to the Chief Executive only. In fact, this is not a true description. We are being accountable to the Legislative Council, the Hong Kong public and the mass media in Hong Kong through our transparent operation every day. No bills or budget can be taken forward without the support of the Legislative Council. After we have introduced the accountability system, it is the principal officials who have to bear the pressure in when dealing with major political events. In fact, we have become a firewall between politics and the Civil Service.

Madam President, allow me to draw a conclusion. Every time we debate issues relating to the political system, I can feel that Members of the pan-democratic camp really have aspirations for democracy and very much want to take this matter forward. At the same time, I hope Members of the pan-democratic camp can understand that other Members and colleagues in the Government also have expectations on democracy and wish to see progress in Hong Kong society. I also hope that they will accept and understand that Hong Kong is not an entity with its own sovereignty. When dealing with such a significant issue, we have to work in concert with Beijing. Only in this way can we agree to disagree. As Mr LAU Kong-wah said, we have to be tolerant and respect each other. In fact, the strategies and political observations on Hong Kong offered by Mr LAU Kong-wah yesterday are worthy reference.

Madam President, in sum, we have to continue to devote our efforts in future to making the arrangements for the two elections in 2007 and 2008. I call on Members to consider the views expressed by various quarters and to remain harmonious despite disagreement as far as possible, and strive to reach a consensus.

With these remarks, Madam President, I implore Members to support the original motion and oppose the amendment.

SECRETARY FOR SECURITY (in Cantonese): Madam President, when we discuss the economy and business environment of Hong Kong, or the livelihood of its people or even its infrastructure projects, we should not overlook the importance of public order in society. A safe and stable environment is one of the most important factors in the development of our society.

Hong Kong is still one of the safest cities in the world. Just as the Secretary for the Civil Service has mentioned just now, the total crime figure of 2004 was 81 000 or so cases, representing a decrease of 8% from 2003. In terms of the average crime rate per 100 000 population, Hong Kong's crime rate is lower than those of other major cities such as Tokyo, New York and London. A significant drop in a number of serious crimes was recorded in 2004, including robbery, burglary, blackmailing, homicide, criminal damage and theft. Generally speaking, the public order of Hong Kong has remained stable.

We have managed to maintain a relatively low crime rate not only because of the dedication of our police officers as well as other law-enforcement officers, but also because the people possess good knowledge and awareness of crime prevention and they are ready to co-operate with the law-enforcement authorities in maintaining public order. We shall continue to work closely with members of the public through the various District Fight Crime Committees and other channels in order to maintain Hong Kong's competitive edge in good public order.

I have noted the comments made by Mr James TO and Mr CHIM Pui-chung yesterday on specific crimes and on issues relating to public order, which we shall follow up carefully. However, insofar as the resources for maintaining public order are concerned, I wish to stress that the SAR Government does attach great significance to ensuring that the law-enforcement authorities are capable and effective in maintaining law and order and in providing citizens with the services they need. The Government has to assess the human resources requirements of different departments in providing essential services which are both effective and meet the required standard. Meanwhile, we have to keep a stringent control on public expenditure. Having taken into account of all factors, the Government has decided that disciplined services will recruit more than 1 500 new officers in the year 2005-06 to fill up vacancies and to implement new service plans. I can assure Members that, despite our economy initiatives, we will continue to make Hong Kong a stable and safe city.

The rising trend of cross-boundary passenger and goods flows will be an inevitable course of development in the foreseeable future. In order to cope with the construction of major cross-boundary infrastructure and future development, the Security Bureau will step up efforts to promote smooth passenger and goods flows, including the establishment of a new boundary control point in the Hong Kong-Shenzhen Western Corridor. We shall also continue to proceed with other related preparatory work, including enacting the required legislative amendments for the co-location arrangement.

We shall adopt various measures to facilitate cross-boundary traffic such as adoption of flexible staff deployment and use of new technologies. There has been a phased introduction of automated passenger and vehicle clearance systems through the use of Smart Identity Cards and fingerprint-recognition technologies. The Smart Identity Card replacement exercise is expected to be completed by March 2007 to tie in with the introduction of these new automated clearance systems for the purpose of improving efficiency in immigration clearance.

With the adoption of policies and measures for facilitating cross-boundary traffic, more than 20 million visitors visited Hong Kong in 2004, of which more than 12 million visitors came from the Mainland. The enormous number of visitors has been a major driving force for reviving Hong Kong's economy. But, on the other hand, we are also concerned about its impact on public order in the local community, such as problems of illegal workers and prostitution, and so on.

Madam President, may I take this opportunity to stress once again that the vast majority of visitors from the Mainland are law-abiding, for only a small number of them have committed offences. In comparison with visitors from other countries, sometimes they may even account for a lower crime rate. However, in view of the fact that the total number of mainland visitors in 2004 reached or even exceeded 12 million, we are very concerned about the offence situation in this regard. We will continue to work closely with all sectors to combat illegal workers and prostitutes through co-operation and co-ordination with law-enforcement authorities on the Mainland as well as stepping up enforcement actions here in Hong Kong.

Our law enforcement authorities will continue to enhance co-operation and communication with the corresponding units in the Mainland so as to minimize the chance of allowing suspicious persons to visit Hong Kong. We will pass on

information of mainland visitors who have or may have engaged in illegal employment in Hong Kong to relevant authorities in the Mainland, so that in future if these persons should file an application for visiting Hong Kong again, the mainland authorities may consider whether or not they should restrict these persons from re-visiting Hong Kong for a certain period of time. Furthermore, front-line officers of the Immigration Department will conduct detailed inspection of suspicious visitors at our control points to prevent unruly elements from entering Hong Kong.

The Immigration Department, the Labour Department and the Hong Kong Police Force will step up enforcement actions against illegal workers, including more frequent spot checks at factories, eating establishments, commercial premises as well as other black spots where illegal employment activities take place. To further strengthen co-ordination among different government departments, an inter-department working group was set up in April 2003 with the purpose of more effectively combating illegal employment or other illegal activities engaged by mainlanders in Hong Kong. This working group is responsible for devising proactive and preventive strategies to facilitate regular exchange of information among different departments and co-ordinate law enforcement by different departments at black spots of illegal employment activities.

Although there are signs of steady improvement in the local economy and employment situation, we will not relax our efforts in combating illegal employment. Apart from stepping up enforcement actions, the Government will also launch an anti-illegal employment publicity campaign to remind members of the public the serious consequences of employing illegal workers or engaging in illegal employment. It will make use of government Announcement of Public Interest on television, government website, poster and publicity leaflets to drive home the message. We shall continue to disseminate anti-illegal employment messages through different industries and encourage members of the public to report cases of illegal employment.

The SAR Government first launched the Admission of Talents Scheme in late 1999 and subsequently launched the Admission of Mainland Professionals Scheme in June 2001 specifically for the information technology (IT) and financial services sectors. The Government has approved 283 and 319 applications respectively under the two schemes.

As different economic systems are competing for talents in order to cope with the challenges brought about by globalization, the Government introduced the Admission Scheme for Mainland Talents and Professionals in July 2003 to replace the Admission of Talents Scheme and the Admission of Mainland Professionals Scheme in an attempt to standardize the entry requirements for talents from the Mainland and those from other regions.

As at end December 2004, the Immigration Department had received 6 232 applications for the admission of mainland talents, of which 5 095 applications were approved. Most of such talents were engaged in academic research, which accounted for 3 389 cases, followed by commerce and trade, which accounted for 320 cases.

Just as the Chief Executive has outlined in his policy address, in order to tie in with our development strategy, we must open up our society so as to absorb talents from around the world. To this end, we must take greater strides and adopt more proactive measures. According to the target set in the policy address, we are reviewing the Admission Scheme for Mainland Talents and Professionals. Meanwhile, specific policies for the admission of talents from other parts of the world are also being considered. We are considering ways of improvements in order to satisfy the demand for talents arising from the continual development of society.

Thank you, Madam President.

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I would like to respond to the remarks made by Ms Margaret NG, Mr LI Kwok-ying, Mr Albert HO, Mr Martin LEE and Mr Albert CHENG.

First of all, I must thank Ms Margaret NG and Mr LI Kwok-ying for their valuable opinions on the administration of justice and legal services. Some of their comments cover issues that have been under discussion, while other suggestions are innovative and constructive. I will follow up these issues with my colleagues in the Department. Where practicable, we will incorporate those suggestions into our policy programme for implementation.

I must reiterate that the Government attaches great importance to the legal profession, which is a core part of our legal system and is vital to the upholding

of the rule of law and the development of the legal system. I am aware of the impact brought on the legal profession by the economic restructuring, the financial crisis, SARS, the bursting of the bubble economy and the drop in property prices over the past seven years. However, I can see that they have turned the corner by working hard and adjusting the scope of their services. It has been reported recently that lawyers, accountants and some other professionals are once again in great demand, with salaries on the increase. The Government spares no effort to promote Hong Kong as a region legal services centre, facilitating the expansion of business opportunities in the mainland market by Hong Kong lawyers. While there may be different views on certain issues, I cannot agree to the notion which I have never heard before, that is, the Government hinders the development of the profession.

Regarding the subject of solicitors corporation, although amendments to the relevant principal legislation were adopted in 1997, the power and the responsibility to draft detailed rules rest with The Law Society of Hong Kong (Law Society). It was only in recent years that the initial draft of the detailed rules was completed. There has been good co-operation between the Department of Justice and Law Society. In fact, the Secretary-General of Law Society told the Panel on Administration of Justice and Legal Services (AJLS Panel) in his letter dated 9 December 2004: "I have had a very lengthy discussion with the Law Draftsman who has been helpful in providing a number of amendments largely of style to the original draft." I trust that Members understand that the Legal Practitioners Ordinance empowers Law Society to make detailed rules subject to the approval of the Chief Justice, who will also seek the views of the Department of Justice. The Chief Justice will not allow us to obstruct such work for no good reason. We understand the complexity of the issue, especially when the principal legislation does not provide for details of the scheme but leaves them to Law Society to decide. I have never heard of any complaints about the drafting of these detailed rules being disrupted by interference from the Government.

Secondly, on the Professional Indemnity Scheme, Law Society has submitted two proposals. One of them is the Qualifying Insurers Scheme (QIS) as mentioned by Ms Margaret NG. The QIS has the drawback that a client would be totally unprotected if the insurer chosen by his solicitor goes insolvent. In addition, the details of the scheme, the views of the insurers and the protection available in the event of the insolvency of the insurer are also lacking. If insurers refuse to provide insurance coverage to small law firms, or the premium

is too high for them to take out insurance, they may have no alternative but cease their business. Besides, we agree that the original master policy scheme is more practical. We do not require insurers to take out re-insurance to cover the risk in the event of their insolvency, but we hope that Law Society will choose several insurers for diversification of risk. For example, if they take out insurance with four insurers, the loss of cover they may suffer will be only 25% in the event of the insolvency of one insurer. This is our position, and it has been clearly stated in LC Paper No. CB(2)248/04-05(06) submitted to the AJLS Panel last November.

I have listened very attentively to the concerns over the claims companies raised by Ms Margaret NG and Mr LI Kwok-ying. Law Society and the Consumer Council have examined the issue, but there is insufficient evidence to show that these companies cause damages in the community, or that control by way of legislation is necessary. The research into the unmet legal needs of the community conducted by the Department of Justice will also look into this matter, and the issue of contingency fee is also under consideration by the Law Reform Commission. As for public education in connection with claims companies, Law Society has reminded the public of the harm of seeking legal advice or securing legal services from unqualified persons.

As far as the issue of limited liability practice is concerned, it would have a major impact on our economy since different professions in Hong Kong such as medical practitioners, accountants and architects are involved. The Chief Secretary for Administration has directed the Department of Justice and the Financial Services and the Treasury Bureau to study the issue jointly before reaching any further decision on the need to incorporate it into the government policy.

The issue of Court Prosecutors is brought up in the policy debate almost every year. The grade of Court Prosecutors was created on the recommendation of the Director of Audit so that simple cases can be handled more cost-effectively. Contrary to what Ms Margaret NG has said, the number of cases briefed out by the Department of Justice in 2004 has increased rather than reduced. The number of court days in respect of Magistrates' cases briefed out in place of Court Prosecutors has, in fact, risen to 354.5 in 2004 from 78 in 2003. If Court Prosecutors are to be redeployed to other posts or to replace lay prosecutors in other departments, what then shall we do with the officers who are replaced? If the matter is not handled properly, this will give

rise to a situation in which public money is wasted or other people are made jobless just for the sake of briefing out cases to solicitors and barristers.

As to legal aid, the Government has constantly reviewed the standard scale fees for briefing out legal aid cases. In view of the market rates and deflation over the years, the Government considered that it was not necessary to make any amendments to the standard scale fees in its latest review. As regards the Labour Tribunal's appeals and other related issues, the research into the unmet legal needs of the community conducted by us will also take these issues into account.

As far as the third law school is concerned, the Government's attitude is: We respect academic autonomy. The establishment of the third law school is supported by the University Grants Committee and the two universities. As regards the specialization of the law school, I would be glad to relay any comments to the university.

I will carefully consider Mr LI Kwok-ying's views on Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA). One of the principles of CEPA is to deal with the easier issues first. I hope CEPA III will bring more opportunities for the profession. Currently under CEPA, foreign law firms, Hong Kong law firms and mainland law firms are prohibited to operate in partnership. The purpose is to ensure the healthy development of mainland law firms. On the other hand, Hong Kong lawyers may operate in association with mainland lawyers. As an association will allow both firms to retain their independence, it is more tuned in to the current trend of development. Mr LI has proposed that Hong Kong lawyers could become mainland lawyers on passing a benchmark test rather than a comprehensive examination. This is relatively difficult as laws are intertwined and complicated. It would be very dangerous if a lawyer provides services with only a partial knowledge of the laws. Moreover, CEPA must operate on the principle of reciprocity. We have no such arrangement even though we have a liberalized service market in Hong Kong. When I made a speech on CEPA at Guangzhou last Thursday, I mentioned that Hong Kong lawyers must join hands with mainland lawyers to secure a competitive edge by providing services which would be unavailable from foreign lawyers. At the same time, they should contribute to the development of the legal system of the country. In this respect, I share Ms Margaret NG's views.

Mr Albert HO and Mr Martin LEE criticized the interpretation and the decision made by the Standing Committee of the National People's Congress (NPCSC) in 1999 and 2004 respectively. The power of the NPCSC to interpret the Basic Law has been affirmed by the Court of Final Appeal in the case of LAU Kong-yung. Mr QIAO Xiaoyang, Deputy Secretary-General of the NPCSC, came to Hong Kong twice in April last year to explain to the public the need to interpret and make decision on Annex I and Annex II to the Basic Law, which I do not wish to repeat here. But I will be happy to provide a copy of his speech if Members would like to have one.

With regard to the criticism voiced by Mr Albert CHENG on the speech I delivered in the United Kingdom in response to the Six-monthly Report on Hong Kong last presented by the officials of the Foreign Affairs Committee of the United Kingdom Foreign and Commonwealth Affairs Office, the Report stated that radio-show hosts in Hong Kong had resigned because of intimidation and that freedom of speech was under threat. As an official representing the Government of the Hong Kong Special Administrative Region, I have a responsibility to clarify that freedom of speech is protected in Hong Kong.

As for The Link REIT case, my standpoint remains the same all along. My views expressed in the article I wrote for publishing in eight newspapers in mid-December last year are exactly the same as those in my speech delivered in the United Kingdom.

Madam President, the rule of law is the cornerstone on which Hong Kong's success has been founded. As to how the Government has been maintaining the rule of law, I am not going to elaborate that again here. When I attended the AJLS Panel meeting last week, I already addressed the issue at length by giving an account in my speech of what the policy agenda contains as to the Government's approach to maintaining the rule of law. I will be ready to provide Members with a copy of the speech I gave that day. I would like to thank Members for their valuable opinions and request that they support the motion and vote against the amendment to the motion. Thank you, Madam President.

PRESIDENT (in Cantonese): End of the first debate session.

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

PRESIDENT (in Cantonese): Members who wish to speak will please indicate their wish by pressing the "Request-to-speak" button.

MR LAU CHIN-SHEK (in Cantonese): Madam President, ever since the Chief Executive proposed in his policy address in 1999 to develop Hong Kong into a world-class metropolis, the labour sector has been issuing warnings. The sector is of the view that the composition of the workforce in Hong Kong cannot tie in with this direction of development at all and if this structural problem is not tackled, this will pose a great threat of unemployment to workers with low academic qualifications. The result is that eye-sore ghettos will coexist with a world-class metropolis.

Madam President, it is a pity that after five years the problem is still unsolved. The latest manpower projection by the Government states that in the year 2007, there will be a surplus of 230 000 workers with low education attainment. As "one country, two systems" is practised in Hong Kong, there are restrictions on population mobility and it is not easy to permit some of these low-skilled workers or workers with low education attainment to relocate to other places on the Mainland for work and resettlement, in much the same way as what is done in other big cities.

The labour sector is therefore of the view that Hong Kong cannot just become a centre of financial and commercial services, we must maintain an economic structure which is relatively complete and balanced. When it comes to economic activities, the manufacturing sector should be kept at a certain proportion as a share of the economy in order that workers with lower levels of education attainment can be given long-term and stable employment opportunities.

It remains, of course, that with the current costs of production in Hong Kong, we can no longer develop industries like plastic flowers which are low-cost and low in added value. However, if we can just look at places like Singapore, South Korea and Taiwan, we will find that they still keep a manufacturing sector of a certain scale. This proves that manufacturing

industries can have excellent prospects if they get the right kind of assistance from the government and if the two can work together.

Madam President, whenever mention is made of an industrial policy, the Government will always say no. It will emphasize that it will not do anything to incline towards any particular industry or offer any concessionary measures, for fear that it will be branded as "collusion between business and the Government" and "transfer of benefits". As Leo GOODSTADT, former Chief Adviser to the Central Policy Unit, said to this effect, in the past it was a result more of political factors than economic that the colonial government did not formulate any industrial policy. To this remark, I would like to add that today the Hong Kong SAR Government has taken every inch of it without removing anything. That is why I hope the Government will not dodge the matter. Some projects like the Cyberport are criticized because there are no open, transparent and objective government policies.

Both the industrial and the labour sectors have said many times that systematic support from the Government is indispensable to the development of industries. Such support includes concessions in land and taxation, financing arrangements, sharing of risks, research and development, manpower training and market development. The signing of the Closer Economic Partnership Arrangement (CEPA) with the Mainland will make it easier for local products to enter the mainland market. I hope the Government will make use of the situation and bring new opportunities to local industries and another way out for the local workers. A place or a city without any products can never expect any real economic development. A place or a city without any products will never have massive employment opportunities. Therefore, there must be a bias in government policies, and the bias should be towards the manufacturing industries. The criteria for these policies are that they should boost production and create more jobs. Looking at places around the world, only the casino towns do not have any need for products, for all they have are gambling activities.

Madam President, besides the need to pay due attention to employment in the strategies for economic development, the Government should also examine the impact which each one of these strategies may bring to the employment market. The least thing that should be done is to give rise to contradiction between the policies themselves. For example, the Government must not say that it wants to create employment on the one hand while contracts expenditure, downsizes the establishment, reduces the number of non-civil service contract

workers on the other, for all these will create unemployment and cause "worries and trouble" in the labour market.

Madam President, I especially hope that the Government can reconsider an extension of temporary posts in public sector organizations. During the three-year period since 2000, the Government has created about 18 000 temporary posts. But 11 700 of these posts were deleted last year and there are only 9 800 left this year. In the Food and Environmental Hygiene Department alone, about 1 200 posts have been deleted. Are those deleted posts really unnecessary? In areas such as environmental hygiene, community services, cultural and leisure activities, can the Government not do something more and better? I think these are needed.

Madam President, I hope the Government will understand that with every post created, that will mean a worker and his family will have their living protected. Despite the fact that a few thousand temporary jobs do not mean so much when compared to the army of 220 000 jobless people, if the Government is willing to take this move, at least it can serve to show to the people that the Government is prepared to help those in need and that it will do nothing to shatter the rice bowls of wage earners.

Madam President, I so submit.

MR JASPER TSANG (in Cantonese): Madam President, on behalf on the DAB I would like to talk about two issues related to this session. First, on employment. As said in the policy address, the year 2004 proved to be good for Hong Kong's economy, with performance surpassing each of the past seven years. Employment has improved as the economy picks up. The problem of unemployment has eased. But we must note that despite the economic upturn, the unemployment situation in the construction industry is still acute. Notwithstanding the fall in the jobless rate in the construction industry, it is still as high as 15% and it is the highest among all trades. The unemployment problem in the manufacturing sector is also acute with the jobless rate staying at about 7% which is second only to that of the construction industry. To alleviate the unemployment situation in these trades, the DAB thinks the SAR Government should pay attention to policy problems.

First, on the proposal made in the policy address to implement municipal projects and expedite urban renewal, we are very in agreement with it. We think that this approach of undertaking construction projects is helpful to alleviating the unemployment situation in the construction industry. But the question is how this is to be done effectively. Apart from that, the DAB believes that the SAR should maintain a certain amount of manufacturing industries in order that our economy can have a balanced development.

One proposal which the DAB has been making for a long time is that we should give serious thoughts to opening up the border area between Hong Kong and Shenzhen and turn it into a new economic and industrial zone. Madam President, yesterday I met two senators from Mexico in this building. They are members of the committee on border affairs in the Mexican Senate and they represent the two states in Mexico which share a common border with the United States. They had arrived from the border area in Shenzhen to Hong Kong and they were in high spirits when they talked about borders. They talked about how prosperous was the economy at the US-Mexican borders. I told them information such as that on the number of people crossing the Lo Wu border control point every day, and so on. They said that there were 1 million people and hundreds of thousand vehicles crossing the US-Mexican border every day. One can find fun and excitement on both sides of the border and the economy there is booming. We in the DAB have said many times that in our case, it is a hustling bustling world once we step into the Shenzhen side, but here on the Hong Kong side, it is an enclosed area and one can find nothing, not even a bowl of noodles. So for many years we have been suggesting to the Government that serious thoughts should be given to opening up the border area. At the latter half of last year, the DAB even conducted a study together with the China Development Institute, Shenzhen.

The research report was released last month and we hope that the Government will read it carefully and consider the recommendations therein. We recommend that four areas at the border should be developed into various economic zones. More specifically, we propose that the river loop area can be turned into a comprehensive economic zone. The Ta Kwu Ling area can be turned into an industrial park for hi-tech industries. The Western Corridor area can be turned into an industrial park. The Sha Tau Kok area can be turned into an interactive tourist area for Hong Kong and Shenzhen residents. All the specific recommendations are set out in our report. We believe that a

comprehensive opening up of the border area can raise the natural productivity and economic productivity of the land and these two goals can be achieved concurrently. According to the estimates made in our report, the new economic development zone to be developed can create 50 000 to 60 000 jobs and if we include the jobs in the related service industries that may be created as a result of the development, it is believed that the plan will generate as many as 130 000 to 140 000 jobs. This will certainly help the manufacturing and service industries.

Madam President, now I would like to turn to the latest view held by the DAB on the issue of minimum wage. In the past the DAB used to have reservations about legislating to impose a minimum wage. In many of the debates held in this Council, we have expressed our reservations. But when this issue was brought up for debate in this Council again recently, we stated that in view of the market changes in recent years, there were indeed some cases of unreasonable wage levels and extremely low wages. The SAR Government which used not to pay any attention to the issue issued guidelines on outsourcing contracts in mid-2004 and specified that certain work types such as cleaners and security guards should have a minimum wage system. The DAB is of the view that if we can legislate to impose minimum wage in certain trades, that will ensure that those workers with very little bargaining power can maintain the barest acceptable standard of living and get enough care and attention. Not only will this ease the problem of employment poverty but that it may not affect the overall competitiveness of Hong Kong or cause any adverse impact on the business environment. We have accepted such a view and we have looked into how minimum wages can be determined in certain specific trades. Now we wish to devote some time to studying the suggestions given to us by the Government and the Labour Advisory Board.

Our preliminary view to date is that after looking into places all over the world where a minimum wage is in force, we find that the minimum wages are usually set at 30% to 60% of the mean wage. Just now I have mentioned 60% and it may be on the high side, for according to the definition of minimum wage by the Standard of Decency of the Council of Europe, it is two thirds of the mean wage. In other words, a wage lower than two thirds of the mean wage is considered to be low. Therefore, it may be a bit too high to set the minimum wage at this 60% level. But on the other hand, if we set the minimum wage at levels like 3%, 4% or 10%, these may seem too unreasonable when compared with the existing Comprehensive Social Security Assistance (CSSA) rates. So

our initial view is that as a starting point for discussions, the minimum wage for some specific trades can be set at about half, that is, 50%, of the mean wage. Last September, the Census and Statistics Department published data on the mean wages in five categories of trades, that is, first, the manufacturing industries; second, the retail, wholesale, trading, hotel and catering industries; third, the transport services industries; fourth, the financial, insurance, real estate and commercial services industries; and lastly, the personal services. The mean monthly wage in these trades is about \$10,000, that is, about \$10,400 and 50% will be about \$5,000. We think this wage level is appropriate if we want to use it to look into the possibility of imposing a minimum wage. These are what we think at this initial stage.

Madam President, I would like to raise another issue related to this session and that is, the issue of the protection of intellectual property rights. The policy address places emphasis on developing cultural and creative industries in Hong Kong and a significant length is devoted to it. But as some representatives from the movie industry have stated in their discussion on the policy address, if the Government wishes to assist the development of the creative industries and the movie industry, it would be better to work on the protection of intellectual property rights as it is more so the responsibility of the Government, rather than providing financial assistance to them in film production.

Some reports related to this have caught our attention. In recent years though the number of pirated movie video discs has fallen significantly, movies have not been able to make much money at the box offices. Members of the movie industry said that last year the box office returns in the local cinemas had dropped by 50% compared to those of a few years ago, that is, from \$800 million to about \$400 million. The main reason seems to be the devastating blow dealt by piracy activities on the Internet. This is the main reason why creative industries in Hong Kong are suffering so much.

Last week, the first case of Internet piracy using BitTorrent (BT) in the world was detected in Hong Kong and this has caused enormous public concern. Madam President, I know nothing about this. I have no idea what BT is. But when I ask the young people, they all enjoy playing with BT. From the information available, we also note that developments are indeed rapid in this area of using web technologies to download movies and other products of intellectual property. Recently, there are lots of discussions on how to prevent the infringement of intellectual property rights through the use of these new technologies.

As to the view of the DAB, we know some people from the legal profession have pointed out that there are some grey areas in our Copyright Ordinance. So some people will doubt whether or not we can prosecute and convict people who commit piracy on the Internet using BT technologies. We notice that there are views that we should examine the relevant laws to see if they should be amended to keep abreast of the times. But we are also aware of the fact that any attempt to amend laws to keep up with the developments in technology may be futile because people will always think of ingenious ways to come round with the law and so it is doubtful if we can provide against the developments in technology by resorting to legislation. For while there is BT in the market, a new generation of BT products is coming up. That is why we may never hope to plug the loopholes by legislation and catch up with the rapid developments in science and technology. In addition, these new technologies are used widely in the community and it would be a daunting task in legislating if we want to minimize the inconvenience caused to the general public and avoid imposing excessive restrictions on innocent users. We need to learn the lesson from the Copyright Ordinance enactment which was passed some years ago. We must pay attention to that. So apart from considering how legislation can plug the loopholes in law, the Government should study with the sector what effective ways can be adopted. In music, for example, the sector now has taken some quite proactive moves and consumers are allowed to download music legally at affordable prices. That can eradicate piracy.

Likewise, in movies and other creative industries, can we not take some proactive actions to stop such piracy or illegal acts of infringing intellectual property rights as well? This is really a new direction we must think about. So in this regard we think the departments concerned should study into it. We would also think that there must be matching education efforts among the young people on this and they should be taught to distinguish what is legal and not legal under the existing laws. The public should be given a clear concept and this will minimize adverse impact caused by such acts to society. These are what we think on recent cases of copyright infringement. Thank you, Madam President.

MR PATRICK LAU (in Cantonese): Madam President, this is the first time I comment on a policy address of the Chief Executive in this Council, and I must first thank my constituents for giving me the opportunity to do so.

Looking back at the past three months, Madam President, I must say that I am very grateful to you for giving me advice on things like when I should rise to speak, when I can sit down, or how many questions I can ask. But most importantly, I can still remember that when you spoke for the first time in this Session, you expressed the hope that we could all join hands and do our utmost to work for the benefit of the people.

Honourable Members are all elite politicians with immense wisdom. Looking back at the abortive meeting recently, I must say that the Members concerned must first have to pluck up very great courage before they dared to violate the rules and cause an abortion of the meeting. That being the case, I hope that Members can likewise pluck up yet greater courage to join hands with the political lackeys of the General Alliance — I am not talking about myself, but Mr Abraham SHEK — to work for economic development and social harmony.

Madam President, on the whole, this eighth policy address of the Chief Executive can be described as quite pragmatic. Of particular importance is the policy objective of "people-based" governance. However, although I do appreciate Mr TUNG's courageous admission of mistakes and also his wholehearted identification of inadequacies, I must still say that all this will deal a blow to the morale of civil servants. This is undesirable because the successful implementation of all the policies mentioned in the policy address must depend on a team of highly efficient civil servants.

Madam President, I very much agree to the theme of this policy address, that is, there must be economic improvement before there can be social harmony. For this reason, I approve of the policy address according top priority to economic development, and I also support the Government's commitment to improving the business environment and reviewing and rationalizing the existing regulatory regimes, particularly those applicable to the construction industry. Having said that, I still hope that when they give their replies, either the Financial Secretary or the Secretary for Economic Development and Labour can tell us specifically what measures will be adopted to effectively improve the regulation of the construction industry, simplify development approval procedures and reduce the costs of development and operation, so as to enhance the cost-effectiveness of various trades, attract inward investments and really come to the aid of the construction industry, which has been hardest hit by unemployment.

As a matter of fact, what Hong Kong faces now is an unemployment problem resulting from ever rising costs, which are in turn caused by cumbersome red tape. In the case of the construction industry, for example, there is a "trilogy" for housing construction, so to speak; it is necessary to obtain approval from three separate departments, namely, the Planning Department, the Lands Department and the Architectural Services Department. Since there is very little co-ordination among these departments, one must go through the cumbersome procedures of different government departments every time when an application is filed. The rigidity of such a "trilogy" has been seriously lowering the efficiency of work. Therefore, I am of the view that when formulating measures to improve the business environment, the Government should consider the introduction of a one-stop service, that is, the establishment of a central co-ordination body with decision-making power and sole responsibility for approving construction projects, one which can play a similar role as the former Works Bureau, instead of fragmenting the whole process among several departments. Such a one-stop service will be conducive to the development of the industry, and besides this, it can also help streamline the administrative set-up of government departments, thus speeding up the progress of works projects. Once costs are lowered, more resources can then be spent on creativity.

Another major focus of the policy address is the vigorous promotion of creative industries as a new growth area for our economy. In the policy address, architecture is classified as one of the creative industries. This is praiseworthy, a major breakthrough, something which can assist the Government in promoting architecture as a creative industry in a more effective manner. The sector has formed a working group in conjunction with the authorities concerned for taking active follow-up actions. It is hoped that a greater variety of architectural design competitions can be organized in the future. For example, the 25 community works projects and the facilities for the East Asian Games with a total value of \$4.4 billion will offer good themes for architectural design competitions. I very much hope that the Government can take the lead in organizing such competitions and use the winning designs as actual examples in the course of publicity and promotion. This will be far more effective than any academic talk.

Madam President, the policy address stresses the importance of rejuvenating old districts to create a cultural environment conducive to the development of creative industries and local community economy. Renewing

old districts and rehabilitating old buildings can be described as another major force for economic growth. Consequently, such works must be launched expeditiously, bearing in mind that they will also help improve community facilities, bring forth a green environment and provide the necessary community services.

Apart from improving the business environment to attract investments, we must not forget that a good investment atmosphere is also very important. Hong Kong is a capitalist society, and we must never tolerate any collusion between business and the Government. But equally, we cannot tolerate anything that may hinder the healthy co-operation between the Government and business — particularly small and medium enterprises. We advocate the establishment of a healthy partnership characterized by high transparency, openness, harmony and fairness — in brief, by a level playing field. That way, we will succeed in attracting more inward investments to foster the relaunch of the Hong Kong economy.

Thank you, Madam President.

MR VINCENT FANG (in Cantonese): Madam President, a good part of the Chief Executive's policy address is devoted to measures on "revitalizing the economy". The aim of all these measures is to speed up the recovery of Hong Kong economy. The directions put forward by the Chief Executive include the development of creative industries and high value-added industries and turning Hong Kong into a centre providing financial, trade, logistics and design services to the Mainland. These are all correct directions because the main economic activities of Hong Kong now are about serving the production activities in the Mainland. At a time when the economy of Hong Kong has yet to identify a direction of restructuring, economic revitalization will inevitably remain a long-term and challenging task. The Government's willingness to invest more resources in this respect is indeed very encouraging.

In his policy address and the Question and Answer Session, the Chief Executive stated very clearly that he would not introduce a goods and services tax during his remaining term of office. However, some of the Principal Officials present today have still been expressing their open support for a goods and services tax, saying that the best time to introduce such a tax will be when the economy of Hong Kong starts to pick up. The Financial Secretary, for

example, has indicated that if a goods and services tax is to be introduced, the best time will be 2008 or 2009.

However, if the goods and services tax that the Financial Secretary has in mind is of the type adopted in the United States and Europe, that is, if a tax is to be imposed on services as well, then the costs of high value-added services in Hong Kong will inevitably rise, thus dealing a blow to our competitive edge. The reason is that in that case, everybody going to watch Stephen CHOW's Kung Fu Hustle and a soccer friendly with Brazil on the Chinese New Year Day will all have to pay a tax. Does the Government actually intend to increase its tax revenue when it encourages the various industries to increase their values?

Some may think that I am over-worried, that as a businessman, I am looking just too far ahead. However, is there anyone who does not want to be sure of the future? Suppose an employee knows that he will never have any promotion prospects or salary increases, he will certainly want to look for another job. When competition is so keen, there is actually a greater need to set down a clear policy, so that all businesses, particularly small and medium enterprises with very limited capitals, can see clear policies and prospects in determining their investment strategies accordingly.

If business people know that the Government is going to impose a harsh and heavy tax once the economy can successfully restructure, how will they look at their prospects in the next few years. Naturally, themselves also being Hong Kong people with enterprise, they will not want to see any all-lose situation and hope that the economy will never recover. But their attitude and the investment atmosphere will certainly be adversely affected.

As a result, I hope that during the public consultation exercise on a goods and services tax, the Government can seriously consider the following:

1. the pros and cons for production activities in Hong Kong as a whole;
2. the impacts on Hong Kong's time-tested simple tax regime and its liberal business environment;
3. the impacts on Hong Kong's various trades and industries and its people;

4. the potential risks posed to the future development of Hong Kong;
5. the effects on the local tourism industry; and
6. whether the current initiatives of revitalizing the economy will be rendered ineffective as a result.

Recently, the Commissioner for Tourism and the Economic Development and Labour Bureau have met with the retail sector, expressing the hope that shops can remain open during the first three days of the Chinese New year. Expecting that large numbers of mainland visitors will spend the Chinese New year in Hong Kong, they hope that these visitors can do shopping when they come here. This is understandable because if no shops are opened in this Shoppers' Paradise, if there are no shopping attractions, mainland visitors may not choose to come to Hong Kong at all.

The Government has been making strenuous efforts to urge the Central Government to extend the Individual Visit Scheme, presumably with the purpose of benefiting the tourism and retail industries of Hong Kong and facilitating their sustainable development. This is arguably a good way to bring forth prosperity and create a greater number of jobs in the service industries, in which rewards are proportional to the efforts made. And, it also goes without saying that the Government can thus receive more tax revenue.

But the damage to be done by a goods and services tax may more than offset all the efforts made by the Government.

As the representative of the business, retail and tourism sectors, I am extremely worried that the existing competitive edge of Hong Kong may well disappear as a result of a goods and services tax. When this happens, I simply do not know how we can still revitalize the economy of Hong Kong.

Madam President, I sincerely hope that before the Government puts in place any new policies in the future, it will always conduct a genuine and extensive public consultation exercise. It must listen to all voices, whether for or against its policies, instead of selectively listening to those opinions in support of its legislative proposals.

A good example is the amendment of the Undesirable Medical Advertisements Ordinance, an issue of great concern to the sectors I represent. In an attempt to ensure the smooth passage of the amendment, the authorities concerned simply formed a review committee composed overwhelmingly of their supporters. What has been the result of this move? Last Friday, at the House Committee meeting, even the Chairman could not help asking why the progress of the bill had been so slow. In fact, the main reason is that the drafting of the bill was not preceded by adequate consultation, so members of the industry are all voicing their opposition now.

Another example is the mandatory scheme for the registration and labelling of specified products with contents of volatile organic compounds. Secretary for the Environment, Transport and Works Dr Sarah LIAO says that there will be a public consultation exercise before implementation, but in the consultation document, it is already stated that the scheme will be put in place in 2005-06. Dr LIAO is not in the Chamber now, but I still wish to ask her one question: Since there is already a final decision, what is the point of conducting any so-called public consultation? Is it simply meant to show the Government's "respect for public opinions"? Or, is it meant as a mere embellishment enabling the Government to say that it has already consulted the industry beforehand?

I may perhaps illustrate my point further by using my industry, the garment industry, as an example. If one wants to manufacture a garment of high quality, there must be strict quality control throughout the production process. It will be useless to impose any quality control on finished products, and inferior quality is the likely outcome.

I notice that very often, this is precisely the way in which the Government handles the policies it wants to implement — finishing a garment first before doing the marketing work. It simply does not care about the quality of the garment and whether it is of the right size. Once a garment is made, it will force people to wear it regardless! Simply by claiming that there is a need for environmental protection, and that she has already reached an agreement with Guangdong Province, Secretary Dr Sarah LIAO has sought to push through the scheme, totally ignoring the difficulties faced by business operators! But then, the Chief Executive has repeatedly stressed the importance of improving the business environment and creating more development opportunities for small and medium enterprises. Do these two notions not run away from each other?

The smooth functioning of a government hinges on the wholehearted co-operation of all its departments. If the departments all concentrate only on their respective business and ignore other related issues, the whole government will be just like a machine the cogs of which fail to work as designed. The only result will be unsmooth functioning.

I so submit. Thank you, Madam President.

MR WONG TING-KWONG (in Cantonese): Madam President, I believe that the commercial and industrial development of Hong Kong in the next few years will inevitably be tied up with CEPA and the regional co-operation of the Pearl River Delta. Regarding how Hong Kong should fully grasp the business opportunities brought about by these two policies, the DAB has repeatedly relayed the views of the industries and its own proposals to the Government, and, the Government has also given its replies. We are of the view that in order to cope with the latest developments and changes in the market, we will still need to make improvements in several respects to intensify the implementation of CEPA.

First, I wish to discuss the investment facilitation policy for mainland private enterprises, a new measure adopted by the Mainland last year under the framework of CEPA. This is a totally new concept to both the Mainland and Hong Kong. Since there is no previous experience to follow, communication and information exchanges between the two places are of particular importance to the implementation of the policy. The SAR Government should hold negotiations with the Central Government on urging mainland local governments to adopt effective measures that can further streamline procedures and relax restrictions. That way, the establishment of branch companies or offices by mainland private enterprises in Hong Kong can be facilitated.

Since private enterprises are particularly prosperous in such provinces as Guangdong, Jiangsu and Zhejiang, Hong Kong should make them the focal points of its efforts, including publicity and promotion. It should also step up negotiations with the Central Government on how best to solve problems such as striking a proper balance between the free movement of foreign exchange and the financial security management of the State, so that joint efforts can be made to remove and reduce possible obstacles to policy implementation.

The increasing value of Hong Kong goods exported to the Mainland on zero tariff and the rising number of Hong Kong people starting up their businesses in the Mainland as "individual industrial and commercial operators" are all clear evidence of the economic effectiveness of the arrangements for trade in goods and investment facilitation under CEPA. In contrast, the economic effectiveness of the arrangements for trade in services has been less impressive as some professions and services are still facing considerable difficulties in expanding into the mainland market under CEPA. It is therefore hoped that the Government can take further measures on perfecting the liberalization of trade in services, so as to assist Hong Kong services in entering the mainland market. In particular, the market entry thresholds for various professionals and the qualification assessment benchmarks should all be further lowered to answer the aspirations of the relevant professions.

Many small and medium enterprises have approached me, saying that since they cannot obtain any assistance when they encounter business difficulties in the Mainland, they are rather indecisive on whether they should expand into the mainland market. We in the DAB are of the view that in order to assist small and medium enterprises in grasping the business opportunities in the Pearl River Delta, the Hong Kong Government should fight for the establishment of a secretariat for the "Nine Plus Two Regional Co-operation Agreement" in Hong Kong. Besides, the Government should also persuade the nine mainland provinces and cities to set up an office in Hong Kong for businessmen wishing to invest in them, to be called an investment office (or by whatever name), so as to provide a one-stop service for Hong Kong businessmen wishing to invest in the nine provinces and cities.

To address the problems faced by Hong Kong businessmen with insufficient knowledge of the Mainland who do not know where to seek help, the DAB recommends that the SAR Government should set up offices in the nine provinces and cities to provide Hong Kong businessmen with information and essential assistance. The Government should also urge the nine provinces and cities to set up a central complaints unit for assisting those Hong Kong people running into difficulties in the Mainland.

Infrastructure facilities such as logistics and transportation play a very significant role in promoting the industrial and commercial development of Hong Kong. In this connection, the SAR Government should enhance its co-operation with the Airport Authority and the Port and Maritime Board, so as

to speed up the construction of software and hardware facilities for our port, enhance the competitiveness of the Hong Kong airport and container terminals and tie in with the policy directions of the Logistics Development Council. That way, the internal facilities of Hong Kong can be consolidated, and we can thus move towards the development of Hong Kong into a regional or even international transportation and logistics hub, thereby supporting the development of our import and export trade.

The very rapid growth of the mainland logistics industry has undoubtedly exerted some pressure on Hong Kong and other competitors in the region. The pace of development in the Mainland is indeed very rapid, but Hong Kong enjoys a unique advantage — it can integrate with the Mainland and avoid any direct competition through collaboration. Hong Kong should make proper use of this advantage. It should capitalize on the unique status of its international airport and actively work with the airports in southern China and other areas. That way, an integrated air service network can be established to foster the economic and logistics development of the Pearl River Delta.

Madam President, over the past four years, the DAB has been advocating the importance of developing the boundary area between Hong Kong and Shenzhen. As mentioned by Mr Jasper TSANG just now, this proposal is supported not only by commercial organizations like the Chinese Manufacturers' Association of Hong Kong, Hong Kong Watch Manufacturers Association and Hong Kong Jewelry Manufacturers' Association, but also, very rarely, by the whole Legislative Council. However, the policy address simply gives no treatment to the development of the Hong Kong-Shenzhen boundary area and the port facilities there. This shows a failure to grasp people's opinions. I hope that the Government can respond to the aspiration of the various sectors of society as quickly as possible.

As a matter of fact, border co-operation is nothing new in the other parts of the world. In order to maximize the "border effect" on promoting cross-border economic co-operation, to turn border areas into the focuses of regional and international co-operation, many countries and places have already started the joint development of border areas, and very satisfactory results have been achieved. There is the Singapore-Malaysia-Indonesia Growth Triangle, for example. In this case, Singapore provides capitals, infrastructure facilities and operation expertise, while Malaysia and Indonesia provide labour, lands and other resources. The three countries are thus able to complement their

respective strengths and join hands in development, attracting huge amounts of Japanese capitals and large numbers of Japanese enterprises. This is an example of successful joint border development.

The past reliance of Hong Kong on service industries has led to a shortage of manufacturing industries, or a state of hollowness, in our industrial structure. This has in turn led to structural unemployment, adversely affecting Hong Kong's unemployment rate and social stability and lowering our competitiveness in the world. One of the reasons why we have been striving so actively for the joint development of the border area between Hong Kong and Shenzhen is that we wish to rebuild the industrial strength of Hong Kong by vigorously developing new and high-tech industries and also high value-added traditional industries.

The rationale behind the charging of zero tariff on Hong Kong goods under CEPA is to induce Hong Kong manufacturers to relocate their plants and production lines back to Hong Kong, so as to bring forth another round of industrialization in Hong Kong. However, there have been very few examples of this so far. The root cause is that wages and plant rentals in Hong Kong are still far higher than those in the Mainland, so the effect of CEPA is simply off-set. If a boundary industrial zone can be developed, and if various concessions can be offered, it may be possible to induce Hong Kong manufacturers to return to Hong Kong, and not only this, multinational corporations may also come to Hong Kong for strategic investments, using the boundary industrial zone as a springboard to the mainland market. This will foster the further implementation of CEPA.

Madam President, yesterday evening, Mr LAU Kong-wah made a most penetrating criticism, saying that there was a group of unscrupulous politicians in society who would only focus on destruction and ignore anything constructive. It is small wonder that some members of the public have complained that there are many spendthrifts but very few breadwinners in the Legislative Council. If the situation goes on like this, all our wealth, however substantial, will be exhausted soon or later. Therefore, I must here exhort all those people who keep talking about democracy to stop cheating the people. Please do not wait until Hong Kong is struck by a disaster like the South Asia tsunami.

I so submit.

MRS SELINA CHOW (in Cantonese): Madam President, as I mentioned yesterday, quite a number of opinion surveys have indicated to us that the greatest concern of Hong Kong people is not constitutional reform but economic development. Unfortunately, as shown by the discussions in this Council, the greatest concern of pro-democracy Members is always opposite to that of Hong Kong people. Anyone who has been following the meetings of our panels will know what little interest the democratic camp has shown in economic issues. This is very unfortunate.

The main reason for the concern over economic issues is that the state of the economy and the people's livelihood are closely related. When the economy is sluggish, it will be impossible to improve employment. In this connection, we can notice that some Members are always urging the Government to create jobs. Such an advocacy will in fact mislead people to believe that the Government has the ability to improve employment. But the truth is that all societies must draw on the economic impetus provided by the people and the business sector before any jobs can really be created. If the Government ignores market demands and seeks to create some jobs on a temporary basis, it will at most relieve people's plight to a certain extent. In the long run, there will be no improvement to the standard and quality of living.

In the policy address this year, the Chief Executive advocates the vigorous promotion of cultural and creative industries as a new growth area for our economy. He will even take the lead in establishing a consultative framework for cultural and creative industries. This is a good initiative.

As a matter of fact, in his policy address two years ago, the Chief Executive already discussed the vigorous promotion of creative industries, and at that time, he also listed a total of 11 new industries involving the synergy of artistic creativity and product development. Unfortunately, after the passage of two years, there is still thunder but no rain. All is indeed mere lip-service. The only difference is that this time around, the word "cultural" is added. I hope that this will not further complicate the matter and can achieve some concrete progress and results instead.

Actually, the local film industry, music circle and creative sector have long since pointed out that their greatest concern is the protection of copyright. They are of the view that the mere establishment of some kind of development funds will never achieve this objective. One example is the uploading and

downloading of creative works on the Internet, an issue that has attracted great concern recently. The police recently arrested a man who illegally uploaded pirated films onto the Internet using BT technology. The man was subsequently charged. This is very encouraging to the industries concerned. But at the same time, I also hear people say that it was alright for the man to do so because he did not do it for money anyway. They think that such an act is not inexcusable. These comments actually reflect a certain kind of mentality. I shall come back to it in a moment.

But the Government's high-profile announcement of its first successful clamp down on illegal uploading activities is soon followed by the emergence of a new kind of piracy software called eXeem. It is said that when compared with its first generation counterpart, this software is even easier to use and much more elusive to tracking by law-enforcement agencies — truly, a foot of good brings with it a yard of evil, as the saying goes. For this reason, the authorities must enhance their knowledge of information technology, so as to ensure victory in this high-tech, ever-advancing "cops and gangsters" game. They must also perfect the relevant legislation as soon as possible and step up their enforcement and other related actions. If not, if they cannot even protect copyright well enough, how can it be possible to develop creative industries? Having said that, I must add that in all societies, the crux of the problem should always be whether or not there is any respect for intellectual property rights. The reason is that the film and music industries are not the only creative industries in society; many other industries, such as design and architecture, which also require originality, are also creative in nature. That being the case, the protection of intellectual property rights must be the most fundamental issue.

But it is such a pity that so far, people's knowledge of intellectual property rights is still minimal and they still cannot quite understand why they must protect these rights. I think the Government must invest more resources in education and enforcement. Most importantly, it must co-operate closely with the relevant industries, react more quickly, and step up actions against copyright piracy, especially by working with places where copyright piracy originates. It is only in this way that creative industries can really be promoted.

When it comes to economic development, we must of course talk about the tourism industry, one of the four pillars of our economy. It can be said that the past year was a very prosperous year for the tourism industry. Thanks to the

ceaseless efforts of the Hong Kong Government and the Liberal Party, the Individual Visit Scheme was further extended to a greater number of provinces and cities in the Mainland. The number of visitors to Hong Kong last year thus exceeded 20 million, reaching 21.8 million and bringing immense benefits to the retail and services industries, particularly restaurants.

The opening of the Hong Kong Disneyland in September this year will probably bring the tourism industry to a new peak of development. I hope that the SAR Government can collaborate more actively with the Mainland, enhance its promotion efforts and put in place a satisfactory package of ancillary measures, so that we can be ready for the large numbers of visitors attracted to the Disneyland. It is particularly important for us to maintain the quality of our services, and in this connection, I am very glad that both the Chief Secretary for Administration and the Chief Executive strongly support the Quality Tourism Services Scheme. Besides, I also strongly support the proposal of the Financial Secretary's Lantau Development Task Force on developing Lantau Island into a major tourism node comprising spa and eco-tourism facilities. We have been fighting for all these facilities for many years, and we hope that the Government can at the same time seriously consider the Liberal Party's proposal on setting up a casino for visitors, so as to further promote the development of the tourism industry and other related businesses and create more jobs for the grass-roots people.

I also welcome the Chief Executive's undertaking that a goods and services tax will not be introduced in the next two and a half years. But then, it has been reported that some government officials have sounded out the idea to the mass media, saying that consideration will be given to the imposition of a goods and services tax in Hong Kong. This may mean that we should not be happy too soon after hearing the Chief Executive's good news. I must reiterate that the introduction of a goods and services tax will definitely deal a blow to Hong Kong as a paradise for shoppers and gourmets, and our services industries and small and medium enterprises will also suffer immensely as a result. I note that although the new President of the American Chamber of Commerce thinks that there is room for reforming the tax regime in Hong Kong, he opposes the introduction of a goods and services tax. His arguments are roughly the same as ours.

Having said all this, I must still express my gratitude to the SAR Government for working so hard to fight for the signing of CEPA and also for

the ensuing benefits, because CEPA has doubtless played a very positive role in bringing about the economic recovery of Hong Kong. But I must also point out that the Government has still failed to do well enough in several respects. For instance, it has not offered any effective assistance to our services industries in their fight to lower the threshold of entering the mainland market. Besides, when it comes to assisting Hong Kong businesses in identifying business opportunities and vying for solid contracts and projects, the Government's measures are simply not strong enough.

In fact, as Members can often read in newspapers, heads of foreign governments do often go on overseas visits with business delegations, with a view to soliciting business contracts. The President of the United States may, for example, go on an overseas visit with a delegation of 200 to 300 people, many of whom are businessmen or top-level members of chambers of commerce. Members may also know that in his recent visit to Mexico, Mr ZENG Qinghong, Vice-President of our country, also brought along a delegation of state and private enterprises to look for business opportunities. I think the SAR Government should follow their example and adopt stronger measures to assist the local business sector in soliciting business. When it comes to these measures, I hope that people will not make any accusations about collusion between business and the Government. The reason is that when the business sector fights for these things, when it seeks to enhance our competitiveness in the outside world, it must always have the support of the Government. And, it must not be forgotten that the business sector is also working for the overall economic benefit of Hong Kong in doing so.

CEPA is a mutually beneficial arrangement indeed. The SAR Government must not be swayed by any unjustified comments, particularly the accusation that this is nothing but a petition for alms. We are not asking the Central Authorities for any money. In fact, we have to submit proposals to them and convince them that Hong Kong and the Mainland can complement each other's strengths in many ways. Moreover, we must not forget that practically all large enterprises in the whole world are casting their eyes on the vast mainland market. Hong Kong should not fall behind this trend. It must rid itself of any reservations and take proactive actions, instead of thinking that this is something shameful.

Madam President, the Government has repeatedly claimed that it wants to create a favourable business environment. But when it comes to the enactment of legislation, it often refuses to conduct any regulation impact studies.

Consequently, it never knows whether the legislation enacted are feasible, or what the costs are, or whether the costs are justified. In that case, how can the Government convince the business sector in general, and small and medium enterprises in particular, that it genuinely wishes to foster a favourable business environment? I hope that the Government can put in place a policy under which the enactment of all relevant legislation must be preceded by such studies. This is the only way to put the mind of the business sector at ease. Thank you, Madam President.

MR WONG KWOK-HING (in Cantonese): Madam President, in this session I will speak on the typical signs of employment poverty and, that is, about the serious exploitation in outsourced government services and on the ways to boost employment as found in the policy address. I urge the Government to examine its inadequacies in these two respects.

Some officials in the SAR Government are good at turning the caring and just society advocated by the Chief Executive into a non-caring society of injustices.

The most telling example is, despite the pledge made by Mr TUNG in Labour Day two years ago that the wages of workers of outsourced government services could not be lower than the market wages or the minimum wages as they are called, the contractors have been racking their brains to deduct the wages of workers. When workers go to government departments to complain, not only have the top officials there not displayed any good intentions of Mr TUNG but that most of them have joined hands with the unscrupulous contractors to exploit the workers.

All through the three months since I have joined this Council, I have handled a lot of labour dispute cases concerning outsourced government services. Some of the most notorious ones include the following:

The Food and Environmental Hygiene Department (FEHD) have some cleaners for its outsourced services in Wong Tai Sin and they are only paid some \$4,000 but the contractors collect the employer's contribution to the Mandatory Provident Fund (MPF) from the workers each month in cash. The case involves some 100 workers but the workers are afraid of reporting the case to the police for fear that they will lose their jobs. Fortunately, eight workers

responded to government calls and came forth to report the case, but they were all fired. We have sought help from the FEHD and the Labour Department, but they did nothing to help.

Another case is about 51 security guards from a contractor under the Housing Department in Wong Chuk Hang Estate. When the contractor renewed the contract, these security guards had to sign employment contracts which were unfair. Their wages were cut, their working hours were extended and they would not be given any severance pay.

A recent case is about 260 security guards in 17 venues operated by the Leisure and Cultural Services Department. The wage for their lunch hour was cancelled and they only had seven hours of pay every day, instead of eight hours as originally used to work out their wage. Why among all places have these things happened in a government which says that it will promote a caring and just society? It just beats me.

From numerous complaint cases I have come to the conclusion that the government departments and contractors have committed the following 14 sins.

First, the Government has been fooled by the contractors as the workers are forced to sign another employment contract after the official one has been signed. The effect is that workers have changed from permanent staff to casual workers and their monthly salary is changed into daily wage. If the workers do not sign this contract, they will lose their jobs. I have brought one of these contracts as proof today and I want to mount it properly in a picture frame. This is an official contract for monthly salary. But right on the same day this contract was signed, the worker was asked to sign another one changing his monthly salary to daily wage. How outrageous! This is proof of the crime committed.

Second, workers were forced to work overtime without pay, from eight hours to 12 hours a day. Workers who did not sign such a contract would be fired. This is the second proof and everything is so clear. I will also mount this in a picture frame.

Third, workers were forced to resign after every 50 days and on the 50th day the workers would be asked to leave and if they did not comply, they would

not be assigned any work 10 days later. So in this way the contractor would not have to make any MPF contributions. Even for some of those contractors who pay the MPF contributions, they also send some people to collect the employer's contributions from the workers in cash.

Fourth, the wages of the workers were slashed by the same proportion as the amount of money paid to the contractors was slashed in the outsourcing contract. For security guards in many housing estates in the New Territories, their wages had been slashed for three years in a row since 2002. Do public officers sitting here know about this?

Fifth, lunch hour with pay was deprived, that is, wage which was originally calculated as eight hours a day was changed to a wage of seven hours in the new contract, excluding the lunch hour. This is against the normal practice and it is outrageous! Surprisingly, this is the view of the Financial Services and Treasury Bureau.

Sixth, contractors fooled the Government on the wages pledged and wages were deducted by changing the components of the wages. For example a monthly salary of \$4,200 consisted of a basic salary of \$2,100, a housing allowance of 1,830 and a post allowance of \$270. Another discipline allowance of \$800 was given. That makes \$5,000. I have a third proof here. The workers are very kind. They gave me this paper after they were sacked. I will also mount this in a picture frame.

Seventh, all sorts of violations were created to fine and deduct wages from the workers. This is the fourth proof I have got and it is now in my hands.

Eighth, paid sick leave, work injury leave and statutory paid holidays were deducted at the employers' own will.

Ninth, workers were forced to pay deposits on tools and uniforms and laundry expenses were deducted from the wages. The most outrageous thing was when the brooms were broken, the cleaners were required to buy new brooms at their own expense. When they went out to pick litter, they were not given any plastic bags and they had to bring the plastic bags to work. This is another proof of the heinous crime committed. How could such things have happened in Hong Kong? Why did the Government allow such uncaring and

unjust things to happen? Why did all these things happen with the contractors of outsourced government services? Why? This really makes me furious.

Tenth, the wage of outsourced government services is lower than the Comprehensive Social Security Assistance (CSSA) where a four-person family will get \$5,090 a month. When added with the rental allowance of \$3,545 and the subsidies for school fees, and so on, that will be close to \$10,000. But the so-called minimum wage of the outsourced government services is even lower than the CSSA rates. This is like encouraging people to get CSSA rather than to work.

Eleventh, workers who came out in response to government calls and reported the unlawful deduction of wages and MPF contributions by contractors were sacked in revenge. They did not get any protection from the Government afterwards. But the Government is calling on the workers to come out and report. What can be done when workers who come out and report get fired? Will anyone dare to report again? No.

Twelfth, wages are not paid on time. In some cases wages are not paid even after almost half a month. There are no salary statements. This is a most recent case and it happens with the security guards in the Cultural Centre. It is unthinkable that such things should have happened to the security guards of the best-known cultural venue in Hong Kong.

Thirteenth, contractors forced workers to accept pay cuts during the contract period. Again this happened to the security guards of the Cultural Centre. Their salary was slashed from \$5,600 to \$5,000. Is this not disgusting?

Fourteenth, there is no strict supervision of the contractors by the government departments and these contractors are allowed to exploit the workers by deducting their hard-earned wages. Why am I saying that? Contractors who have violated the law two or three times and barred from placing tenders for six months will have the chance of bidding for government outsourcing contracts again after the six-month period. The slate is wiped clean. Does this not show that the Government is favouring or defending these contractors who have violated the law?

These are the 14 sins I have found. But has the Government done anything to identify the inadequacies concerned?

When handling these labour disputes, the greatest impression I had was the attitude of the officials. They did not want to care at all. The reason or the excuse they gave was that they only cared about the quality of the service which the contractors gave and not about labour relations or disputes. Do these top officials have any sense of justice? How can the Chief Executive depend on them to build a caring and just society? Should top officials who hear these remarks today not go back and identify their inadequacies? Under such circumstances, will the grass-roots workers have a decent life? In view of these, I strongly urge the Government once again to compile and enforce a standard employment contract for outsourced government services. The Government must take the lead to implement minimum wage and standard working hours. All these must start from the Government and the Government must take actions to step up its supervision of the contractors.

Madam President, when the Secretary for Economic Development and Labour explained the policy agenda, he talked about three new measures to create employment, and I thought those were novel initiatives. But actually the Secretary was playing with the figures and the trick of swapping concepts to deceive the public. The public is led by this trick to believe that the Government is really launching some new and better initiatives to boost employment. But actually what it is doing is to sack 1 900 people. The facts are as follows: Last year 11 700 temporary jobs were extended but under this new initiative, only 9 800 jobs are to be extended and 1 900 people will lose their jobs. So the number of temporary jobs will be cut by 16%. The second initiative is about a work trial scheme for 2 000 people. I would not comment on this scheme for the time being, but it is doubtful whether this scheme of work trial for one month can solve any problems. The third initiative is the Work Orientation and Placement Scheme for people with disabilities and this scheme hopes to help 1 000 disabled persons to get a job. The total number of people who will benefit from these three initiatives is 10 800 people. The end result is that, compared to the original scheme, 900 less people can benefit. Is this not outrageous?

Mr Stephen IP, Secretary for Economic Development and Labour, when introducing the policy agenda explained that he had nothing to do with the reduction in posts. That the departments did not extend these temporary posts

was because they had taken into consideration the "actual needs" of the work types in question. Madam President, what in fact are "actual needs"? Would Mr Henry TANG, the Financial Secretary, care to enlighten us? Do our top officials know what the actual needs of the workers are? The "actual needs" of our front-line workers at the lowest levels are just a job and nothing else. This is only a very humble wish. Why can our top officials not lend them a hand? Why do they cut the jobs? This practice runs away from the direction of boosting employment in the policy address.

If the Government really means to identify its inadequacies, this is the best test of its sincerity. The policy address states clearly that employment should be boosted. But why is this policy objective bypassed? The Financial Secretary has pledged in public that these temporary jobs will be extended, but some departments are minding their own business and do not go in the direction stated in the policy address. They shatter the rice bowls of the temporary workers. I hope Secretary Stephen IP can give an unequivocal and active response.

With these remarks, Madam President, I would like to pay my tribute to the eight workers who dared to come out and report their unscrupulous employer but were later dismissed.

MR TOMMY CHEUNG (in Cantonese): Madam President, for a number of years in a row, this Council has debated policy addresses with the theme of boosting the economy. In the interim, the economy of Hong Kong has been going up and down like a roller-coaster and it was only last year that it began to stabilize. In addition to the continuous self-improvement of the industries and sectors, the steady progress of the economy also requires a favourable environment created by the Government. Over the past few years the Government strove to get DIY tours and CEPA, in particular CEPA II has been good news to our sector. But the Government has been acting like taking one step forward and another backward. On one hand it tries to spur economic growth but on the other it wants to increase wine duty and considers introducing a sales tax. These send home a very confusing message to investors.

Actually an environment conducive to business should be created by a simple supervisory framework, enhanced business efficiency and reduced costs. All along the catering sector has been unhappy about the licensing regime which

is much too harsh. I therefore welcome the establishment of the Subgroup on Business Facilitation under the Economic and Employment Council which will study ways to remove outdated or unnecessary regulations. But it was surprising to note that this Economic and Employment Council and the above-named Subgroup had not included any representatives from the catering industry initially. It was only after my raising the issue with the Financial Secretary that the Government agreed to make the inclusion. It can be seen that all along the Government has ignored the catering sector. I would like to take this opportunity to thank Mr Andrew CHENG who is here in this Chamber, as well as other Honourable colleagues for their support to the idea of setting up a subcommittee under the Food Safety and Environmental Health Panel to deliberate on matters related to the catering industry and its licensing matters.

As to a goods and services tax, Mr Vincent FANG and Mrs Selina CHOW have talked about it, so I would not repeat here. I am very happy to hear the Chief Executive has pledged that in the remaining two and a half years of his term, the tax would not be introduced. I also hope that this sales tax will not be considered by the next Chief Executive as well. I have no idea whether or not the next Chief Executive is sitting here in this Chamber now or whether he is listening to my speech. The attraction which Hong Kong offers to investors is that we are a duty-free port. To introduce any tax on goods and services at the retail level is bound to increase the operating costs and customers will find it more inconvenient. This tax will not help maintain our position as a shoppers' paradise and an investment centre.

Next I wish to talk about the wine duty. It is precisely because Hong Kong is a duty-free port that heavy duty must not be levied on wines. This is more so the case if the Government wants to develop Hong Kong into a wine distribution centre in Asia Pacific. In the long run, wine duty should be scrapped and this will also help the development of the catering, tourist and hotel industries. Our position as a gourmet paradise will also be maintained.

Many Members have talked about maximum working hours and minimum wage earlier and I would like to say something on behalf of the catering sector. Recent discussions on these issues have sent shock waves across the catering industry. As a matter of fact, wages in the catering industry have reflected the long working hours and the requirement on workers to work on weekends. So if a minimum wage and a maximum number of working hours are to be enforced, we would like the Secretary to remember that the existing employment

contracts have to be revised for use by employers. Because it is very unfair to employers if the rules of the game are changed midway and more restrictions are imposed on them. The existing wages are determined according to supply and demand and changes in the market. These enable workers with low-skills to stay in the employment market. If a minimum wage is imposed, these workers will be replaced by those with better qualifications. As seen in other developed countries, an imposition of maximum number of working hours and a minimum wage will force employers to divide work types into a great number of tasks and so if the practice in foreign countries is adopted in Hong Kong, the employers here will hire more casual workers at lower wages instead and it is very likely that employees are not given 18 hours of work within a four-week period. This is to save on long service payment and paid holidays.

Another thing which has a great bearing on my sector is labour insurance. The high premiums in this regard are a great burden to the sector. The number of injuries at work in the catering industry tops all other industries. But this number has dropped over the past six or seven years due to our efforts. The figures for 2004 are somewhat higher than those in 2003, but it was because of the occurrence of SARS in 2003 which pulled the figures down a bit. However, if we look at the premiums paid, we will find that the premiums paid are not in direct proportion to the number of injuries at work in the industry. Premiums have in fact been rising over these few years. For some restaurants which have never lodged any claims for compensation or asked insurance companies to pay out for work injuries, they also have to face the problem of premium hikes. In some cases there may even be a 100% increase. The September 11 attack is already three years behind our back and even for SARS, there is no case to date which points to the catering industry as a source of infection, I therefore fail to understand why insurance companies are constantly charging higher premiums. The only reason I can think of is that all employers are required by law to take out such insurance and employers have no other alternative but to comply. Here I would like to raise a point again and that is, since this insurance is a statutory requirement, the Government should consider introducing a centralized labour insurance scheme.

Lastly, I wish to talk about the employment issue in the catering industry. The industry has 200 000 employees in total. There are also tens of thousand of labourers — though there are no official figures — in the catering industry doing many kinds of low-skill jobs. Such jobs offer some employment opportunities

for those structurally unemployed. However, the recent proposal to impose a total ban on smoking in all the restaurants is adversely affecting the jobs of employees in the catering industry. For those who are lucky enough to keep their jobs after the ban is imposed, I think their income will be affected because wages are often linked with the business turnover. So I would like to remind my friends in the trade unions that besides lashing out on matters they think are unjust, unreasonable and unscrupulous, they should think whether it is right to adopt such a drastic across-the-board approach to all restaurants at a time when the business environment is so bad and when the deflation which has persisted for some 60 months is just gone for a few months.

On the smoke-ban laws, I am going to make my comments in the next session and I would not spend any time here. In a panel meeting held last week, I asked whether an employment impact assessment should be made of government policies. I am grateful to Secretary Stephen IP for assenting to this suggestion. He also said that he would bring this matter up with Dr York CHOW, Secretary for Health, Welfare and Food. When I had a meeting with Dr CHOW, he told me that Secretary Stephen IP had raised the matter with him on the morning of that day. We are glad to have such a good Director of Bureau who can convey views from the industry in no time. Thank you, Madam President.

MISS TAM HEUNG-MAN (in Cantonese): Madam President, part of the title of the policy address this year is "Working Together for Economic Development" and a considerable length is devoted to policy directions in various economic domains. It can be seen that the Government attaches great importance to development of the local economy. That should be commended. However, after reading the policy address in its entirety, one is left with the impression that despite the good intention of the authorities, there are no concrete policy proposals and that is quite disappointing. In other policy areas the Government manages to propose some concrete policies, but it is in economic matters that one fails to see any clear-cut policy proposals. I think that more efforts should be made by the Government to spur growth in the recovering economy.

Madam President, the policy address emphasizes that the regulatory regimes of certain sectors would be streamlined to improve the business environment. No doubt this policy displays a proactive mentality in promoting

economic development. But apart from revising these regulatory regimes, should the Government also not consider a full-scale reform of the Inland Revenue Ordinance (IRO)? I recall that a full-scale review of the IRO was undertaken in 1976 and that was almost 30 years ago. No full-scale review of any kind has been undertaken ever since. As the taxation policy has great impact on all the people in Hong Kong, the business sector and investors from all over the world, a thorough review would help enhance its transparency and make it more attractive. Policy amendments in this regard will help attract investments and promote economic growth.

Some time ago I had put forward my views on issues like the tax regime and assessment to the Government, but positive response is yet to come from the authorities. They have repeatedly said that many amendments have been made to the IRO. But every time when amendments are made, it makes people feel that someone is mending some worn out clothing and patches are sewn to cover the holes, leaving the problems not effectively tackled. And no extensive consultation is made of the sector. The importance of conducting a full-scale review of the existing tax regime and assessment criteria is overlooked. I hope the Chief Executive, in considering how the business environment should be improved, will give serious thoughts to that and come up with a positive response.

On the question of tax regime, the Chief Executive has made it clear that a goods and services tax will not be introduced during his remaining term of office and that only a review will be conducted. The introduction of a new tax would have great impact on the public and very complicated administrative procedures are involved, it is therefore understandable that a longer period of time is required for review. The policy address is very vague about the arrangements related to the study and that has added to unnecessary speculations on this tax in the community. This is not beneficial to the tax regime as a whole, or to studies on the tax.

Madam President, could the Chief Executive give an answer to dispel doubts about this tax? Does the Government have any principles which form a stand to the question of introducing this new tax? For the two-and-a-half-year period, will the studies be focused on the guiding principles related to this new tax or on the details of its implementation? What is the timetable for the study? Before these questions are fully answered, I am afraid the position of the Chief Executive on goods and services tax leaves people with an impression that he is procrastinating and evading this sensitive issue.

Apart from the tax regime, Madam President, I would also like to talk about CEPA which has far-reaching impact on the economy. Ever since CEPA came into force in 2004, the Government has been talking with the Central Authorities on arrangements which will benefit business operation by companies and professionals on both sides. However, the extent of economic activities which benefit from CEPA is not as large as expected and even as CEPA II came into force on 1 January 2004 when some improvements were made to goods entering the Mainland, most professionals who wish to seek greener pasture on the Mainland are unable to benefit from CEPA as they have expected.

Take the example of the accounting profession. Under the existing arrangements on the mutual recognition of professional qualifications, a practising accountant from Hong Kong who sits for the mainland professional examinations is exempted from the two papers on financial management and auditing. But among the 24 000-odd accountants and practising accountants in Hong Kong, only some 500 people can benefit from this arrangement and the proportion is very low indeed. The accounting profession hopes that in the course of the Government's further discussions with the Central Authorities, consideration can be given to exempting more subjects in the examination for Hong Kong candidates.

I believe the same thing exists in professions other than the accounting profession. In line with the people-based governance philosophy of the Chief Executive, I hope the authorities can examine closely with various professional bodies their expectations on CEPA. This will facilitate discussion with the Central Authorities to forge an arrangement beneficial to professions wishing to make business inroads on the Mainland, hence growth of the Hong Kong economy can be propelled.

Madam President, in the paragraph on fair competition in the policy address, the Chief Executive only reiterates the advantages of introducing fair competition in the market and the success experience so gained. But it is silent on such specific policies as what are the markets in which fair competition measures are being contemplated and the timetable for such measures, and so on. This makes people doubt how determined the Government is in combating monopolization and attracting foreign investment. I suggest that the Government should play the role of a market restorer. A market restorer is a market watchdog. He is expected to restore market order when there is monopolization or an imbalance by employing appropriate measures. He is

expected to maintain the features of a fair market and facilitate the entry of more market players, enhance the flow of information, and prevent the manipulation of prices. All in all, he is to build a fair and transparent market.

The unusual relationship which the Government has forged with the business sector is an important factor which undermines market equity and destroys a good business environment. I am happy to see that the Chief Executive is determined to step up efforts to combat this. I would therefore suggest that the Government should pay more attention to retired civil servants taking up employment in the private sector and that more stringent restrictions be imposed to ensure market equity and boost investor confidence, hence driving our economy to grow at a faster pace.

Madam President, all the above show that Mr TUNG has managed to learn from some of the experiences he has gained during his seven years of administration. He has avoided the past pitfalls of indulging in grandiose schemes and unabashed exaggerations. But he has not shed his style of shouting slogans instead of making solid and specific proposals. I urge the Chief Executive to put into practice all the economic policies he has stated in the policy address, put forward workable and constructive proposals and consult all sectors across the community. These will prevent the well-intentioned moves made by the Government to revive the economy from falling into castles in the air, or even worse, into an excuse which the public may use to lash out at the Government. I so submit. Thank you, Madam President.

MR ANDREW CHENG (in Cantonese): Madam President, in this session the Secretary for Economic Development and Labour, the Secretary for Commerce, Industry and Technology, the Financial Secretary (though he is not here presently) and the Secretary for Financial Services and the Treasury are here. I will speak on behalf of the Democratic Party on issues related to commerce and industry, economic affairs and labour affairs. I used to be the spokesman for the party on information technology and broadcasting. Recently, there is the problem of the so-called "collusion between business and the Government" in respect of the Cyberport saga. I will refer to this problem when I discuss the issues for this session, such as labour, maximum number of working hours, minimum wage, and so on.

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

Madam Deputy, the term "collusion between business and the Government" is really bothering the people of Hong Kong. First of all, I shall speak from the perspective of workers. It is now lunchtime. The Directors of Bureaux and the Principal Secretaries have left the Chamber. Though Honourable colleagues have their lunchtime, the Directors of Bureaux and the Principal Secretaries have not. That is unfortunate for them. I think this kind of work culture in Hong Kong should be reviewed because it emphasizes work, work and work again. There is no end to work, and no rest time. Of course, for Directors of Bureaux and Principal Secretaries, as they have a very high salary, they can afford to take a lot of nutrition supplements after a day's hard work. That might help their health a bit. Just now Secretary Stephen IP shook his head. But every time I meet him, he will look so energetic and lively. Though he is not rosy and plumb, at least, he is happy and healthy. Many working class people in Hong Kong face great pressure at work, but they do not have any minimum wage protection. There is no requirement in law on a maximum number of working hours. This makes them toil day in and day out, from dawn till dust.

Hong Kong is a developed place and its Gini Coefficient is 0.525 and it ranks fifth among the developed places in the world. Actually, this is a disgrace for Hong Kong. This is telling proof that the pet phrases of the Hong Kong SAR Government, such as economic autonomy, free economy, *laissez-faire* policy, and so on, have become empty catchwords that can convince no one. The free economy in Hong Kong has in a way got out of hand, lost its balance. Then some people ask the Government whether or not any uncanny relationship exists between the Government and the businesses and the giant consortia, to the extent that there is collusion between them. Why is minimum wage imposed in more than 100 countries and places in the world but not in Hong Kong? We should protect the some 3 million wage earners in Hong Kong and that of course, include the Directors of Bureaux and the Principal Secretaries who work so hard. They should all enjoy protection for a reasonable number of working hours. After all we are humans, not machines. Since we are not machines, if the working hours are too long, it is only natural that the human brain will cease to function effectively. It is because of this reason that we see the health of the Hong Kong people declining all the time. We often hear some 20-year-olds or 30-year-olds drop dead because of a sudden heart attack when they are jogging. Events like these are sounding an alarm. The 33rd paragraph of the policy

address mentions wages and working hours. I hope the Chief Executive and the Director of Bureau when dealing with these issues will not just refer them to the Labour Advisory Board (LAB). I want to emphasize again that if the Government only hopes the LAB will solve the problem by resorting to its tripartite consultation mechanism, this is only a wild dream. It only gives people an impression that the Government is trying to pass this hot potato to the LAB and does nothing about it. On many occasions when the Secretary attends our meetings, he says that the LAB is chaired by a government official and the Government has a say in it. However, we can see that all through these years the Government has not held any stand on that and that is precisely what we are most concerned and worried about. Of course, I know that the Government cannot have a stand in every matter as this will make things government-led. But as the Government shows that it is strongly executive-led on the issue of constitutional reform, I hope it can make its stand known and map out a direction on these key issues. All along the Government has done nothing about it and pushed the labour sector and the business sector into direct confrontation. How can any consultation be possible? In our opinion, this is almost and even totally impossible. Therefore, if the Government does not have any clearly-defined policy on the maximum number of working hours, I am not talking about minimum wage now, no one will dare address the problem squarely.

I have spent five to six minutes speaking on the above. I hope the Secretary can hear this again today. I think he will only note what I have said. But I hope the policy address will at least look at labour policy from a human perspective and give a little bit of protection to the mental health of workers. What does this have to do with collusion between business and the Government? If the Government does not make its stand known on this, it will make us think all the more that the Government does not want to offend the giant consortia. It does want to see any loss of vested interest incurred to these businessmen and so they can continue to deprive their employees of their rest time and other protection which they deserve. If the Government wants to rid itself of the bad name of collusion, then it had better deal with the issues of a maximum number of working hours and minimum wage.

Madam Deputy, on the Cyberport saga and the alleged collusion between business and the Government, the Government is always saying that Hong Kong cannot survive without investments by businessmen and the consortia. We agree that Hong Kong is an economically advanced capitalist society and the

Government should work with the people and the business as well. But why is it that collaboration between the Government and business would be described as collusion between business and the Government, and that collaboration between the Government and the people would turn into resistance and confrontation? This is due to the fact that there have been grave blunders in governance over the past seven years. The reason is simple. Despite the fact that half a million people had taken to the streets and demanded universal suffrage, the Chief Executive simply turned a deaf ear on them. But when a business consortium wanted to run the Cyberport project, both Mr LI and Mr TUNG could strike a deal in no time. Universal suffrage is based on the stipulations in the Basic Law and it is an ultimate goal to reach. But the sweat and tears of half a million people were shed in vain as Mr TUNG refused to listen. Despite the existence of the practice of open tender to ensure fairness and equity in land use applications, Mr TUNG could have his final say as he ignored established practice, bypassed the existing system and pretended that proper procedures did not exist. No wonder, as someone has aptly described it, that some billionaires are so fat that no socks can fit their feet. And some of them — I do not think I need to say it out for we all know — like the LI's family, have become the richest of the rich. They have built an empire of their own. We are worried that this collusion between business and the Government will become the culprit for the glaring gap between the rich and the poor in Hong Kong.

Mr TUNG has once replied to a question raised by Mr Albert HO and said that the practice as used in the Cyberport project was a common practice used after the reunification and it was not unusual. However, I can tell Members that in 8 March 1999 when Mr K C KWONG, the then Secretary for Information Technology and Broadcasting, briefed the Panel on Information Technology and Broadcasting on the developments in the Cyberport project, he acknowledged that the arrangement in question involving direct negotiation with one single company was not common. So he said that the arrangement was not common. Then was Mr TUNG correct, or was Mr K C KWONG correct? Are the comments made by the incumbent Secretary in an article in such a high profile recently in defence of the collusion charge correct? Or are we correct in thinking that the Government did not act according to the common practice? The people and public opinion will have fair answers to all these questions. I therefore hope very much that a Director of Bureau can sit here today. The Financial Secretary may have gone out for lunch. He needs a lunch break. Actually, we all need a break.

Let me try to sum up my speech. With respect to labour issues, I do not want to talk about issues like unemployment, youth employment, and so on. I only hope that the Government can give problems like minimum wage, maximum working hours, the collusion charge, and so on, as well as West Kowloon project which will surely give rise to problems in future, plus the storm over the Cyberport, a nice and neat solution. I hope the people of Hong Kong will no longer feel that Hong Kong is a community which is heading towards a yawning gap between the rich and the poor, one where justice is losing its presence.

Thank you, Madam Deputy.

MRS SOPHIE LEUNG (in Cantonese): Madam Deputy, compared to the past few years, the policy address this year is endorsed by a lot of people and I hope the Government can maintain a policy objective like this time which is pragmatic, self-critical and keeping close to the community. On the theme of "Working Together for Economic Development and Social Harmony", the textile and garment manufacturing sector which I represent is very much in agreement with it. However, the entire policy address does not use even one word to mention our sector. It is only after I asked the Chief Executive a question in the Question and Answer Session last time that fashion design has been recognized and included as one of the creative industries. This not only gives people an impression that not enough attention is paid to it, but it also does not dovetail with the tremendous opportunities opened to the industry in this "post-quota era".

I agree that the cultural and creative industries are important, but I would like to point out that fashion, culture and creativity are complementary. Fashion is a powerful mirror to culture and it is also a driving force to innovation and trends. Recently, there is an outstanding example of a young Hong Kong designer who made use of the portrait of Chairman MAO and designed a unique collection with Chinese colour. He soared to fame and success in New York, London, Paris and Japan, and he is doing a roaring trade now.

Compared with the creative industries, our industry is no less inferior in terms of its contribution to the economy and growth potentials. Let us look at the comparison below. Now our industry provides 150 000 jobs to the local workforce and that cannot be said to be a small number. The number includes

some 40 000 workers behind the production lines and some 110 000 wage earners who engage in the related import and export trade. The number is larger than the some 100 000 people employed in the creative industries in 2000. In 2001, the creative industries contributed \$46 billion to the local Gross Domestic Product, whereas "made in Hong Kong" garments for export earned some \$70 billion foreign exchange for Hong Kong and each year about the same amount of foreign exchange is earned by the industry. For many years we have remained uncontested as the second largest exporter of garments in the world and this is a commonly acknowledged fact.

It is unfortunate that our Government has never attached much importance to the development of the fashion industry in Hong Kong. On the other hand, if we look at our neighbours, we will find that in this post-quota era, they are all striving to boost their fashion industry. Even in Thailand, which is lagging behind us, its government has drawn up plans to develop the country into a capital of world fashion by 2012. Beijing launched measures in end 2004 and declared that its long-term goal was to become a capital of world fashion. As competition heats up and production costs in other places are constantly falling, the only option for us is to gear towards high value-added production. It is only by doing so that can we stay competitive.

What the industry needs so badly now is a multi-functional fashion design centre, an idea which we have been suggesting to the Government for years. In this 21st century, speed has become an overriding concern and one-stop processing and "through-train" services have become the order of the day in business. The fashion industry in Hong Kong is in lack of a cradle for creativity in design. This means permanent venues for fashion shows, design studios, creative workshops, showrooms, databases for materials and info centres, and so on. The most important thing of all is that fashion makers and designers can pool together and work in one linked chain. It is only in this way that close interactions will spark up creative ideas. We suggest that this centre could be located in the industrial buildings in Cheung Sha Wan or in the neighbourhood. This location will facilitate the forming of a supply chain with the numerous piece goods, accessories and garment shops there. Fashion shows featuring made in Hong Kong apparel can be staged on a regular basis. This will not only help promote close interactions but it can also attract fashion designers, overseas buyers, wholesalers, retailers and manufacturers to come to Hong Kong from all parts of the world. There they can exchange ideas, forge closer contacts, do business and make their purchases. These activities will

consolidate Hong Kong's position as a purchasing centre and export centre for apparel.

Madam Deputy, recently there are reports that the Government intends to set up a so-called design centre in the high-class residential neighbourhood of Kowloon Tong and pool all industries related to design there. As much as close to \$250 million is reported to be spent and fashion design will also be incorporated into the centre. It looks that this is exactly what we want. But, Madam Deputy, the idea actually sounds ridiculous to me. There are many kinds of design. We can use our imagination alone to design a chair, provided that the chair must be comfortable when we sit in it. When we design a cup, of course it should be one which can be put on a table, held in our hand and it must be able to carry fluids for our drinking. But for apparel, the design would depend on how we think about it and whether other people will like it or not. If there is a brand-new design, may be we can ask the proponents of this design centre this question: Suppose you are men and someone designs a jacket which does not have a full collar or one sleeve is missing, would you still want to wear it? Or would you rather put on an Armani suit with such sleek cutting and design? This is what sets fashion design apart from design in the general sense. The two can never be mixed. I hope that since \$250 million will be injected into setting up this design centre, all the officials concerned should give serious thoughts to this, for if not, I will ask a designer to make a suit without any collar or just half of it or one with just one sleeve, for them to wear.

Findings of an opinion poll taken during the Hong Kong Fashion Week held last week show that more than 70% of the overseas exhibitors and buyers think that as the global textile quota will be abolished, they will turn to Asia to make their purchases. Close to 80% of the interviewees said that the Mainland and Hong Kong were their number one target. It can be seen that in this post-quota era, there are still tremendous growth potentials for the Hong Kong garment manufacturing industry, as evidenced by what the fashion industry overseas is doing. It might be only the Hong Kong Government that remains unaware of this development.

Though it would be great to get orders, on the other hand, Hong Kong manufacturers are hard pressed by the export situation. Ever since China's accession to the World Trade Organization (WTO), importers like the United States, Europe, and so on, are putting up excuses like anti-surge and anti-dumping to implement all kinds of protective measures to curb imports from

China. As Hong Kong does not have a lot of low-skilled labour, the only thing we can do is to send the orders to our neighbours like Vietnam, the Philippines, and so on, to produce the goods specified. Then the money will of course go to these places. So how can we help revitalize our own economy and create employment here?

More than a decade ago I predicted such things would happen. That is why I always insist that some production lines must remain here. This will strengthen our export business and earn foreign exchange for Hong Kong. I have suggested in association with members of the industry to the Government many times that a border industrial zone must be set up in the river loop area. The place may not necessarily be the river loop area, it could be some other place. We should also nurture innovative and high value-added industries there. But all along the Government has failed to see the point. The Ministry of Commerce in China is on the contrary more aggressive. Madam Deputy, recently, I met with people from the Ministry many times and I know they are actively looking into the development of the river loop area along the border with the hope of complementing the deficiencies of both sides and gaining benefits from mutual co-operation. I will follow this up on my side and I hope the Hong Kong Government can seriously consider this suggestion and draw up a comprehensive industrial policy and help revive the economy.

Apart from giving a boost to the creative industries and the fashion industry, it is also of vital importance to improve the business environment in Hong Kong. The Government always talks about lifting and relaxing the restrictions, licensing conditions, administrative regulation, and so on, I think while this must be done, the most important point lies in government officials adopting a new mind-set, create a platform for development and facilitate a seamless flow of various factors of production. Moreover, all the necessary matching facilities and business-friendly measures must be in place so that the business sector can have room for development and businessmen a gathering point, and that foreign investors can be attracted. The idea can be described as one which the Government sets the stage and the companies play their part. When the stage is well-prepared, more companies will come out and join the play. But please do not ask me where these companies are now, for there is no stage at present. The companies are scattered all over the world. We are not asking for special favours and advantages from the Government. All we are doing fits the market-led principle perfectly.

As for our industry, the Cheung Sha Wan fashion design centre and the border industrial zone are excellent platforms for development. With growth in the fashion industry, another platform will be created to enable industries like watchmaking, jewellery, jade and precious stones, optics and even toys which are peripheral to the fashion industry to grow and prosper. Hong Kong will then become a rendezvous of style and fashion in the Asia-Pacific Region. And the cultural and creative industries can take roots and grow here in Hong Kong.

Madam Deputy, I so submit.

DR RAYMOND HO: Madam Deputy, as pointed out in the 2005 policy address, the economic outlook of Hong Kong is promising. The unemployment rate is dropping and the growth rate of 7.5% in the GDP has been reported. Reviving the economy is one of the policy areas addressed by the policy address. I believe that if the Government can provide a good business environment for citizens as well as enterprises to work in concert with one another, full economic recovery is not impossible.

As mentioned in the policy address, regulatory regimes and licensing procedures are to be streamlined and simplified respectively in order to provide a good business environment to investors. This measure is highly appreciated. As I have discussed with the Government in the past, complicated administrative procedures will only pose hindrances to businessmen. I believe the new measure will offer them facilitation.

According to the policy address, construction/real estate and retail sectors are given priority in this area. I hope that the Government will keep its progress of work on schedule in order to avoid any delay, and hopefully, it can deal with the other sectors earlier.

In recent years, Hong Kong has moved closer to the Mainland, particularly the Pan-Pearl River Delta Region, in terms of commerce. Undeniably, the Mainland is a large market. We should capitalize on our geographical and cultural proximity to enter this market. To facilitate it, the Government should liaise with the mainland provincial authorities to simplify their relevant procedures. In my opinion, to accelerate Hong Kong's economic recovery, it is necessary for us to expand our market. Only relying on the local market is definitely not sufficient.

Although Hong Kong's economy is recovering, there are many problems which the Government must address to for a full economic revival, and among which is the labour problem.

As we all know, Hong Kong is undergoing economic restructuring — from a manufacturing-based economy to a service-based economy, and we are in a transition to a knowledge-based economy. It is expected that the job market for low-skilled workers will be smaller and smaller. Unfortunately, in recent years, while the Government has put a lot of resources in higher education, it has neglected the need to upgrade our low-skilled labour. As a result, there is a serious mismatch of human resources. According to the manpower projection study conducted in 2003, it is estimated that by 2007, there will be a possible excess of 230 000 workers with relatively low educational attainment. By this, it is obvious that to solve the unemployment problem in a long-term manner, it is necessary for the Government to provide low-skilled workers with relevant self-improvement programmes, particularly for upgrading their skills and their English Language.

Hong Kong is an international city. A large number of foreigners come to Hong Kong for travel and business every year. Unfortunately, many people in Hong Kong, including those in the servicing industry, are unable to communicate with foreigners even in simple English. I think providing English Language programmes to low-skilled workers will not only help them make a living, but will also help Hong Kong keep its image as a cosmopolitan city.

Besides labour problem, the Government must also make sure that it adopts a consistent approach in its policy in order to help Hong Kong recover from the economic downturn. Frequent changes of policy will waste time and resources, and more importantly, ruin investors' confidence in Hong Kong.

The Asian financial turmoil took place in 1997. During these years, many Hong Kong people suffer from unemployment, negative equity and salary reduction, and so on. These years are really a setback and have posed a very hard time to many people. However, we are glad to find that an economic upturn is just round the corner — the unemployment rate has dropped steadily from a peak of 8.6% in 2003 to 6.5%, property values have rebounded significantly, and cases of negative equity have dropped drastically from a peak of over 100 000 to about 25 000 last September. With the new policy address, I hope that the Government will create a better business environment in which

stable government policy, sufficient skilled labour and other supporting measures can be found. With this, it is expected that we will be able to thoroughly shake off the economic doldrums very soon.

Madam Deputy, I so submit. Thank you.

MR ANDREW LEUNG (in Cantonese): Madam Deputy, there is a reference to "wages and working hours", an issue closely related to the economy, in the chapter captioned "Keeping Close to the Community, Establishing a New Approach" in the policy address. As pointed out by the Chief Executive, Members have repeatedly debated the issues of maximum working hours and minimum wage, and public views are also divided on them. For instance, labour unions have, from time to time, played a major role in advocating the imposition of restrictions on wages and working hours. The Hong Kong Institute of Human Resource Management and numerous academics, however, consider this unnecessary, and even maintain that flexible working hours and wages are the very strengths of Hong Kong as a free economy.

We therefore concur with the Chief Executive that we have to seek a consensus through objective analysis and rational discussion. We also have to fully evaluate whether the implementation of various measures will bring real benefits to workers, as well as benefits to Hong Kong's overall economy, and not the opposite effect. Actually, the Labour Advisory Board (LAB), comprising representatives from both parties, namely the employees and employers, provides the perfect forum for discussion.

The LAB has previously successfully reached consensus on controversial issues, such as the Occupational Safety and Health Ordinance, Trade Unions Ordinance, and so on, following repeated discussions between the employees' and the employers' sides. The Liberal Party believes that we should make good use of this proven channel to enable the LAB to conduct in-depth study and discussion and allow employees and employers to, in the spirit of mutual understanding and accommodation, exchange views on the same platform for the purpose of creating a "win-win" situation.

However, I stress that we should strive to resolve the problems through other channels, instead of relying solely on legislation to tackle everything. For instance, the Government's outsourcing contracts, having basically imposed

restrictions on wages and working hours, have started to see results. In December last year, the salaries of outsourced security guards as approved by the Housing Department were adjusted according to the mechanism. I wonder whether the Government can, in addition to imposing penalties, review whether it can commend employers with good performance to encourage them to do better.

I wish to emphasize that harmonious labour relations over the past four decades have been one of the factors contributing to the successful economic development of Hong Kong. The relationship between employees and employers is by no means confrontational. Bosses and workers are sitting in the same boat — they rely on one another with an appropriate division of labour. Should they work hard in their own posts, they will be able to reach their goal very quickly. Otherwise, the boat may go round and round in a circle in the sea. I need hardly say that it will naturally not reach the shore, even after a long time. Worse still, it stands the risk of capsizing.

Mr LAU Chin-shek raised earlier the point of creating more job opportunities by way of industrial policies. For instance, the year 2005 sees the entry of textile and garment industries into the post-quota era with plenty of business opportunities. In my opinion, the Government, the labour sector and the industries should sit down and find an option that can benefit all. In doing so, we will encourage more industries to return to Hong Kong, instead of seeing capital and industries moving elsewhere.

Regarding co-operation between Hong Kong and Guangdong in reviving the economy, I note that the policy address has devoted considerable length to ways to capitalize on the benefits brought about by CEPA and the Pan-PRD Regional Co-operation Framework Agreement, and ways to assist Hong Kong people in exploring and developing the mainland market. Unfortunately, the policy address has failed to specifically mention ways to help Hong Kong businesses to "get the most from what they have got". From the views reflected by the industrialists of the Federation of Hong Kong Industries, we can see that many indicated that, when CEPA was launched last year, they realized CEPA would bring Hong Kong plenty of business opportunities. In particular, they were greatly inspired by the opening up of the Mainland's services market to Hong Kong companies and the zero-tariff arrangements. However, implementation is yet another matter — they have encountered numerous problems. Most of the complaints concern the extremely complicated

procedure for the vetting and approval of applications, and the excessively long processing time required for setting up a company on the Mainland after obtaining a Certificate of Hong Kong Service Supplier. I suggest that the Government of the Hong Kong Special Administrative Region (SAR) can, in collaboration with Guangdong Province and the Hong Kong Economic and Trade Office in Guangdong, set up a one-stop CEPA service centre in Guangzhou to provide Hong Kong businesses with advice, co-ordination and support with respect to the vetting and approval of applications under CEPA in Guangdong Province.

Last year, only 1 billion or so worth of Hong Kong manufactured goods were exported to the Mainland under CEPA's zero-tariff arrangements, saving a mere RMB 60 million yuan or so. Compared with the export quota of Hong Kong products (year 2003: \$120 billion), this figure is very small. For this reason, the SAR Government should explore with the Central Government various possibilities in every aspect to enable more products to be included in CEPA's annual tariff exemption list and increase the frequency of application. The SAR Government should also strive to resolve the problems, such as the recruitment of required skilled workers, specific to some industries that will benefit from CEPA when expanding their production lines in Hong Kong. I hope, through the joint efforts of the SAR Government and the Central Government, the present-phase CEPA can be improved further to enable Hong Kong to enjoy the desired results of CEPA.

(THE PRESIDENT resumed the Chair)

The most important priority task facing us now is to begin injecting new momentum into our future economic development. First, although more than 70 000 Hong Kong manufacturers have set up factories on the Mainland, the policy address has failed to mention the support offered to these manufacturers. We have to understand that the successful development of Hong Kong's manufacturing sector on the Mainland — particularly the PRD Region — will have a direct bearing on one of Hong Kong's four pillar industries, producer services. This is because the services industries, representing 88% of Hong Kong's GDP, are providing services to the businesses set up on the Mainland by Hong Kong companies. In brief, the manufacturing firms set up by Hong Kong on the Mainland are the clients of Hong Kong services. I therefore hope the

Government can formulate effective industrial policies to further expand the scale of Hong Kong's manufacturing sector in the PRD Region to ensure the sustained growth of local services. The reason for the Federation of Hong Kong Industries to propose the SAR Government to give impetus to Guangdong Province to establish a state-level "super industrial park" in the PRD Region is to, by virtue of such high-end industrial facilities, retain high value-added, high-end industrial activities in the region. This will help prevent a massive relocation of industries to more remote places and other economic zones and retain quality clients for Hong Kong's services industries.

Second, we have to pay attention to the changes in our peripheral environment at every moment, know ourselves as well as our enemies, and prevent ourselves from being marginalized. If we can properly grasp the opportunities brought about by the Pan-PRD Regional Co-operation Framework Agreement, we will be able to open up a broad avenue for the future development of Hong Kong. On the contrary, we will have to pay an enormous price should we miss this golden opportunity. Therefore, the SAR Government has to intervene directly to collaborate with the business sector in grasping this opportunity.

Third, it is already an indisputable reality that we can maintain our edge only by developing high value-added economic activities. It is imperative for the SAR Government to fully review its policies in every aspect, including such policies on the tax regime, education, population, and so on, to remove any unnecessary obstacles. This will give Hong Kong more room for development in such high value-added areas as asset management, financial management and creative industries, as well as providing the young people of the next generation with more high value-added job opportunities.

I will elaborate the fourth point, concerning the green recovery industry, in the fifth session.

Madam President, social harmony has always been a matter of prime concern to the Liberal Party. We hope that problems can be resolved through communication between employers and employees. We also hope that the Government can further relax its grip on the commercial and industrial sector. The suggestion made by the policy address to streamline the regulatory systems of the two key industries represents the first step in the right direction. I hope Members can make concerted efforts to move towards the goal of "Working

Together or Economic Development". With these remarks, I support the original motion.

MR SIN CHUNG-KAI (in Cantonese): To start with, Madam President, I wish to say a few words on public-private partnership (PPP). I would also like to take this opportunity to respond to the speech delivered earlier by the Chief Secretary for Administration with reference to the Cyberport and the development of the Disneyland. In the wake of the financial turmoil in 1998, the Government proposed in its Budget of 1999 two major projects, namely the Cyberport and the Disneyland. According to the explanation given by either the Government or the Chief Secretary, both are PPP projects.

Precisely for this reason, the Government should consider why Members of this Council have criticized the Cyberport only instead of both projects. It is also evident that we do not completely rule out PPP. However, PPP should be transparent and its participation process be made public.

The Disneyland is unique: it is a brand and possesses a lot of property rights or trademarks. Before deciding to co-operate with Hong Kong, it did consider either Shanghai or Hong Kong. Obviously it has its own bargaining terms.

The Cyberport, a technological development project, had not gone through any consultation prior to March 1999. Nor could the Government explain why it had chosen to engage in negotiations with one single company only. After the publication of the project in the Budget of 1999, the Government cut the Gordian knot and, after several meetings, including those held with the Town Planning Board and the Advisory Council on the Environment, resolved all the problems and endorsed the project on 21 May. Despite his explanation that he had to race against time, the Chief Secretary failed to answer a core question. Actually, the public doubt about the Government's handling of the crux of the problem, namely collusion between business and the Government, was attributable to the Government's failure to put the project up for public tender.

Unlike what the Secretary for Commerce, Industry and Technology said today, my colleagues are not unwilling to give the Cyberport a chance. As a representative of the information technology (IT) sector, I felt extremely sorry at hearing this remark. My criticism of the Cyberport has always remained the

same: Why was there no open tender? After that, some incidents occurred, including the holding of more than 20 meetings (there were actually 10 meetings or so. According to my reckoning, there were less than 20 meetings). As Chairman of the Panel, I have chaired most of the meetings. We have been monitoring the progress of the Government. This Council has never ruled out or disagreed with the property developers' advocacy of separating the property part from the technological part, because we have never voted on the proposal of the developers. This point is beyond doubt. I think the Government owes us an explanation too. Of course, I will not make use of this opportunity to entangle myself with this issue. Actually, I have invited the Chief Secretary and the Secretary for Commerce, Industry and Technology to discuss this issue in this Council again next Wednesday.

The second issue I wish to talk about is fair competition. One of the criticisms lodged with respect to collusion between business and the Government is that the level playing field in Hong Kong has been deteriorating in the past couple of years. Perhaps it can also be said that many small and medium enterprises have the feeling that they are oppressed by major businessmen and consortia. Actually, the Government has taken the first step by conducting a study on the necessity of investigating oil companies. I think the Government should think twice in conducting its examination. We can see that places around the world and mainstream communities, be them advanced or developing countries, have all enacted fair competition laws or set up fair competition commissions. Secretary Stephen IP, the responsible official, is present here. He may take a look at most OEC countries in Europe. They have all enacted fair competition laws or set up fair competition commissions. Actually, the Government can take this opportunity and make clarification by this means if it is determined to show that there is no collusion between business and the Government. The people in Hong Kong certainly welcome this idea.

The third issue I wish to talk about is the Lantau development project, which is supported by the Democratic Party. We agree that this project may even speed up the progress of the construction projects, a matter of concern to Dr Raymond HO, and benefit the construction industry and construction workers. This project also involves the need to construct a second theme park. The Democratic Party welcomes the Government to, when the time is ripe, commence negotiations or discussions and consider inviting various consortia, Universal Studios, Mountain, or whatever, to participate in what may very possibly turn out to be a PPP. In our opinion, the Government only needs to

give an open and transparent explanation. It is also worthwhile for the Government to proceed with a second theme park.

The fourth issue I wish to talk about may also respond to the matters mentioned earlier by some colleagues of the Liberal Party and other colleagues. Over the past couple of years, and on different occasions, there were debates among us on whether Hong Kong should set up a boundary or river-loop industrial zone. This proposal might probably have been discussed for too long. Actually, I think it is inadvisable for this matter to be discussed for too long. Therefore, I wish to urge the responsible officials again to seriously discuss the mode of development or exchange views with the Shenzhen Provincial Government to determine whether co-operative or joint development companies should be set up and consider ways to develop the river loop, whether by way of setting up an industrial zone or commercial zone. Of course, the Democratic Party has always supported the Government considering developing the area into an industrial zone in the hope that some industries can take root in Hong Kong.

There have been relatively enthusiastic discussions on CEPA in the past two years. Yet my focus of discussion is more on how Hong Kong can enhance its economic vitality. My feeling is that CEPA has been used by mainland organizations, provinces and cities as a big banner to attract Hong Kong businesses. On the contrary, Hong Kong has yet to capitalize on CEPA to lure mainland enterprises to Hong Kong. Actually, one of the most important factors contributing to economic development is economic freedom. Hong Kong is a liberal society. It is not difficult for international companies, provided that they act according to Hong Kong laws, to take root in Hong Kong. Nevertheless, mainland organizations, whether state-owned or non-stated owned, continue to encounter some obstacles in entering Hong Kong. For these reasons, I think it is essential to, during the discussion on the next phase of CEPA, focus on ways to attract mainland companies to Hong Kong, for this is helpful to the development of Hong Kong and mainland companies. Hong Kong companies have, over a period of nearly two decades, accumulated certain experience in developing their business on the Mainland. In my opinion, what Hong Kong should do at this stage is to examine how it can enhance its attractiveness to the Mainland's commercial and business sectors, or even its financial sector, within the ambit of CEPA. Of course, many in the banking and insurance sectors have focused their discussions on ways to enter the Mainland to set up branches. On the contrary, I think it is essential for us to examine ways to help mainland organizations to come to Hong Kong.

Madam President, I would like to say a few words on intellectual property rights. Mrs Selina CHOW, and even Mr Jasper TSANG of the DAB, referred to the issue of Bit Torrent (BT) earlier. First of all, I have to make it clear here that both the Democratic Party and I support the recent high-profile arrest of the "king of frauds" by the Customs and Excise Department. Insofar as the existing legal basis is concerned, it is most preferable to prosecute the relevant persons under section 118(1)(f) of the Copyright Ordinance, because the same section can be invoked to him for distributing information. During our discussion, however, we came to the point, and so did the film industry, that it is uncertain whether there is a grey area in the law and whether it is necessary to amend it in order to tackle the matter.

My response is that prosecution should be instituted under section 118(1)(f), and I support this. However, if the Government fails, that is to say, if the Government loses the lawsuit or cannot provide sufficient justifications to institute prosecution — of course, this is hypothetical — it will take time to amend legislation, and this cannot be achieved within a short period of time. I have, on many previous public occasions, encouraged the film industry to exercise the power conferred on it by the Copyright Ordinance to file civil lawsuits. There are numerous such cases in overseas countries. For instance, the Recording Industry Association of America instituted 7 000 prosecutions in 2004. Moreover, the scale of these prosecutions was quite substantial. Nevertheless, I have the feeling that the Government and the Secretary once said that they would encourage the industry to set up a collective fund or take a collective action to press charges through civil proceedings.

In this connection, I wish to make a bold suggestion. This view of mine is merely provisional and preliminary. But still, I hope the Government can consider it. The Film Development Fund, though having been set up for quite some time, has not been used satisfactorily. In my opinion, it is most important to protect intellectual property rights in order to help the film industry, whether in Hong Kong or on the Mainland. The issue of how the industry should develop and promote creativity is its own business. As such, I would like to make a bold proposal. As the Government said that it would encourage the industry, can it allocate some seed money from the Film Development Fund to really encourage, or even induce, this so-called collective fund to institute civil proceedings, thereby combating online infringement acts? This is also permissible under our legal system. Only that there are not enough incentives for them. Therefore, the Government may consider helping the industry in

relation to this point. In doing so, it will not be necessary for the Government to spend a longer time amending legislation.

I would like to raise one more point, that even making a slight move of amending the existing Copyright Ordinance will affect the whole situation, as all stakeholders will come up with different interpretations when expressing their views in this Council. Moreover, the existing Copyright Ordinance has actually conferred on them the power to institute civil proceedings. In my opinion, the Government should rather consider providing assistance to the film industry. As pointed out by me repeatedly before, it is most important for the Government to, in assisting the industry, protect intellectual property rights and safeguard the interest of the industry.

Here I would express my views as a representative of the IT sector. Madam President, the IT sector greatly welcomes the Government's idea of developing creative and cultural industries. However, we have this worry: How can the Government tailor-make support measures for up to 11 such industries?

Years ago, when the Government was prepared to develop innovation and technology, a \$5-billion Innovation and Technology Fund was set up in order to demonstrate the determination and courage of the Government. In the opinion of the industry, the creative and cultural industries, as an extension of innovation and technology, similarly stress the quality of talents and creative ideas. After we have made up our mind to develop creative and cultural industries, the Government must provide comprehensive, visionary policies and support measures to the industries in order to assist those industries with economic potentials to develop rapidly.

I wish to express the expectation of the information sector on creative and cultural industries with respect to the development of software relevant to the IT sector as well as digital entertainment.

Both the industry and I have persistently emphasized to the Government that Hong Kong has performed quite well in software development. In particular, the Mainland is developing its software industry too. By virtue of Hong Kong's experience and ability in dealing and trading with overseas countries, we can definitely develop ourselves into a software hub for the

Mainland and overseas countries, provide high value-added services, and enable the entry of mainland software into overseas markets and overseas software into the mainland market.

In order to achieve this objective, we once proposed to the Government to allocate funding to set up an excellent software centre to provide software quality testing service, promote improvement in the flow of software development and the development of Hong Kong's software industry.

I hope the Administration can, in pursuance of the proposal of developing creative and cultural industries espoused in the policy address and taking account of the fact that the software industry is one of these industries, expedite the implementation of this proposal. However, it is not enough to look at Hong Kong alone in developing the software industry. The IT industry has, on numerous previous occasions, expressed the hope that the Government can consider or pay attention to the development of the IT policies on the Mainland and formulate complementary policies to enable us to explore the opportunities thus arisen.

Madam President, as Members are aware, the negotiations between the Hong Kong and mainland authorities on CEPA III will commence shortly. We hope the Government can, on behalf of the industry, put our case to the Mainland to strive for the enjoyment of zero-tariff treatment by Hong Kong software manufacturers and define the products and services provided by Hong Kong software manufacturers as the domestic goods and services referred to in The Government Procurement Law of the People's Republic of China. This will help the industries in both places to collaborate in developing outsourcing services on the one hand, and enable the industry to take part in the tenders for mainland government procurement items on the other.

As for the development of the digital entertainment sector, I hope the Government can look farther ahead. Support should be given not only to the digital entertainment sector, but also to the development of the broader-level digital content industry.

Over the past two years, the Government has made considerable efforts to promote the development of the digital entertainment industry, and the result has been quite satisfactory. We hope the Government can expeditiously formulate a phase II programme to assist the digital entertainment and digital content industries by, apart from nurturing newly established digital entertainment

companies and providing training to local talents, further assisting the industry in producing, distributing and marketing digital products in local and international markets. The programme should include giving consideration to, in the light of the need of the industries at their various stages of development, the setting up of an Innovation and Technology Fund to provide support to tie in with the Government's policy in setting up the Fund; actively promoting the local digital entertainment industry to international venture investment companies with expertise to attract them to come to Hong Kong for investment; considering the formulation of market development programmes to assist the digital content industry in collecting information on overseas markets and carrying out marketing tests, researches and other promotional work; and providing funding to the public sector to launch public information digitalization programmes, encourage creativity, manage and distribute digital public information so as to, apart from promoting the effectiveness of the operation of the public sector and strengthening the flow of public information, provide enormous business opportunities to the digital content industry.

Copyright protection plays an extremely role in promoting the digital content industry. I would like to urge the Government to, apart from strengthening law enforcement, consider promoting or establishing a digital asset management centre to provide support to copyright holders and the IT sector in jointly developing an effective digital right management mechanism, as well as assisting the industry in tackling the problems arising from digital copyright with a view to exploring a new digital content service market for the IT sector and copyright holders.

Madam President, actually, is it the case that there are no creative and cultural industries related to the IT sector other than the software and digital entertainment industries? The answer is definitely "no".

As I said earlier, creative and cultural industries emphasize the quality of talents and creative ideas, and so does the IT sector. Therefore, I hope that the Government can, despite having so-called identified the creative and cultural industries on which it will focus its promotional efforts, bear in mind that we can find in the community other high value-added industries which are, like the IT sector, promoting economic development.

Madam President, I hope the Government can pay more attention to financial services in taking forward various important tasks in future. In my

opinion, some tasks have lost their balance. Among other things, I do not entirely understand why the Government has, for no reason at all (this is actually not the case; there must be some background), decided to split the post of Chairman of the Securities and Futures Commission (SFC) into two. As mentioned by Secretary Frederick MA before, I think there must be some problems. Of course, the Government has twice discussed this matter with this Council here. However, I still cannot understand (my way of thinking might be very bureaucratic; it is indeed very much so) why changes have to be made when things are done not too bad at all. The present performance of the SFC Chairman is not at all bad. And yet the Government is determined to split the post into two. I can see no particular benefits after the split. By contrast, editorials have recently criticized the so-called corporate governance of the Exchange Fund, a point repeatedly raised by us over the past couple of years. Upon weighing, therefore, the level of corporate governance or so-called monitoring balance of the Exchange Fund compares far less favourably than that of the SFC. Ignoring public criticisms of The Link REIT, the Government has, on the contrary, turned its attention to the SFC which has a better impression on the public. This has inevitably given people an impression that some government policies are not entirely consistent.

Madam President, insofar as financial services are concerned, a more serious problem at present is what the Government can do to further strengthen the governance of the Hong Kong Monetary Authority to make it better governed than the SFC.

I so submit.

MS MIRIAM LAU (in Cantonese): Madam President, although the Chief Executive has not mentioned in his policy address this year the logistics industry at great lengths, when summing up the seven years of his administration, he pointed out that the principal reason for Hong Kong's emergence from the economic doldrums is that our unique advantages have produced results. In fact, at the time when the SARS epidemic raged, when Hong Kong faced a most trying time and business sagged, it was the logistics industry alone that out-performed the rest.

Thanks to the painstaking efforts made by the industry and the Government, the logistics industry has grown and prospered. A lot of initiatives have been taken and they are bearing fruit today. In the past few

years, for example, the Government has introduced new technologies to streamline the customs clearance formalities, increased the lanes of traffic at the control points and implemented 24-hour clearance, and so on. Now traffic condition at the control points is greatly improved compared to that of a few years ago. Recently, the new boundary bridge at Lok Ma Chau, the pedestrian passageway in Lo Wu and the new bridge in Sha Tau Kok have all been commissioned and they will greatly reduce the waiting time for cross-boundary vehicles and passengers. When the Hong Kong-Shenzhen Western Corridor is commissioned next year, the flow of cross-boundary traffic is expected to improve greatly and the present congestions will be eased.

In addition, the Digital Trade and Transportation Network (DTTN) System which is aimed at facilitating information and data exchange among logistics operators in the supply chain will be launched later this year. By that time, other e-logistics systems will also be in place, including the electronic service for cargo manifests (EMAN), the One Port e-platform for logistics information developed by the private sector, and so on. I hope these systems and platforms will articulate well with the DTTN System and hence yield the maximum economic benefits, truly streamline work procedures and cut costs, thus enhance efficiency and make the industry more competitive.

However, despite huge government input of resources into improving the hardware and software of the logistics industry, and despite the marked results so gained, the problem of exorbitant freight charges in the port of Hong Kong must be addressed. This is because costs for cargo going in and out of Hong Kong or re-exported to other places are still much higher than those charged by our neighbours. If the situation goes on, it is inevitable that cargo diversion will happen and the increased customs clearance capacity at the check points may be wasted.

I am aware that the Government is actively addressing this problem, especially with regard to cross-boundary road haulage costs and terminal handling charges. On 1 January this year the customs authorities in Beijing issued papers to relax the "four-up-four-down rule" and the "one-truck-one-driver rule" applicable to cross-boundary trucks. Now this measure is pending implementation by the Guangdong Provincial Government. It is good news for when these restrictions are lifted, the driver, truck, trailer and the container can be put freely in any combination and this should help enhance trucking efficiency and hence reduce costs indirectly. However, the advantages

to derive from this measure, such as allowing more trips to be made, will still have to depend on factors like the shipping arrangements made by cargo owners, the opening hours of the customs check points on the Mainland, the traffic situation at the boundary and the number of cross-boundary truck drivers available, and so on. That is why the Government should work more on these problems, some of which should be solved one by one. With respect to cutting trucking costs directly, the industry hopes that the mainland authorities can reduce the various charges levied on cross-boundary trucks from Hong Kong and solve the problem of licence fees. I hope some encouraging news can be released to the industry in the near future.

As the cross-boundary road haulage costs and terminal handling charges in Hong Kong are much higher than in our neighbouring ports, the volume of cargo handled at the Kwai Chung Container Terminals last year fell short of that handled in Shenzhen for the first time. The fact that Hong Kong could maintain its world number one position in container throughput was to a great extent attributed to cargo activities other than those carried out at the Kwai Chung terminals. Such activities include river trade, mid-stream operations, containers handled in the public cargo working areas, and so on. Therefore, before cross-boundary road haulage costs and terminal handling charges are lowered, there is a need for the Government to maintain diversity in the modes of freight shipment in order that Hong Kong can remain a logistics hub and stay competitive.

As service integration is the key to success in a modern logistics hub, the industry and the Government are both working in this direction. In the first half of 2005, the Government will commence a detailed feasibility study on the building of a Value-added Logistics Park on Lantau. It is planned that site formation and basic infrastructure projects will be completed in 2009 at the earliest. As it is more important at this stage to make the industry more competitive than increasing the cargo handling capacity, so the building of a cost-effective Value-added Logistics Park may be a more pressing task than building a new container terminal. I hope the Government can focus its efforts on expediting the planning of the Logistics Park so that Hong Kong can have a place to develop logistics services which are different from those offered by other cities in Asia. This will retain the existing edge of the logistics industry in Hong Kong.

Madam President, with the implementation of CEPA, the integration of Hong Kong with the Mainland has speeded up and intensified. In the next

couple of years, large-scale tourist projects like the Disneyland will be completed. Therefore, there is a need for the Hong Kong Government to speed up the cross-boundary infrastructure projects such as the bridge linking Hong Kong, Macao and Zhuhai and the regional express rail linking Hong Kong and Guangzhou. Details of these projects should be finalized as soon as possible to facilitate passenger and cargo flows between Hong Kong and the Mainland. However, the construction of cross-boundary transport infrastructure will certainly add to the domestic traffic flow in Hong Kong. When this consideration is made against the demand caused by growth of the local economy, adjustments must be made to the domestic transport infrastructure of Hong Kong, such as maintaining a smooth traffic flow in the roads joining the boundary areas and the major trunks in the territory. This will ensure a seamless flow of goods and passengers in Hong Kong.

Madam President, before I discuss another issue, I would like to talk about diesel duty. Now the Government is only addressing the problem of high road haulage costs in cross-boundary transport and some measures aiming at solving or easing such problems have been formulated. But the Government just dodges the issue of high road haulage costs in the territory or pretends that it does not exist. Actually, even if the "four-up-four-down rule" and the "one-truck-one-driver rule" for cross-boundary trucks are relaxed, it will only benefit about 20 000 trucks which travel between Hong Kong and the Mainland and which fill up their tanks in Hong Kong. For the remaining some 100 000 diesel vehicles, they will not get any benefit from this. But we must bear in mind that most diesel vehicles in Hong Kong are operated to provide support to the local and cross-boundary logistics industry or other industries and economic activities. These diesel vehicles assume a supporting role and so when the operating costs of these diesel vehicles rise, it would only add to the costs of doing business in Hong Kong. According to what the front-line drivers have been telling me all the time, their income is even less than that of 10 years ago. They are affected by a shortage of work and a reduction in income. Their income is not much better than CSSA recipients. Despite repeated calls to aid the poor, the Government is in fact perpetuating poverty unknowingly. So I hope the Government can really study into the possibility of remitting diesel duty. This will help lower the operating costs of the transport industry and also exempt front-line drivers from paying high diesel duty at a time when they are barely making ends meet or not making any money at all.

Madam President, while trying to revive the economy, the Government must balance developments in different areas, for if not, the Government is unknowingly creating poverty. The drivers of trucks and diesel vehicles whom I have referred to earlier may be made even poorer because of government policies. On the domestic transport front, with the commissioning of the MTR Tseung Kwan O extension, the West Rail and the Ma On Shan Spur Line, the economy of these districts or even that of the entire territory should be given a boost, but it is the business of taxis, minibuses, non-franchised buses and franchised buses in these districts that are severely battered as a result. The Government has acted in blatant disregard of the people's living and at a time when population growth is lower than forecasted, refused to fine-tune its projections, cared nothing about the survival of the existing public transport operators and just striven to develop a rail-based transport system. Thus it is only making more drivers lose their jobs. If proper planning can be undertaken to boost the development of the districts such as in their residential, commercial and tourist areas, then the new transport facilities can bring the greatest economic benefits to these districts concerned and even to the whole of Hong Kong. This will also enable all public transport operators, be they old or new in the business, to run their business well and offer the best services to the public. In this way, transport will make the greatest contribution to the economy.

Madam President, the Government should gain the experience and learn the lessons from all of the above issues and it is my hope and wish that these will not be empty talks, but that genuine efforts are made to gain the experience and learn the lessons with a view to injecting vigour and vitality into our economy.

Madam President, I so submit.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, thank you for giving me permission to sing part of a song here. Although I am not good at singing, the lyrics of the chorus of this song match perfectly with my speech today. This very popular song, "Love You With All My Heart" (等你等到我心痛), was sung by Jacky CHEUNG more than a decade ago. I shall begin now:

Waiting for you, waiting for you, waiting for you,
Waiting for you all my life,
I really have no wish to give up.

Madam President, after waiting for more than seven years, I really have no wish to give up.

During the seven years and a half when the SAR Government spent sitting in a corner waiting for luck to come, the unemployment rate once climbed to 8.7% (it is now 6.5%), and social grievances ran high in the community. Today, although the economy has seen a turnaround, the number of the unemployed still reaches up to 227 000. Hong Kong people, male or female, young or old, well-educated or poorly-educated, have no idea what tomorrow holds. They have waited so long that they are disappointed and disheartened.

Madam President, Hong Kong has been named for the 11th consecutive year the freest economy. A colleague joked that Hong Kong had become the most "daft" economy for 11 years in a row — Madam President, does it matter? Because I will go on using this term.

In what aspects was Hong Kong "daft"? Hong Kong was "daft" because of its reluctance to take any actions at all over the years. None of our neighbours, whose governments have been taking economic planning very seriously, would sit in a corner waiting for luck to come. Various provinces and cities in the PRD have a clear direction in terms of hardware such as piers, highways, industrial sites, and so on. As regards software such as manpower, scientific research, and so on, proper complementary measures are in place to create a proper competitive environment to facilitate economic development and create job opportunities.

Over the past seven years or so, the SAR Government has, on the contrary, failed to come up with any economic policies, for short-term or long-term development, despite its vow to maintain a free market and economy. That we are like competing in an arena contest reminds me of a scene in a well-known television series — with the SAR Government tying up its own hands and feet, our neighbouring regions and countries hit us at our strengths and weaknesses and gradually caught up with us. Madam President, I am not exaggerating. Hong Kong's film industry, once second to none in Southeast Asia, has produced many internationally-famed movie stars. Although Mr TUNG referred to such things as culture and creativity in this policy address, and they do have their points, our film industry today can be compared to a pool of stagnant water. Years ago, on the contrary, Japanese TV dramas were immensely popular. Nowadays, Korean TV dramas have taken their place. After years of human

resource training and formulation of complementary policies, South Korea has seen its movies and television industry surpassing Hong Kong in terms of both economic viability and popularity. An excellent Korean TV drama is now shown on the television every evening, from 10.00 pm to 11.00 pm. I cannot help asking myself this question: What is happening to Hong Kong?

The community is not sitting idly and waiting for economic development and improvement in unemployment. The Hong Kong Federation of Trade Unions (FTU) has, on past occasions, raised a number of proposals on economic development and alleviating unemployment. It is a great pity that none of them was taken seriously by the SAR Government and put into implementation. For instance, it was nearly seven or eight years ago, or even back to the era of the British Hong Kong Government, that the proposal of developing diversified economy and promoting an industrial policy was raised. Had the Government determined to act, would there be any high, sophisticated, advanced industry Hong Kong could not develop? The Government must therefore reflect on this matter.

In late '90s, the FTU even staged a march in support of its proposal to assist the waste recycling and recovery industries. Although the Government has acceded to our request, we can still not see a set of policies formulated for the purpose of developing waste recycling and recovery. Meanwhile, the Recovery Park is still not completed. Two days ago, Mr WONG Kwok-hing and I joined a group of practitioners in the recovery industry to request the Government to resolve their berthing problem because the term of years had been reduced from three to two, and then to one year and a half. What policy is it?

Madam President, I handed a submission on local community culture and economy to the Chief Executive in 2002. The then Financial Secretary, Mr Antony LEUNG, deleted the word "culture" and came up with a new expression "local community economy". It did not matter to us, for the proposal could still be implemented. However, except for the Wong Tai Sin Dragon Market and the "goldsmith street" in Tsuen Wan, none of the projects has, ever since the days of Antony LEUNG, delivered remarkable results. I wish to point out that Mr TUNG should not take credit for the Sham Shui Po computer shopping centre to which he referred. It is actually the fruit of other people. Owing to cheap rent, some computer shops gathered there and thus a computer centre gradually came into being. The mention of the local community economy again in this year's policy address has stirred up a lot of feelings in us. Moreover, it talked

about the old site of our familiar Wong Tai Sin Dragon Market — the Government intends to organize a bazaar there. Without proper support measures and policies, tackling inactive economic activities by way of another economic sector might end up being mere empty talk.

Madam President, the creative industries were started several years ago. This year, the Government has come up with an idea of designating old industrial buildings as creative industrial zones. The idea of developing creative industries was once raised by the FTU — when the British Labour Party came into power in 1997, it set down the goal of developing creative industries and has since been making good progress. We were thrilled when this idea was raised in the last term of the Legislative Council. However, there has been no further news about this matter, as if nothing has happened at all. In this term, the Government has devoted more attention to this topic and raised the new idea of "culture and creativity". As this item has been discussed before, why does it still need to be examined further? The Government had better do something. There are many creative people in the cultural sector who have lots of ideas. We are seriously concerned that, even if we are being told the Government will further examine the matter, we do not know how many more years it will take. Moreover, nothing might be accomplished eventually.

It has been seven and a half years since the reunification of the SAR. We were supposed to be very pleased for managing to realize our goal of reuniting with our Motherland and having Hong Kong people ruling Hong Kong. We did have some ambitions too. Being our own masters, Hong Kong people were originally able to conduct long-term planning for the problems confronting Hong Kong and reverse the short-term mentality and so-called non-intervention policy of the previous British Hong Kong Government. Although we have no doubt that the Chief Executive has the intention to revive Hong Kong, it is a pity that he has not got himself a team to accomplish the task. Neither has he the vision nor courage to implement his plans. Although we have once raised the idea of setting up a Chinese medicine centre, a fashion centre, and so on, and made some efforts to this end, we have not heard any further news about our proposals after they were cold shoulders everywhere.

Madam President, I dare say we have wasted seven and a half years. With two and a half years to go, our government will be replaced by a new one headed by the third-term Chief Executive. In the next two and a half years, should we keep sitting and waiting in the corner? Should all of us wait

for lady luck to smile on us? Or should we march forward seriously to do some foundation work for the third-term SAR Government?

MR JAMES TIEN (in Cantonese): Madam President, in this session we will deal with the subject of reviving the economy, and helping business.

Madam President, judging from the present situation, all countries, whatever doctrine they are practising, attach great importance to economic development, mostly in the mode of small government with big market. The role of the government is to formulate policies to enable business sector to give play to its strengths in a level playing field. This is actually one of the strengths possessed by Hong Kong too.

Before 1997, Hong Kong as a colony was ahead of all other Chinese cities. The government at that time was highly efficient and transparent. Of course, from the electoral angle, Hong Kong was less democratic than it is now. Since the reunification, in the course of democratic elections, there has been more public participation from the angle of "one person, one vote". However, from the angle of the business sector, I see that the business environment compares less favourably than before in many circumstances. I think it is imperative for the Government to evaluate the views of the community in this aspect.

Does helping business necessarily involve transfer of benefits? Will helping business eventually turn into collusion between business and the Government? I consider such a sweeping comment inappropriate. Instead, a balanced approach of looking at both sides should be adopted. Therefore, the Liberal Party proposes that the Economic and Employment Council, chaired by the Financial Secretary, should pay attention to both the construction and retail industries and, in terms of business facilitation, remove as soon as possible unnecessary restrictions to improve the operation of the two industries.

This subject is directly related to a subject of discussion later on — helping the poor. Enhancing the efficiency of business to enable it to clinch business deals more quickly with less money can definitely help create more job opportunities, thereby enabling the jobless to secure jobs expeditiously. The Government does not necessarily have to offer more benefits for the purpose of helping the poor. On the contrary, should the government policies fail to act quickly and appropriately in relaxing restrictions, many industries will have to

waste a lot of time before business deals can be secured, and business opportunities will disappear at any time. A failure to win business deals will in turn result in less job opportunities.

The Liberal Party therefore holds the view that the Government should act boldly in helping business. According to the present timetable, the Government is hoping to examine how to relax its restrictions on the construction and retail industries in 2005 before looking into ways to deal with other industries. Insofar as this major topic is concerned, the Liberal Party is of the view that it is not necessary for the Government to wait for these two reports before handling the issue of relaxing the restrictions on other trades and industries.

The second point the Liberal Party wishes to raise is about this Council. The Legislative Council is required to pass numerous laws every year. The Liberal Party considers it essential for these laws to be enacted to tackle the problems arising from the new business environment, new technologies, and new industries. However, in the course of finding the right balance, we hope the Government can also review old ones whenever new legislation is introduced. In the opinion of the business sector, as tens of new laws are passed every year, the accumulation of these laws over the years has given rise to more business barriers. Business operators have found it even more difficult to win a business deal in Hong Kong than on the Mainland. The fact that it is much faster to get things done on the Mainland than in Hong Kong is not conducive to our business environment. While it is essential to add new laws to keep pace with the times, it does not mean that it is not necessary to repeal or reorganize old laws after the introduction of new ones. In this respect, adequate efforts on the part of the Government are called for.

Actually, not only we, Members of the business sector, look at this issue in this manner. We have noticed that the Government is sometimes handicapped in trying to do what it intends to do. For instance, the Government, intending to construct a logistics park as part of its Lantau programme, has to assign government departments to study and review the project. However, it will take at least five or six years to consult this and examine that before the project can be materialized. How can other countries or other places on the Mainland intent on building a logistics park afford such a long time to make preparations? Let me cite the logistics park as an example. Now that the business sector has yet to make any input, the Government itself

will have to spend five or six years. Should this practice remain unchanged, Hong Kong will definitely suffer in the long run.

As regards other views on helping business, Members have reflected the views of other voters, such as minimum wage, maximum working hours, a fair competition law, helping the poor, and so on. It is generally felt by the Liberal Party that, as long as the economy and businesses are faring well, when all employers are scrambling to recruit staff and the latter have the chance of securing a higher post, then all the problems, including the 14 sins listed by Mr WONG Kwok-hing earlier, can be resolved. Provided that the employees have better job openings, all these problems can be resolved sooner or later.

With respect to the situation of other areas of concern in the community, the Liberal Party therefore maintains the view that an improving business environment is not only good for the business sector, small and medium enterprises, and the entire community, the disadvantaged groups in Hong Kong will benefit the most from it as well. Thank you, Madam President.

MR FRED LI (in Cantonese): Madam President, as this is a motion debate, I wish to respond to some of the views expressed by Honourable colleagues. Miss CHAN Yuen-han referred to the Korean TV drama "Dae Jang Geum" just now. Actually, she has not paid attention to the fact that "War and Beauty", a Hong Kong production, was hugely popular and scored very high audience ratings. Therefore, do not belittle the drama series produced by Hong Kong people. We are very creative too.

Apart from this, it really surprised me that Mr WONG Ting-kwong could have responded so strongly in this session. He is not present at the moment. On behalf of the DAB, he accused the democrats earlier in the meeting of being "political conmen" for knowing how to spend, but not knowing how to make money for the Government. Then he went on drawing an analogy with the catastrophe caused by the South Asian tsunami. This was the first time I heard such exaggerated rhetoric. How can we, as democrats, possibly trigger a natural disaster of such a scale? In my opinion, he should speak in a more reasonable manner. Had Mr WONG read the title of Mr TUNG's policy address, that is, "Working Together for Social Harmony", what does he think the situation will be like should he keep on acting provocatively and inciting

others to quarrel with him? I think we all should do some soul-searching too. I have originally intended not to respond, but I found his speech displeasing. I have therefore decided to respond briefly.

I suppose Mr WONG does not have an entirely clear idea of the role of Members of this Council. He intends to make money for the Government, probably because he is a new comer and he personally is engaged in the import and export trade. I really find it necessary to sort out the role of Members of this Council. He is somewhat different from us, directly elected Members, probably because he comes from the functional constituency. After all, directly elected Members are returned by the people through "one person, one vote" elections. I have always felt that I am a representative of the voices of many people, mostly the grassroots. As my constituency is Kowloon East, I am representing even more grassroots. I do not see my responsibility as making money for the Government. This is definitely not my responsibility. Instead, I have the responsibility of monitoring the Government to determine whether it has done anything wrong. Should the Government waste lots of money every year, it will not work however hard Members try to generate more income for the Government, right? Let me cite an example to illustrate my point. It is useless if the defenders perform badly, even if the strikers have scored numerous goals. We consider the Public Accounts Committee of this Council and the Audit Commission so very important simply because we do not want to waste public money. Why do we take the Cyberport project so seriously? This is because the Cyberport will probably bring the Government more income. The development of the West Kowloon Cultural District is even more helpful to boosting the public coffers. This explains why we are extremely concerned too. Our role is not to make money for the Government. It is most important for us to maintain a fair and honest system.

I have deliberately decided not to say anything about the economy in this session, because I believe Financial Secretary Henry TANG definitely knows what I am going to say. Moreover, Mr SIN Chung-kai has covered almost everything about fair competition. As it has been proposed by Mr TUNG, Members will examine the oil industry. Secretary Stephen IP will also find some experts to help us examine the industry. As Mrs Selina CHOW will soon initiate a motion debate on this subject, I will not join the debate again until that session.

I only wish to raise two points for discussion. First, I notice that Secretary Stephen IP is present here. You should have heard me say that the year 2008 offers a good opportunity. Apart from the need to begin a new round of negotiation on the Scheme of Control Agreement with the two electricity suppliers, it is also essential to look at the entire energy market in a macroscopic manner, given that electricity is part of the energy market. And then there is oil. Perhaps we should examine whether there is monopolization by oil companies. The gas company, basically operating in a voluntarily regulatory and self-perfecting manner, has always maintained an amicable agreement with the Government, thanks to its competent Chief Executive Officer who performs the task well and who is prepared for honest discussion. Relying entirely on human performance, the Government basically lacks a set of effective rules. The gas company is at present occupying an increasingly large share of the energy market. In particular, its share of the domestic gas market has reached up to 70%. But why is there a complete lack of supervision? As it is essential for the Government to look at the suppliers of these three forms of energy, namely the two electricity suppliers, as well as the oil and gas suppliers, we in the Democratic Party have proposed to establish an Energy Management Commission as the watchdog.

Another point I wish to raise concerns the consumers, an issue I think Secretary Stephen IP should examine too. I actually started talking about this issue a long time ago, though some colleagues might probably have no idea that I have discussed this issue with some Members of the Liberal Party. For instance, many cosmetics products are not required to state their place of production and expiry date (but there are expiry dates for food products). No labelling is needed because it is not required by law. Needless for me to mention ingredients, for description is also not required. My simplest request is that such information be listed. The Government has indeed performed very poorly in protecting the right of consumers to information. In my opinion, Secretary Stephen IP has to make more efforts in consumer protection. Although the Secretary has under him numerous areas such as tourism, piers, energy, and many others, the protection of consumers is, nonetheless, within his jurisdiction. Although this policy area is already spread among different bureaux, the Secretary should still take the lead in tackling this matter. He has, on the contrary, overlooked this. I hope he will bring the matter up for review.

The Consumer Council Ordinance has not been reviewed for years. Up till now, the Consumer Council still cannot effect deterrence, as it is not given

the statutory power of investigation — it can only publish the names of unscrupulous shops. However, these shops can change companies or names at any time. Therefore, the effect of publishing the names of shops will also diminish. In my opinion, it is essential for the Government to review the Ordinance to determine whether it is necessary to enhance the powers of the Consumer Council in such areas as obtaining information and conducting investigations, and examine if the Consumer Council should be empowered with these functions.

Madam President, the fair competition policy will be discussed later on. I am speaking on behalf of the Democratic Party in this session. I so submit.

MR JEFFREY LAM (in Cantonese): Madam President, reviving the economy is one of the highlights of this year's policy address. While the effect of CEPA, implemented more than a year ago, in promoting the local economy is evident, I hope the Government can respond to new developments whenever necessary, streamline the procedures for Hong Kong manufacturers to return to the territory to set up factories, prevent the vetting and approval period from dragging too long and the businessmen, who should originally be the first ones to grasp the opportunities, from missing the golden opportunities in the end.

Let me cite such festive food as mooncakes as an example to illustrate my point. Hong Kong food products have always been known for their hygiene, safety and quality. However, should manufacturers wish to move their production lines back to Hong Kong, they would have to bear with the relatively slow vetting and approval procedures. Once the annual festival is over, it will take a full year before mooncakes can be sold again. Fortunately, mooncake merchants in Hong Kong will not use used lotus seed fillings; hence, we have absolute confidence in our hygiene standard. Although we understand that the Government has set up an interdepartmental unit to co-ordinate various parities as far as possible, I still hope that the authorities can speed up the vetting and approval procedures. Only in doing so can the businessmen enjoy more convenience and better business opportunities be created.

In addition, under the current CEPA mechanism, the Trade and Industry Department (TID) accepts applications lodged by Hong Kong businesses for including their products into CEPA's zero-tariff arrangements on an annual basis. However, not every business can necessarily take advantage of this

golden opportunity and act speedily to cope with the changes in the market, simply because this golden opportunity, for lodging applications, is opened only once a year. I was told by some manufacturers that the whole process, from applying to the TID to have their products included to getting the approval, might take one year. Many trendy products on the market might have already become outdated after a year. Moreover, the market might have undergone fundamental changes — the enthusiasm of consumers will greatly diminish.

As this golden opportunity will vanish in a blink of an eye, and in order to prevent businessmen from watching this opportunity slip away helplessly, I very much hope that the Government and the Central Government can consider increasing the frequency of accepting applications for inclusion into CEPA from once a year to once every quarter. With more golden opportunities, Hong Kong businesses can then respond instantly in the light of the demand of the mainland market.

The Government should understand that attracting Hong Kong businesses to return to Hong Kong and set up companies or factories here can create more job opportunities and serve the dual purposes of absorbing low-skilled labour and resolving the unemployment problem confronting the young people, and giving impetus to the value-added and services markets. The Government is consulting the industry on the contents of CEPA III, and will discuss with the relevant departments of the Central Government afterwards. I very much hope that the Government can identify its inadequacies, reduce outdated and unnecessary regulation, streamline complicated procedures, and examine ways to relax restrictions by pinpointing the special features of different trades and industries and put proposals into implementation expeditiously, so as to enable businessmen to fully grasp the opportunities that benefit them most.

The policy address has also mentioned the need to attract talents from around the world to enable Hong Kong to become a fortune land to pool talents. Some people have raised objection to the Scheme for the Entry of Mainland Professionals for fear that the mainland professionals will possibly rob Hong Kong people of their "rice bowls". However, I wish to point out that Hong Kong as a world city practises free economy and is an ideal place for talents from around the world to establish their business and realize their dreams. We must not restrict the entry of talents into Hong Kong because an elite from elsewhere will better inspire us, as well as creating more job opportunities. Attracting talents from around the world is a time-honoured practice. Who would dislike

the idea of having elites by their sides? It is most important for stringent policies to be put in place so that everyone can secure a job.

Another key point is to maintain good air quality for the purpose of retaining and attracting businessmen to invest in Hong Kong. In a questionnaire survey on business outlook published by the Hong Kong General Chamber of Commerce, more than 81% of the respondents, 13% more compared to the survey conducted in the previous year, indicated dissatisfaction with the territory's environment and air pollution. Further worsening of air quality will not only affect the desire of overseas businessmen to invest in Hong Kong, but also prompt them to relocate their investment to the Pearl River Delta, and then to other mainland cities for further development. This is not beneficial to all of us. Nor is it what we would like to see.

I really very much hope that the Government can speed up its pace of resolving the air pollution problem and work closely with the Guangdong Provincial Government in jointly implementing various pollution control programmes and inspiring confidence in investors with practical actions. In doing so, the Pearl of the Orient will shine brightly instead of looking hazily.

Madam President, I so submit.

MS LI FUNG-YING (in Cantonese): Madam President, the policy address delivered by the Chief Executive this year is entitled "Working Together for Economic Development and Social Harmony". If we are to pursue economic development in order to build a harmonious society, the first question I have to ask with respect to the policy address is: What kind of an economy should we develop before we can build a harmonious society? According to the policy address, the prime consideration of our governance is to promote employment. This is stated in the section on "Vibrant Economy" in the policy agenda: "The Government will play a limited but proactive role in the economy, focusing on maintaining a market-oriented and business-friendly environment". How can a market-oriented economic policy with a limited government role become a policy with promoting employment as its prime consideration? I hope the relevant Secretary can explain clearly in his response.

Here I must point out that a policy for promoting economic growth should not be equated with one with promoting employment as its prime consideration.

How can we evaluate whether the prime consideration of administration by the SAR Government is to promote employment? In the policy address, the Chief Executive pointed out by quoting a manpower projection study conducted in 2003 that, by 2007, there would be a possible excess of 230 000 workers with relatively low level of educational attainment. If the prime consideration of governance is to promote employment, then the first target of governance should be to promote a policy of employing people with relatively low educational attainment. In the policy agenda, however, the Government has planned to trim the civil service establishment to approximately 160 000 posts, merge the two railway corporations, simplify and rationalize the teaching grade structure of public sector schools, and so on. Is promoting employment the prime consideration of all these initiatives, or are the latter running in the opposite direction of promoting employment? I also hope that the Secretary can respond to this question.

The Chief Executive has announced in the policy address a list of results of reviving the economy. They include: exports of goods grew 15% in real terms during the first 11 months; exports of services increased by nearly 17% in the first quarter; private consumption expenditure registered a 7.4% hike during the first three quarters; and investment in machinery and equipment rose by 18% in real terms in the first three quarters. While reading out these impressive data, however, the Chief Executive failed to announce another set of data provided by the Census and Statistics Department. They include: the average wage rate of employees dropped 2.5% in real terms last September, compared to the corresponding period in 2003; and according to a survey published last month on the working hours of employees, 53.8% of the employees worked more than eight hours a day, and up to 14.3% more than 10 hours. If the Chief Executive is really determined to work together for economic development and social harmony, the policy address should not have reported only the good news but not the bad — dwelling merely on the new heights reached in economic data as well as ways to consolidate these results to continue moving forward without mentioning the heavy price paid by the working class for these results and the fact that they are in urgent need of improving their financial condition and working environment.

Given the rapid transformation of Hong Kong economy, all salary earners in the territory are challenged by the changes in the environment of the labour market. Has the Government adjusted its policies in the light of the improving environment? No. Despite the desperate calls by the labour sector, the Government is still acting indifferently. Under the new economic environment

where economic growth has failed to effectively give impetus to employment growth, the argument maintained by the Chief Executive in the policy address that a thriving economy can ultimately benefit wage earners, not even considered to be correct in the past, has become completely invalid today.

Here I can only reiterate what I have always advocated. As if we have to walk with both legs, it is essential to resolve the unemployment problem by, first, creating job opportunities and, second, formulating an unemployment assistance mechanism. I support the Government's direction of creating job opportunities and assisting in Hong Kong's sustainable development by preserving old districts and assisting in the development of green industries with concessionary policies. However, merely building a recovery park is still a far cry from developing green industries. We still need a series of complementary software, such as refuse separation, material collection, and even a systematic development of the refuse collection points that are now scattered around in old districts. The policy address has also mentioned combating illegal workers with strict law enforcement. I have to point out that the most effective way to clamp down on illegal workers is to combat the syndicates making arrangements or these illegal workers and employers recruiting these illegal workers. This cannot be achieved by inspecting selected workplaces alone.

The policy address has also vigorously encouraged both job seekers and employees to upgrade themselves through learning. While I agree to this direction, I think pure encouragement is nothing more than lip-service. If the labour market is unable to create an environment conducive to continued learning, everything said is just empty talk. The labour sector's call for maximum working hours and minimum wage and the appeal of the Federation of Hong Kong and Kowloon Labour Unions, to which I belong, to the Government to introduce paid education leave have all sought to create favourable conditions to enable employees to pursue continued learning. However, the Government is still reluctant to make its position clear. For instance, it has passed the "buck" in respect of maximum working hours and minimum wage to the LAB and sought to settle the matter by promising further studies.

The policy address has also raised the point that our economic growth has been achieved by the fact that enterprises have improved cost-effectiveness and enhanced competitiveness, and our economic structure has persistently developed high value-added services. In addition, it has mentioned the point that Pan-PRD co-operation has opened up long-term prospects for Hong Kong.

However, the policy address has failed to point out the profound impact of these enhancement measures and these long-term prospects on the labour market. One of the key initiatives for enterprises to improve cost-effectiveness is to tighten labour cost, to replace permanent posts with hourly-rate, short-term contract and temporary posts, and to achieve effectiveness by long working hours and low wages. The integration between Hong Kong and the PRD has implied that a considerable number of salary earners in Hong Kong have to travel to our neighbouring regions to work. Given these new developments, the existing labour legislation can no longer protect the minimum interests of employees. I have spoken on many occasions in this Council calling on the Government to fully review our labour laws to better protect the employees in the new economic environment. It is a pity that the Government has not yet given us a substantive response.

Madam President, "Working Together for Economic Development and Social Harmony" should be more than a slogan and window-dressing remarks. Without concrete actions, substantive commitment and the determination to put proposals into practice, the Chief Executive, however hard he tries to make another attempt to identify inadequacies and emphasize "people-oriented" governance, can do nothing to alter Hong Kong's situation in which there are social injustices, social division and boiling public grievances.

Thank you, Madam President.

MR HOWARD YOUNG (in Cantonese): Madam President, the Chief Executive, Mr TUNG Chee-hwa, has delivered his eighth policy address, entitled "Working Together for Economic Development and Social Harmony", which seeks to revive the economy, create job opportunities, and resolve prevailing problems of grave concern to the community, such as unemployment, poverty, and so on. Compared with his previous policy addresses, little about tourism is mentioned in this policy address, probably due to its length. It differs from the previous ones in the sense that new proposals appear to be absent. Nevertheless, this is expected, for the Government has come up invariably — I will discuss this issue later — with new proposals for the tourism industry in the past. I have expected the Government to act in the same way every year. Perhaps I have really expected too much. Therefore, my overall appraisal of this policy address is: pragmatic but without surprises. I hope the Chief Executive can, during his remaining term, really achieve "people-based"

governance, get close to public sentiment, promote social harmony and stability, and foster a business-friendly environment.

Despite the Chief Executive's frank admission of his past mistakes in governance and the comments given by many Members on the policy address today and yesterday, we cannot, in all fairness, deny that the SAR Government has since the reunification affirmed the role played by tourism in promoting Hong Kong economy. It is beyond doubt that the Government has taken tourism seriously. The establishment of the Tourism Commission in 1999 to take charge of Hong Kong's tourism affairs has strengthened communication between the industry and the Government, as well as enhancing co-ordination within the Government itself. Compared with the non-intervention policy adopted by the former British-Hong Kong Government, this already represents a major improvement. At least we in the industry admit this should be given objective recognition.

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

Since the Asian financial turmoil, the tourism industry has experienced unprecedented depressions. During the outbreak of SARS, inbound and outbound tourism almost came to a standstill. Thanks to the industry, which has given play to the Hong Kong spirit mentioned by the Chief Executive earlier, as well as its determination to achieve continuous self-improvement, resourcefulness, flexibility in coping with changes, and its spirit of never admitting failure, Hong Kong economy has finally, in 2004, fared better than expected. Inbound tourist arrivals reached 218 million passenger trips, breaking past records and having increased sharply by 40% over the previous year. Owing to the improving economy and the public's optimism about the future, the number of outbound passengers also increased remarkably. It is expected that, upon the commissioning of the Hong Kong Disneyland (the Disneyland), costing the Government \$14 billion, Hong Kong will be ushered into a tourism development period. Tourist arrivals are expected to gradually and steadily pick up and set new records. With respect to the Disneyland I just mentioned, I heard someone commenting on the radio today that the Disneyland was built under "single-tender" arrangement, and yet this project has proved to be hugely popular. Therefore, Members should not forget this point.

However, we must not stand still because of this. The rapid developments of our neighbours, unexpected changes, such as the natural disaster recently occurred in South Asia, will have a definite impact on our vulnerable tourism industry. For this reason, our future tasks should include, in addition to consolidating the existing momentum, constantly equipping ourselves, upgrading our competitive edge, and further reinforcing Hong Kong's position as Asia's tourism centre. I agree with the authorities that we should fully capitalize on the uniqueness of various districts, and even renovate and repackage some old districts for the purpose of developing more unique sightseeing spots. Next, the Government should expedite the construction of other tourism facilities that have been discussed for a long time. Examples are the cruise terminal (a development in the Southern District, previously called fishermen's pier; one such pier is near completion in Macao), complexes of integrated entertainment, and even casinos, one of our proposals but considered controversial by many. Furthermore, we should consider the necessity of building the second-phase theme park following the Disneyland and provide diversified entertainment facilities to ensure the sustainable development of tourism. I particularly wish to mention the proposed construction of a casino. The Liberal Party feels disappointed that the Chief Executive has failed to respond to this proposal. I am positive that the construction of a casino will benefit both the economy and the labour market, as well as providing jobs for many low-skilled workers. Singapore is now campaigning for the construction of a casino, and the tendering procedure is reported to be commencing soon. Let us look at Macao's rapid economic growth since its liberalization of gambling — one cannot even get a taxi at weekends. I have already mentioned Singapore's positive attitude towards the construction of a casino. Members should understand that we hope the Government can proactively consider the proposal of constructing a casino to complement the development of tourism in Lantau. The starting point of the Liberal Party of building the casino is slightly different as we emphasize that the casino shall be opened mainly to tourists. The grounds of objection held by certain religious people and educators are therefore irrelevant. We have not proposed to open the casino to local people.

Last year, tourist arrivals continued to grow, with the demand of hotel rooms outstripping the supply, particularly during peak seasons. It is anticipated that the Disneyland, after its commissioning, will bring Hong Kong an additional 1.5 million to 2 million tourists. World organizations of tourism have projected that, following the development of tourism on the Mainland and around the world, tourist arrivals in Hong Kong will reach 35 million passenger

trips in 2010. Although 36 new hotels will be completed one after another from now until 2008, I hope the Government can constantly evaluate the market's demand and supply situation. When necessary, the Government may boost the supply of hotel sites to meet the demand.

Since the signing of CEPA with the Mainland and the liberalization of the Individual Visit Scheme, there has been a sharp increase in tourist arrivals. Of the 20 million tourist arrivals published by the Hong Kong Tourism Board (HKTB), nearly 60% were mainland tourists. After the opening of the Disneyland, mainlanders will still be our main source of tourists, and the ratio between mainland tourists and the total tourist arrivals will continue to expand too. At the same time, it is anticipated that the flow of passengers across the boundary on land will continue to rise. I am very pleased to see that the Government has, for the convenience of tourists, accepted our earlier proposal of co-location of immigration and customs clearance, at least to be initially implemented at the Western Corridor. Moreover, the Government has planned to table a bill this year to provide for the legal basis. It is believed that this project, once implemented, can help alleviate the pressure on land crossings. I hope this project can be extended to other boundary crossings shortly. Perhaps Members still remember that this project, initially scheduled to be implemented in Huanggang, was scrapped afterwards. The Government should re-examine if it can be reviewed.

After all, Hong Kong as an international city cannot rely solely on the mainland market, not to mention the fact that the spendings of mainland tourists in Hong Kong recently have dropped compared to the period when the Individual Visit Scheme just started. In order to guarantee Hong Kong's tourism revenue, we should keep absorbing tourists from around the world, ensure the sustainable development of the long-haul tourist market, maintain a balanced source of tourists, and strengthen Hong Kong's international image. Therefore, the industry supports the Chief Executive's proposal in the policy address of developing Hong Kong into a cultural and creative city and striving to protect our country and marine parks. In addition to developing our diversified tourism characteristics, such as cultural and ecological tourism, the Government should adopt a more liberal policy on countries and regions which are still required to apply for visas in order to visit Hong Kong, encourage the three passenger airlines in Hong Kong to establish a more comprehensive mainland and international air transport network, and strengthen Hong Kong's position as a regional hub with a view to attracting more tourists to travel to other places via Hong Kong.

In order to consolidate Hong Kong's reputation as a shoppers' paradise, the Government has pledged to take a multi-pronged approach to boost customers' confidence in shopping in Hong Kong by not only combating unscrupulous shop operators, but also improving the environment of shopping areas by such means as designating pedestrian precincts in the vicinity of Nathan Road and Canton Road in Tsim Sha Tsui. Yet, this proposal will inevitably cause adverse impacts on the numerous shops and hotels situated in the area. Members must not forget that many people have suffered for years as a result of the extension works of the East Rail to South Kowloon dragging on for years. This is why adverse impacts must be avoided. The Government should therefore, before launching its improvement programme, conduct an extensive consultation to ensure that the interests of the commercial activities in the community will not be affected.

I am very pleased to note that the Government has, at the request of the Economic and Employment Council, established a Subgroup on Business Facilitation to examine ways to improve regulation, streamline licensing procedures, and provide convenience to operators. Yet, it is a pity that the Subgroup has, for the time being, selected only certain retailing and entertainment industries for review without including tourism in which travel agencies and hotels have to obtain licences before they can operate. I have often received complaints from travel agency operators of the exorbitant travel agency licence fees, the requirement to renew licences on an annual basis, and the extremely complicated procedure for obtaining coach licences. The industry therefore hopes the Government can examine ways to improve the licensing system. Moreover, in order to enhance the viability of local travel agencies and their scope of development on the Mainland, the Government should, in the discussion with the Mainland on CEPA III in future, persuade the Mainland to further relax restrictions on the businesses operated by local travel agencies on the Mainland and permit them to, besides operating mainland and Hong Kong tours, arrange overseas tours for mainlanders with a view to attracting more tourists to stop at Hong Kong before travelling to other parts of the world so that local travel agencies can provide mainland tourists with "one-stop" services.

Regarding tourism, as pointed out by the Chief Executive, there should be plenty of business opportunities, given Hong Kong's advantage of leveraging on the staunch support of the Mainland and engaging itself globally. However, some infrastructure facilities cannot proceed without the Government's endorsement. I therefore hope the Government can stop conducting discussions without decisions, and making decisions without implementation to avoid

depriving Hong Kong of a lot of golden opportunities eventually. As Members are aware, the development in the Southern District (that is, the fishermen's pier) mentioned by me earlier has been discussed for a long time. I also hope to hear good news about the Ocean Park shortly, because the industry is extremely concerned about the possible impact to be brought about by the completion of the Disneyland. It is our hope that the Disneyland, after becoming our landmark, will not replace those tourist spots and landmarks which have enjoyed huge success. Therefore, we should provide the Ocean Park with adequate resources and scope of development.

Furthermore, I also hope to express some views on information technology (IT).

As regards IT, in the face of the increasingly popularity of mobile communications, which is dependent on radio spectrum in providing service, the Government is obliged to review and formulate a policy on the use of radio spectrum for more effective utilization. Radio spectrum is a limited, precious public resource of Hong Kong. Under the principle of fairness, the Liberal Party supports the Government's proposal of charging the second-generation mobile communications service operators a fee, as a condition of licence renewal, similar to the spectrum utilization fee payable by the third-generation mobile communications service operators.

We have noticed that Hong Kong telephone companies have recently been issued new Fixed Telecommunications Network Services (FTNS) licences with less stringent regulatory requirements. From now on, they can launch any discount and concessionary plans without the prior approval of the Office of the Telecommunications Authority — a practice I believe consumers will greatly welcome — and the Government will only monitor the plans after their implementation. I hope the Government can really play its supervisory role. On the one hand, we encourage competition but, on the other, we have to guard against any anti-competitive acts to prevent the emergence of unhealthy operation in the market.

With the advancement of technology, Internet telephone service has become a new trend. In addition to FTNS and mobile telephones, Internet telephone service can offer users yet another option. As broadband fees have continued to drop with broadband speed continuing to accelerate, we believe the number of Internet telephone service users will continue to rise too. To tie in

with the speedy development of Internet telephone service, the Government should expeditiously formulate appropriate policies to promote our diversified telecommunications services.

Mr Deputy, I have noted that recently, particularly in the previous discussion on effective governance, many comments made reference to collusion between business and the Government, transfer of benefits to certain consortia, and so on. I wish to point out to Members that Hong Kong's investment environment has always been extremely fair, and we have always topped the international rankings. At a time when all governments around the world share the same hope of attracting more investments, the act of branding all collaborations between business and the Government, collaborations with the business sector, or mutually beneficial collaborations as collusion between business and the Government or transfer of benefits will really give international investors a negative impression. Many colleagues have often criticized consortia for doing this and that. Some Members have even blamed the consortia, and so on, for being the culprit for the disparity between the rich and the poor. I think Members should have recently noticed from many news reports that some companies have given their employees pay rises, some have continued their practice of paying out an extra month of salary, and some are recruiting new employees, and so on. How many of these acts are unrelated to consortia? On the contrary, I have seldom heard of pay rises given by small and medium enterprises. We must not dig our own graves by denting the confidence of other people in us when the whole world is scrambling for investments. This will even given international investors an impression that they are not welcomed to make investments in Hong Kong.

As regards labour welfare, pension systems were non-existent in Hong Kong. Neither were there any mandatory provident funds. As far as I can remember, however, approximately one third of the workforce enjoyed a variety of pension funds, called provident funds, a decade or so ago. I wonder if Members who have carefully studied this issue know who took the first step in protecting the interests of all retired workers before the Mandatory Provident Fund was launched. From my own observation, retirement protection for employees was, in most cases, initiated by major companies and consortia before legislation was enacted. Therefore, Members should not adopt a discrediting or negative attitude in this issue.

I so submit. Thank you.

MR CHIM PUI-CHUNG (in Cantonese): Mr Deputy, in this debate session, we shall focus our discussion on matters of commerce and industry, economic services, financial affairs, information technology and broadcasting and labour. First of all, it is natural for us to discuss financial issues. It has been seven and a half years since the reunification. Before that, during the era of the British-Hong Kong Government, they had really employed various tactics to against the local Chinese brokers. They had even launched attacks on certain leaders of the Chinese broker community, thereby distracting the development of Chinese brokers. If we take a look at the development of the local stock markets, we would know that a small group of people had made use of them to make their own investments and enhance their economic connections. After 1969, with the incorporation of the Far East Stock Exchange, the local stock exchange business started to become popular among the general public, and its development was facilitated. This naturally took away substantial business from foreign firms, thereby resulting in the emergence of certain power struggles.

Now, Hong Kong has been reunited with the Motherland for seven and a half years. As we can see, has Mr TUNG made use of his connection to snatch back some of the business or to do something to safeguard the interests of local Chinese firms? We can see that he has not. Therefore, in this year's policy address, insofar as financial affairs is concerned, there are only two sentences on page 4 and they are about Hong Kong's position as an international financial centre. We do not have any objection to Hong Kong becoming an international financial centre. But please do not forget, international companies come to Hong Kong just because they want to make profits here, and they also want to exploit China's open policy to derive indirect benefits from China. Therefore, I very much hope that Mr TUNG would not be influenced by those who have access to him to hold an inaccurate understanding of the financial sector in Hong Kong. Apart from taking pride in Hong Kong's position as an international financial centre, he should also look after the interests of local Chinese brokers. Of course, once you issue instructions, our intelligent Secretaries of Departments and Directors of Bureaux will follow. Therefore, I hope they can have more communication with people of the financial industry, so as to achieve a balance in all aspects.

In the meantime, our Secretary often speaks on behalf of the SAR Government in commenting that he is not capable of controlling or giving guidance to the Securities and Futures Commission (SFC). I feel very unhappy with such remarks. Why? Under the leadership of the SAR Government, it is

really risky for a Secretary of Department or a Director of Bureau to say that he cannot check, not to mention interfere with, a regulatory authority under him, but allowing it to become excessively dictatorial. I hope even if something like this does not exist, the Government should still conduct a review of the situation to see if it is necessary to strike a balance. This is an initiative to prevent the organization concerned from developing in an undesirable direction. This is an issue that we need to review.

We can see that the recent Link REIT incident is no ordinary incident. It has already dealt a blow to the status of Hong Kong as an international financial centre. Next time when a similar listing opportunity arises (the Government will seek another listing on the stock exchanges, be it a local one, or an international one), others will query whether something similar will happen. Does it have the courage of denying such a possibility? Does it have such courage? Therefore, I hope the Government can learn a lesson from the facts of this incident. I do not wish to repeat what everybody has been saying recently — the phase of "identify inadequacies", but as a matter of fact, the Government should conduct a review of the incident.

We must understand that the financial system of a place is very important, particularly with reference to the present circumstances of Hong Kong as it does not have any resources at all. It is really difficult in each step we take in our attempt of seeking development under the constraint of having no resources at all. We have been very lucky indeed to have ridden on the development brought about by the open policy of China during the last two decades or more. Insofar as our future trend is concerned, it is even more imperative for us now to seek development in the financial sector. With so many favourable and advantageous conditions in place in China, even international companies would like to tap the mainland market. So why do we not work harder to safeguard the common interests of both the country and Hong Kong? No country or place in the whole world will transfer their own wealth to other places. As Members, we may hold very different viewpoints on political systems and backgrounds. However, with regard to the financial affairs, I firmly believe that we will not have such differences among ourselves. While we do not have such differences, some Members naturally are not too familiar with this aspect. But it does not matter. What is most important is that we can exercise our power in monitoring the operation of the Government, thereby ensuring that it will make use of such resources in a better manner.

For the second issue, of course we must discuss the issue of CEPA, which is a subject everyone has been discussing recently. I have said in the meeting of the panel that all of us may have a misconception and a misunderstanding of CEPA in thinking that it is a panacea. In fact, it is not. It is just a kind of taxation concessions granted by the Mainland to some Hong Kong products on a preferential basis — the concession is about 10%. Let us take it as a concession of 8% to 12%. As we review the situation, for goods manufactured in Hong Kong, even though workers' wages are quite low, the rents and wages involved are still substantially higher than those in the Mainland. Yet when we add up all the costs involved in rents, transportation and labour, the total costs must be substantially more expensive than those in the Mainland — must be much higher than 12%. In fact, we had been fancying the idea that CEPA could create more job opportunities for Hong Kong. But this is not true. What should we do? Personally, I think the best option is to reserve a large piece of land in the border area, in which half of the workers required can be imported from the Mainland. Only in this way can we achieve sufficient competitiveness. But of course this is not the solution to the local unemployment problem. Anyway, we must be psychologically prepared: Do not think that, with the introduction of this policy, we can become rich overnight and the entire labour market can be saved. This is absolutely wrong and is a distorted understanding of the situation.

We must also understand that, due to the drastic changes that have taken place during the past few years, our manufacturing industries cannot be compared with those in the Mainland, no matter how much effort we have made to protect them. Therefore, most people in our manufacturing sector have been forced to shift to work in the service industries. Among the service industries, the tourist industry is the most significant one, and the tourist industry cannot be separated from the retail industry. Under such circumstances, one single word is most important in the provision of services, that is, "smile". A good smile means very good services. Yet, unfortunately, all along Hong Kong people have never had an in-depth understanding of the word "smile". Therefore, the Government has the responsibility and the obligation in this regard to make people in the service industries, particularly those working in the tourist industry, gain a genuine understanding of the implications of this word "smile". However, this does not refer to the wry smile intended for making others spend money on buying goods from you. Hong Kong people must reflect on themselves in this regard. We can see (I am not trying to put all the credits to

foreigners) the sincere smiles of the Japanese as we visit Japan. This is something we should learn from them.

Mr Deputy, we understand that the so-called transportation industry, that is, the logistics industry, is still enjoying a leading edge now. But this edge should not be taken for granted. We can see that the logistics industry of the Mainland is catching up very fast because Hong Kong does not have any monopoly on this. Since we do not have any monopoly, it is only fair and reasonable that others can catch up with us. We cannot close our eyes and go on boasting that we still have the largest container throughput in the world. This claim is vulnerable. This is my personal view. In particular, we must note that there is a difference of US\$300 between the costs in exporting a container from Hong Kong and the Mainland. In the near future, the current edge enjoyed by Hong Kong will disappear. If we become aware of this fact only after we have been knocked out of the race, it would be too late for us to regret. We also know that, well, the Financial Secretary happens to be in the Chamber, the tax base of Hong Kong is much too narrow. I had put forward this opinion a long time ago when I was still a Member of the former Legislative Council before 1997. Anyway, I still insist that the present tax base of Hong Kong is too narrow. The most fundamental measure is not to cut expenses only because we can see that our expenditures in social welfare and Comprehensive Social Security Assistance (CSSA) have all along been very substantial. If there are no better ways of opening new sources of income, we simply cannot provide for the shortfall anymore. Among us, some people worry that Hong Kong will become a welfare and CSSA city. This is something we do not wish to see. We should warn each other of this danger and think about how we can achieve full employment for the labour sector so as to bring about a better tomorrow.

Mr Deputy, I would like to reserve the remaining several minutes for the next session.

MR LEE CHEUK-YAN (in Cantonese): Mr Deputy, in the past few days, we have been voicing opposition to collusion between business and the Government and vowing to stamp out the transfer of benefits resolutely. In fact, we do not take issue with offering concessions to the business sector, this being a capitalist society. We only oppose the blatant favouritism shown towards a certain consortium under some unfair rules of the game.

If the system is fair, sometimes it is necessary to offer concessions. If we look at the whole world, how do other governments develop their economies? In fact, they do not adopt a hands-off approach, rather, there is definitely intervention. Although everyone strongly opposes planned economy, in fact, a certain amount of planning is effected in all capitalist societies nowadays. For example, Singapore declared that it wanted to develop Chinese medicine, so it invested in Chinese medicine. Therefore, in respect of the present economy, the greatest crisis facing Hong Kong now is that its industries are not sufficiently diversified, so that ultimately it has to cling onto several sectors. On CEPA, I have often criticized it as diverting our bucks, that is, our money and manpower northwards. How much of these have in return been channelled to Hong Kong to nurture and boost Hong Kong's competitiveness? We believe that there has been too little of it.

Another aspect has to do with the economic policies. The Hong Kong Confederation of Trade Unions has always held the view that the cost of living in Hong Kong is in fact too high. One of the reasons is that prices are high, not that wages are high. Moreover, very often, in the absence of fair competition, things are made very expensive because of the monopolization exercised by consortia. Therefore, if there is a policy on fair competition, it will to some extent rationalize the economic development of Hong Kong. However, it is a shame that this issue is also not mentioned in the Chief Executive's policy address.

I do not wish to dwell on the economy at length, but I wish to come back to the issue of increasing employment. We are very pleased to find that this year, the Chief Executive has for the first time spelt out clearly in the 29th paragraph that the major consideration is to promote employment. This is what we are always in favour of because we have said all the time that in view of the high unemployment rate, employment should be the first and foremost consideration. If wage earners in Hong Kong are always bedevilled by unemployment, their future is indeed dire.

Therefore, if the Government said that increasing employment would be its prime consideration, we are absolutely in favour of it. However, what is the problem with this? Our greatest concern is precisely about the greatest weakness in the governance by the Chief Executive, that is, his policies and their execution are fraught with contradictions and ultimately, they cannot be

implemented. Here, I will set out the 10 major contradictions and see how the Secretary will resolve these contradictions for me.

The first major contradiction lies in employment. By that I refer to temporary employees. At present, there are 11 700 temporary employees, and 9 800 of them are to stay. Insofar as those who will be laid off are concerned, the Government will lay off 2 000 people and that is 20%. We say that the Hutchison Whampoa Limited should not lay off its employees, nor should the Standard Chartered Bank, however, it is now the Government that is laying off its employees. Will this contradict its stated goal of promoting employment? I hope the Secretary can bring us some good news. I have contacted Mr Gregory LEUNG because the area under his charge is heavily stricken. I hope he will think about what to do with the more than 1 000 Tourism Assistants posts under his charge.

The second major contradiction has to do with government employees on non civil-service contracts. At present, there are 16 000 employees on non-civil service contracts in the Government. I am concerned that in the coming year, on the grounds that resources have to be reduced, many departments will inconspicuously — the Financial Secretary has left immediately because his financial envelopes are to blame — various departments will have to reduce their resources. I have already lodged a complaint in respect of the Water Supplies Department. It was said that 18 posts had to be deleted and that two posts had to be deleted no matter how. I just do not understand. If two employees have to be laid off no matter how and the amount involved is only some \$200,000, does it really matter so much? This is one contradiction.

The third major contradiction lies in the fact that the Government outsources its work frequently. To outsource is in fact to create poverty, since as we all know, after outsourcing, the wages will definitely be very low.

The fourth major contradiction lies in the procurement policy of the Government. Police uniforms, for example, where are they manufactured? Not in Hong Kong. The prefabricated parts of all flyovers and buildings in Hong Kong are all produced on the Mainland. Why can the Government not prescribe some requirements? Here lies yet another contradiction. If the Government does not do something which otherwise it is fully capable of doing and then tells us that it has to promote free economy, what is the point of saying

increasing employment is its prime consideration? Here lies the fourth major contradiction.

The fifth major contradiction lies in works projects. It was claimed that \$29 billion would be allocated, however, of the 196 specified projects, in the end only 25 of them have been given the green light. What is more, some of them will begin only in 2009. How can that possibly be called promoting employment? Employment will not be promoted in any way. This is again saying one thing and doing another.

The sixth major contradiction lies in the green industry. I hope we can take a closer look at the green industry. We welcome the proposal to establish a recovery park. We very much hope that the kind of waste recovery that will be carried out will be the more labour-intensive type. Do you know how I fear the green industry will end up? The Government builds an incinerator and burns everything using high technology, saying that this can also be considered a green industry. In the end, no jobs will be created. This is the sixth contradiction that Members have to think about.

The seventh contradiction is that often, workers in their forties and fifties whom we meet in the street will say that they do not have any work and want to do a particular type of business, that is, to become hawkers. This policy I am going to talk about will be highly controversial. Of course, we do not want shops to be affected, however, is it possible to assign an area in each district for hawkers to eke out a living? Even if some places are zoned for this purpose in each district, shop owners will not be affected. Only in this way can the unemployment problem be solved. However, the Government has obstinately refused to do so.

The eighth contradiction lies in the community economies. At present, many mutual aid groups on employment have been established in view of the difficulties in finding jobs in society. However, matching measures by the Government are often lacking. For example, when the Housing Department was requested to allocate some venues for the purpose of helping women find employment or for child care purpose, the Housing Department would never do so and it even maintained that it was not a charity organization. However, these mutual aid groups will actually help solve the unemployment problem. In this regard, can more matching measures be put in place? Here lies the eighth major contradiction.

The ninth major contradiction is related to long working hours. If the work hours are long, some workers can always be laid off and those that remain can be made to work very long hours despite any significant growth in the economy. In the end, how many more jobs can be created? If no jobs are created, those who remain can only toil until they drop and do outrageously long overtime work. A work day will only have a beginning but no end. If the problem of long working hours is not addressed, in the final analysis, it will have an impact on employment.

The tenth major contradiction is low wages. Because of the prevailing low wages, a lot of people have to look for work in society, so the unemployment rate is naturally high. If wages can be high enough for one person alone to work in society to support his family instead of two, the whole unemployment problem can in fact be ameliorated since there is no need for so many people to work in society. On these 10 major contradictions, I hope the Secretary can seriously consider how he can deliver some results. I also very much hope that if the Chief Executive really wants to promote employment, he will ponder over these 10 major contradictions enumerated by me. I hope that employment impact assessments can be conducted on all policies this year and next, similar to the environmental impact assessments conducted to see what the impacts on the environment will be. If it is possible to conduct an employment impact assessment on every new policy as well as on every existing policy, then it will be possible to examine how greater employment opportunities can be created for wage earners in Hong Kong.

Finally, I wish to respond to the issue of "smile" raised by Mr CHIM Pui-chung just now. Of course, we do not smile. With such long working hours and such low wages nowadays, how can we possibly smile? Even if people do smile, the smiles will definitely be bitter ones and such instances of smiling bitterly will definitely continue to be found. It cannot be helped. How can they possibly smile? Just think about this. Recently, I learned that there was a training programme in which the trainees began to receive training from midnight until two o'clock in the morning. Then they had to go to work again early next morning. That was a training programme for cooks. I think the trainees were really stoic in subjecting themselves to such training, however, how can they possibly smile? The working hours are so long and the wages are so low. Earlier, Mr James TIEN said that it would not matter. Once the economy picks up, everyone can go job-hopping. However, we must see clearly that in the future Hong Kong economy, one obvious point is that there are

230 000 redundant low-skilled workers and 100 000 vacancies requiring a high level of skills. People with a high level of skill can hop to other jobs, but how can those with low skill possibly do so? Therefore, if we do not intervene and try to solve these problems relating to wages and working hours, how can these workers possibly find fortune smiling on them? They will never see such a time. How can we possibly wait until the economy picks up? We can see that even if the economy grows, this contradiction will still exist and the average wage earners will not be benefited. This state of affairs will definitely continue. Therefore, I hope that the Chief Executive will not wait for fortune to smile on him and Mr James TIEN will not be led into thinking that the demands of the public can be met in this way because in the final analysis, if no action is taken on minimum wage, the regulation of working hours and the right to collective bargaining, a balance can never be achieved in Hong Kong society and there will always be collusion between the Government and business. Thank you, Mr Deputy.

MR CHAN KAM-LAM (in Cantonese): Mr Deputy, the policy address delivered by the Chief Executive has set revitalizing the economy as its primary task, an issue of grave concern to the DAB and the public at large. Since the economy involves many sectors, I will express the views of the DAB on several matters only. In the following speech, I will focus on clamping down on "black shops" and boosting the prospects of the tourism industry.

The policy address cited the survey conducted by the Hong Kong Tourism Board, which pointed that shopping was the main purpose of nearly 90% of visitors to Hong Kong. Hong Kong has always been a shopping paradise for visitors. On the other hand, the Travel Industry Council of Hong Kong (TIC) pointed out that since implementing the "100 per cent refund guarantee scheme" in 2002, it has received a total of 974 complaints about the shopping arrangements made by travel agencies. The Consumer Council has also received an increasing number of complaints from mainland visitors concerning the purchase of goods. In 2003, it received a total of 728 complaints lodged by mainland visitors and the amount involved stood at \$3.8 million. The China Consumers' Association also said that there were as many as 20 000 complaints each year against the tourism services and goods purchased in Hong Kong, lodged by mainland visitors on their return to the country. In the past, we have said repeatedly that to reinforce the image of Hong Kong selling genuine products, the first and foremost measure is to increase the intensity of actions

clamping down on fakes. Apart from stepping up raids, it is also necessary to introduce other stringent measures. The Government is inclined more towards educating visitors to raise their awareness of consumer rights, in the hope that through positive measures in publicity, black shops will have no room to operate. From the figures that I have cited, it can be seen that the existing measures are inadequate in protecting visitors' consumer rights. The right remedy is to step up actions against black shops and increase the penalty for unscrupulous shops.

Another issue that has aroused great concern is the rates of hotel rooms. In the first eight months of last year, the hotel occupancy rate was 86% and the average room rate was \$762. By November, the hotel occupancy rate had risen to 96% and the average room rate had risen to \$919. The rates of hotel rooms have risen by close to 23% compared to the same period last year and in the short span of three months, the increase was as much as 30%. It can be seen that the rise in hotel occupancy rate was significant, but the increase in room rates was even more staggering. In the short term, the excessive room rates charged by hotels may bring substantial profits, however, this is in fact a slow suicide. In the past, many mainland or overseas visitors had remarked that each time they stayed in hotels in Hong Kong, the room rates were on the high side and were getting higher each time. Mainland visitors are becoming very fed up with the business practice of the hotel industry in Hong Kong. If the Government and the industry still turn a blind eye to this situation of charging excessive rates for hotel rooms, in the end, visitors will stop coming to Hong Kong. I wonder if Members still remember that in the run-up to the reunification, hotels increased their room rates drastically on cue because it was expected that a large number of visitors would come to Hong Kong to witness the reunification. Consequently, the number of visitors dropped because of the excessively high room rates and the vacancy rate of hotel rooms was very marked. We should all learn from this lesson and bear this in mind. To ensure that the hotel industry levies reasonable charges will also ensure the healthy development of the tourism industry. Recently, a complaint was lodged against a hotel in North Point for charging a room rate of over \$3,000 per night. It can be said that this is a staggering figure. The Consumer Council disclosed that in 2004, it had received a total of 1 505 complaints involving tourists, representing an increase of 22% over the previous year. In the first nine months alone, the number of complaints involving package tours had already reached 244 cases. They were mainly related to dissatisfactions with the arrangements made by tour guides on shopping. From January to November last year, complaints on the services provided by tour guides stood at 124 cases and was four times those for the

previous year. These figures reflect the patchy quality of local travel agencies and tour guides. It was reported that the TIC is studying the establishment of a penalty system. For registered shops given the approval to receive visitors taken there by travel agencies, if a certain number of points have been deducted from them for non-compliance, the TIC will call on all its members not to take visitors to the shop in question anymore. Since travel agencies and tour guides are at the front line receiving visitors, their quality will have a direct bearing on visitors' impression of Hong Kong. Here, I urge the TIC to implement the new system as soon as possible to enhance the protection for visitors in shopping, as well as enforcing the regulatory measures on tour guides and travel agencies strictly.

The poor attitude of workers in the retail industry is also the common cause of complaint for visitors to Hong Kong. Discrimination from workers in the service industries against mainland visitors still exists. The unpleasant travel experience that visitors to Hong Kong have gained due to impolite treatment will eventually inflict tremendous damage on the development of tourism in Hong Kong. Hong Kong's future development is to a great extent driven by the tourism industry, therefore, the Government should step up its publicity on hospitality. On enhancing the prospects of the tourism industry, Hong Kong should seek greater co-operation with the tourism industry on the Mainland, bring into play the advantages offered by developing the combined resources of Hong Kong and the Mainland and make promotions jointly overseas. For example, co-operation with Shanghai and other mainland cities should be sought to develop cross-province travel using Hong Kong as the springboard. At the same time, the SAR Government should also co-operate actively with the Mainland and Macao to develop a tourism zone in the Pearl River Delta by forging closer liaison and co-operation and exploiting fully the tourism resources at the three places. The Tourism Board has also said earlier on that after Guangdong Province and the Yangtze Delta, the three provinces in the northeast would be the next few provinces to which the Individual Visit Scheme would be extended. The Liaoning Tourist Bureau disclosed that Liaoning Province intended to request the Central Authorities to give it the green light in introducing the Individual Visit Scheme, so as to facilitate people in the province to visit Hong Kong. Since the Individual Visit Scheme has by now been put in place for over a year and its operation is now basically established, we are of the view that it is now time we lobbied the mainland authorities to extend the policy to more cities. At the same time, we should also lobby for an extension of the period of stay for people holding visas for individual travel as

well as the validity period of the visas, so as to enable this policy on individual travel to yield the greatest economic benefits.

Mr Deputy, last year, the DAB published a study report in conjunction with the China Development Institute in Shenzhen, in which a proposal to develop the border area between Hong Kong and Shenzhen in all dimensions was put forward. The proposal recommends that the border area be developed into four districts. The main thrust of the proposal is to devote our efforts to developing manufacturing industries founded on advanced technology and high added-value, as well as traditional manufacturing industries that can create more job opportunities, so as to re-establish the superiority of Hong Kong's manufacturing industries and create a large number of employment opportunities for Hong Kong. The DAB does not totally agree with the Government's view that whether consideration will be given to investing in the development of the border area will depend on whether CEPA can help revitalize the manufacturing industry in Hong Kong. This is because if the superiority of the manufacturing industries in Hong Kong is to be re-established, one major factor that needs to be considered is the excessively high operating costs. Only by establishing such an industrial and commercial area at the border will it be possible to drastically reduce the operating costs of businesses. Therefore, it is not possible for Hong Kong to attract a large number of manufacturing industries to Hong Kong or to return to Hong Kong by dint of CEPA alone. The DAB urges the Government to methodically attract mainland or overseas businesses to invest in this industrial and commercial area at the border by formulating various favourable policies. Meanwhile, specific measures should also be adopted to attract the talents that Hong Kong needs. Next, I will comment on several issues relating to finance.

According to the figures of the Mandatory Provident Fund Schemes Authority, the number of preserved accounts has increased from 768 000 in 2002 to 1 557 000 last year, being more than doubled. Even when compared with that in last year alone, the number has increased by 33%. The DAB considers that the system of preserved accounts is not desirable. This type of account is an inactive account that is kept in addition to the basic account. Not only will this impose additional responsibilities on employees with regard to their Mandatory Provident Fund (MPF) accounts, it will also increase the administrative costs of MPF schemes significantly, which will in turn be transferred onto employees. The DAB suggests that the Government convert the existing operation, in which it is up to employers to decide which service provider to engage, to a system based on employee passbooks. This will enable

employees to take the account with them when changing jobs and they do not have to consider what arrangements to make for their previous accounts. Moreover, transaction charges on fund units levied on account transfer can also be dispensed with, so that losses incurred in transactions can be avoided. Furthermore, this will also eliminate the possibility that the money in a preserved account will dwindle or dry up gradually. In addition, the DAB believes that changing the system will not increase the administrative costs borne by employers and will even facilitate the overall administration of MPF schemes.

In addition, I also wish to comment on the issue of individual investor accounts in securities trading. The DAB has all along requested the SAR Government to introduce individual investor accounts as soon as possible. The greatest advantage for investors of securities in using individual investor accounts is that they can hold shares directly in their own names, whereas custodian participants will be responsible for directly receiving the shareholding records, so that retail investors can rest assured that no incident similar to that involving the C. A. Pacific Group will recur, the reputation of the financial market in Hong Kong can be enhanced and the confidence of investors in trading through small brokerage houses can also be enhanced. This will have a significant effect on preserving the operating environment for small to medium brokerage houses and avoid curtailing their room of survival. Therefore, the DAB urges the Government to raise the capacity of the investor account system under the Hong Kong Exchanges and Clearing Limited and to hold discussions with the industry on solving the existing problem whereby brokerage houses have to carry out complex verification procedures on the transfer stocks on account of the shares having been deposited in individual accounts. This will also make it possible to lower the fees to a level similar to the custodian charges levied by banks and enable the establishment of the individual account system for investors on a full scale.

Recently, a very popular topic in the market is collusion between business and the Government. The DAB believes that it is not appropriate to use such slogans arbitrarily to negate normal investment activities in the market carried out according to normal procedures. Mr Deputy, I wish to stress that good social sentiment is important to any free economy. People must not describe usual business practices negatively as collusion between business and the Government, otherwise, this will seriously hamper social development and dampen the desire of the business sector in making investments. The debate on

collusion between business and the Government triggered by the Chief Executive's policy address and the article written by Secretary John TSANG to refute such accusations are positive and important moves in defending the integrity and effectiveness of the Government. The Government's actions will not be able to please everybody but to attack the Government wantonly in order to set oneself apart will definitely not be beneficial to society. During the debate in these two days, I have also heard some denouncements verging on the unreasonable against successful entrepreneurs in Hong Kong. This is indeed regrettable and a cause for concern. Do successful people in the business sector all owe their present achievements to collusion between business and the Government? This kind of political attack by branding names indiscriminately will not serve to advance the development of Hong Kong economy.

In the past seven years, Hong Kong was sorely battered by economic restructuring and there were widespread discontent and grievance in society. This is a fact. However, today, we can see clearly that the Hong Kong economy is recovering and developing in a stable way. What Hong Kong should do is to hone itself persistently and aim for higher achievements, instead of engaging in mutual accusations and politicization of every issue. The attrition in society for some time in the past has already made people feel most impatient and the demand of the public at large nowadays is to be positive and pragmatic. The Link REIT affair can be considered a case in point. Officials claimed a number of times that the status of Hong Kong as a financial centre would not be seriously undermined in spite of the obstacles encountered in listing The Link REIT and they even tried to keep up an appearance by saying that the incident had proved the soundness of the legal system in Hong Kong, that investor confidence would be boosted. However, we certainly cannot overlook these malicious actions aimed at undermining normal investment activities which society will not tolerate. The DAB has to remind the Government that if the saboteurs believe they can get away with it without having to pay a price, such destructive behaviour will continue and gradually be regarded as a matter of course. By then, it would be too late for society to right what has gone wrong.

To ponder on potential risks when leading an easy life and prepare well in advance is a subject that we must contemplate now. Just now, Mr CHIM Pui-chung mentioned some issues concerning the container terminals and this is a subject worthy of our contemplation and reflection. He said that the container port in Yantian, Shenzhen would overtake that in Hong Kong in two years to become the leading container port in the world. By then, this fact will show

that we cannot be content with the present state of affairs and seek only to maintain the *status quo*. Mr Deputy, I so submit.

MR BERNARD CHAN: Mr Deputy, the Chief Executive reported in his address that the recovery of the Hong Kong economy since 2003 has been broad-based and sustainable. In particular, the domestic economy has started to perform much better. A good illustration of this is the insurance industry. In the first three quarters of last year, we saw life insurance business pick up by 31%. That is a clear sign of confidence, and people are planning for the long-term future.

As the Chief Executive indicated, our economic future largely lies in the financial and production services. These are areas where Hong Kong has a clear comparative advantage. We have the infrastructure, the institutions and the clusters of skills which other regional cities cannot match.

I am surprised that even now, I still meet journalists, visitors from overseas and other people who believe that Hong Kong competes with other cities in the region. We do not compete with them. They do what they are best at doing — maybe manufacturing — and we do what we are best at, like financing and servicing the industries in those other cities.

However, some of these other cities do believe that they can compete with us. I find that very difficult to believe. It takes a long time to develop institutions and critical mass. But it is interesting to see them try, because it shows us what they consider to be our weaknesses. Looking at places like Shanghai and Singapore, I believe they can see our weak spots, such as attracting talents and keeping them.

The Chief Executive announced plans in his policy address to examine ways to draw talented and skilled people to Hong Kong from the Mainland and around the world. I fully support this idea. The Government will need to exercise leadership here. With unemployment still a problem, some people may be suspicious about opening the door to new migrants. We need to make it clear that people with energy and new ideas can create wealth and employment, and we need policies which encourage such people to move here.

We also need to keep talents, and this brings us to the subject of quality of life. This is not a luxury — such as a bit of icing on the cake. In future, this will be as important to our economic success as good infrastructure, the rule of law, clean government, and so on.

The state of our air, the fumes in our streets, the lack of space and the low priority given to preserving the appearance of our city threaten our economy. If we cannot turn Hong Kong into a nicer place, a place where talented and skilled people and their families want to live in, we will lose our edge. Other cities in the region know this.

Mr Deputy, like the Chief Executive, I look forward to seeing continued healthy economic development. Thank you.

MR RONNY TONG (in Cantonese): Mr Deputy, public officers and Honourable colleagues, I believe the two achievements that Mr TUNG takes the greatest pride in are the Individual Visit Scheme and CEPA, since he often mentions them. That whether they can be considered Mr TUNG's achievements is actually still open to debate. The Individual Visit Scheme has of course revitalized the retail market in Hong Kong and this merits our acknowledgement, however, what about CEPA? Looking at the figures, we found that the total value of goods shipped to the Mainland under CEPA stood at \$1.145 billion last year. Based on the total value of goods exported to the Mainland in the first three quarters of 2004, which stood at \$650 billion, the percentage accounted for by those under CEPA was only 0.1%. In view of this, how much benefit have Hong Kong people gained from CEPA? What good has it done to the Hong Kong economy as a whole?

The investment on the Cyberport was close to \$10 billion. It depends on how it was calculated. The Government said that the investment was close to \$10 billion. Apart from the return, only some 300 jobs were created. In the past several years, the Government has launched a series of economic measures, but what economic benefits can we find today? How many members of the public have benefited from them? Some people may perhaps ask instead how many consortia have in the end benefited from the Government's economic policies. The Cyberport project is a prime example.

Originally, I did not intend to talk about this subject. However, Secretary John TSANG wrote an article which was published in many newspapers yesterday, so it is impossible for me not to mention it. Secretary John TSANG said that if the Government had sold the residential plot in the Cyberport on its own, it would have received \$8 billion but the construction cost would have been \$5 billion, giving it a net revenue of only \$3 billion. However, through its collaboration with the Pacific Century CyberWorks Limited (PCCW), it earned no less than \$3 billion. I am deeply disappointed by this explanation given by the Government on the Cyberport project. This is because, according to a paper tabled by the Government to this Council in the meeting on 10 January, the expenditure incurred by PCCW for the entire project, including the residential portion, was \$4.36 billion in total. Of these two parties, which one is telling the truth? Is it correct to say that the construction of the Cyberport would cost \$5 billion, or is it correct to say that the entire project (including the residential portion) cost only \$4.36 billion? On the other hand, the Government's explanation on the costs and expenditure is also far from convincing. According to the paper tabled by the Government to the Legislative Council, which should be the same as the aforementioned one, the land value of the residential portion is \$7.93 billion. However, no valuation was ever conducted on the land value of the Cyberport site, so its value is not known. The developer made a valuation after the completion of the Cyberport project and the value was \$2.89 billion. The Government claimed that if calculated on this basis, the value of the land amounted only to \$500 million — \$500 million. Therefore, the Government argued that the total cost of the Cyberport was \$7.9 billion plus \$500 million, that is, \$8.4 billion. Since the return was \$11.4 billion, therefore big bucks were made. Frankly speaking, the calculation was far too perfunctory. Had the Government put these two pieces of land up for public auction, the residential portion would surely have fetched over \$8 billion. If they had been put up for public auction, it would not have been just PCCW that would stand to gain. The Cyberport portion could have brought the same return. In other words, the Government could have made \$16 billion and it would have been able to build the Cyberport just anywhere. Even if the construction cost had amounted to \$5 billion, as Secretary John TSANG claimed, rather than less than \$5 billion, the profit would still have amounted to \$11 billion. In that case, why was the Government so intent on granting the land to PCCW in private?

Another worrying trend is that the Government is increasingly taken to offering land in exchange for the construction of public facilities. The Cyberport is one example, and the project in West Kowloon is another. All funds spent on public facilities are no doubt public expenditure, however, the Government has constantly circumvented the monitoring of the Legislative Council on the excuse of land grant. This has obviously contravened the stipulations of sections 63 and 73 of the Legislative Council Ordinance. The Government keeps spending public funds on consortia but the Legislative Council cannot carry out any monitoring even though it wants to. How can the Hong Kong economy and the employment situation possibly be improved? On the one hand, the Chief Executive avowed in this Chamber that there was no collusion between the Government and business and the Liberty Party has also exerted its utmost to provide cover to him by calling it collaboration between the Government and business. On the other hand, we can see instances such as the Cyberport, the Hung Hom Peninsula and the West Kowloon project popping up one after another. The Government is also determined not to establish any comprehensive mechanism to promote fair competition and lets major businesses and consortia prey on ordinary members of the public at will.

On the one hand, the Government is bold in giving the green lights to infrastructure projects at the utmost speed and showing favouritism to major developers, on the other, it is timid and apprehensive on proposals or plans that can give impetus to the tourism industry or increase employment, such as building a cruise terminal, hotel resorts and measures relating to the fashion industry and film industry, as some Members have mentioned, not daring to take any move. The cruise terminal has been discussed for an indeterminate period of time, or for nearly 10 years, but it has yet to materialize. However, on the Cyberport, the green light was given instantly and the construction proceeded with immediately. May I ask the Government what the present direction of development for the economy is? In formulating its economic policy, has it ever thought about how the ordinary members of the public in Hong Kong can be benefited? Perhaps the economic policy that will benefit them most is to avoid giving any more free lunches to consortia and big businesses. Has the Government ever thought about how much public funds could have been saved had there not been incidents involving the Cyberport, the West Kowloon project, the Hung Hom Peninsula and anti-competitive acts? Would we not have been spared the headaches from the expenditures on health care, education, social welfare, and so on? Would it also have been possible to relieve the fiscal deficit?

Here, I again urge the Government to review its principle of people-based governance, as pledged by the Chief Executive in implementing his economic policies, so as to ensure that the Hong Kong public can benefit from economic prosperity. Thank you, Mr Deputy.

DR FERNANDO CHEUNG (in Cantonese): Mr Deputy, in this policy address delivered by the Chief Executive, the theme of helping the poor has again been adopted. Since the Chief Executive has talked about helping the poor, I wish to examine what the Chief Executive understands to be the causes of poverty.

I have read the entire policy address cover to cover and understood the logic of his thinking to be like this: The Chief Executive said from the outset that the Hong Kong economy is on the rebound, emerging from its predicament. He cited many figures to show that in the economic realm, many indicators have in fact shown significant growth, the reason being that we have correctly positioned ourselves. This correct positioning is for Hong Kong to be a world city that provides quality services by leveraging on the Mainland and engaging ourselves globally. Of course, he would not forget our four major pillars and some high value-added industries. In that case, how did the problem of poverty come about? It seems that it is due to a mismatch in human resources. This mismatch occurred principally because of economic restructuring. Since a knowledge-based economy requires good qualifications and a high level of skills but many people in the working population have low qualifications and low skills, this problem has thus emerged. From the unemployment rate, it can be seen that people with high qualifications and a high level of skills accounted for only 2.5% to 3% of the unemployed, so it can be said that this group is actually fully employed, whereas the group with low skills is in a miserable pass and the unemployment rate stands at 7.5%. A projection has been made for the next few years. By 2007, there will be a shortfall of 100 000 in the number of people with a high level of education and an excess 230 000 persons with a low education level. It seems this logic puts the blame of the poverty problem on individuals and turned a social problem into a personal one. The rationale is that society as a whole is advancing and the economy is being restructured, however, individuals have lagged behind, so the problem of poverty has emerged and it can be attributed to individuals. The solution lies in assisting them in catching up, so such solutions as retraining, the Youth Pre-Employment Training Program and the Youth Work Experience and Training Scheme have been proposed. Is the poverty problem really that simple? Will people's lot

improve concomitantly as the economy grows? Will the problem of poverty be solved as the economy grows, or will some simple retraining help these people catch up with social progress?

Let us look at some of the figures provided by the Census and Statistics Department. If the household incomes in Hong Kong are divided into 10 percentiles, between 1991 and 1996, despite the high economic growth in Hong Kong, the income of the lowest-income group was still on the decrease, whereas the income of the two highest income groups of course increased by 15% to 17%. Between 1996 and 2001 and after the reunification, we experienced economic adjustments and recessions. The income of the lowest-income group of course continued to fall but those of the two highest-income groups still continued to rise. These figures show that irrespective of the economy rising or falling, the income of the lowest-income group in society always continues to fall, whereas the incomes of people in the highest-income groups always have double-digit growth rates, be it in economic downturns or upswings. This reflects that economic growth will not help the poor people at all.

Moreover, we can now turn to the number of households with a monthly income of less than \$4,000 in Hong Kong. We are talking about \$4,000. In 1997, soon after the reunification, we had 80 000 such households. By 2003, we had over 200 000 such households and their proportion in all households increased from 4% to 10%. Such an increase is staggering. We are not merely talking about the figure; what we are saying is that there is also a drastic increase in terms of the proportion. We can thus see that the poverty problem in Hong Kong is very serious.

TUNG Chee-hwa admitted in the policy address that the bubble economy and superficial prosperity before Hong Kong's return to China bred a false sense of superiority, that we were not alert enough to the looming challenges of globalization and the knowledge-based economy, nor did we react in time to solve the structural problems of our economy or respond promptly to the Mainland's economic advances. TUNG Chee-hwa seems to have recognized the Government's lack of alertness in resolving the structural problems in the Hong Kong economy in time or any sense of crisis. Since he has realized where the problem lies, what solution has been offered? Since this is a structural problem, and since it has been raised, we are also well aware that 230 000 people are facing the unemployment problem and that a large group of people in late middle age are facing the prospect of long-term unemployment, how will they be

assisted in solving their problems? Is retraining one of the answers? How can sewing workers be assisted in transforming into workers in such high value-added industries as finance and information technology?

We know that it is not possible to rectify this so-called mismatch in human resources through retraining or such plans as the Youth Pre-Employment Training Program or the Youth Work Experience and Training Scheme in any way. On the pattern of economic development, if such is not the conclusion that we reach and if we continue to focus on those so-called high value-added industries and only talk about the four main pillars instead of encouraging labour-intensive industries or making the creation of employment opportunities the basis of economic development or the guiding principle of major policies, I am afraid economic growth will not benefit a large number of members of the public. If we only care about economic growth but not the sharing of fruits of economic growth by members of the public, I am afraid the outcome will be a further widening of the disparity between the rich and the poor as a result of economic growth and the escalation of the so-called class conflicts that we are already facing. TUNG Chee-hwa said that we have to work together to establish a harmonious society, however, if we continue to develop in such an economic pattern, I am afraid it will be very difficult to attain this so-called harmonious society.

TUNG Chee-hwa has raised a problem but failed to offer an answer. He wants to help the poor but dares not touch the vested interests. The policies remain skewed in favour of consortia. Just now, many instances of the so-called collusion between the Government and business and transfer of benefits have been mentioned. For some utility companies such as the HEC and CLP, the return on investment each year under the Scheme of Control Agreements can be as high as 13.5% or 15%. As a result, these two companies can go on making investments and invest excessively according to the rate of return on investment, so that they can increase their tariffs with vindication, even though huge amounts of profit have been made.

On the other hand, in order to balance revenue and expenditure, many public services have to be slashed. Next year, the funding for non-government organizations in the social service sector will be slashed by \$65 million. The five Single Parent Centres, in spite of their considerable success in the past and the funding requirement of only about \$8 million each year, were also all chopped off in their entirety with one swing of the axe, without even a blink.

The funding for several service centres for new migrants was also totally axed. The Government has no qualms whatsoever when it deals with organizations which incur very little cost or require little funding. However, on some large-scale projects, for example, on awarding the West Kowloon Cultural District development involving tens of billions of dollars through the single-tender approach, the Government also has not the least bit of hesitation either. In view of this, if we say that the Government really wants to help the poor, it actually knows wherein the problem lies but has failed to administer the right cure. The Government said that it was determined to confront this structural problem, but I am afraid the proposed policy to help the poor will only be hot air.

Therefore, I hope that if the Government really wants to help the poor, its entire economic policy and philosophy of governance should first of all depart from showing favouritism to large consortia in its governance. Firstly, it should set the welfare of the people as its ultimate goal. Secondly, it must do something about the system, for example, in respect of employment, a system prescribing a minimum wage and maximum work hours must be put in place, so as to stamp out the problem of working poverty. It should also study and implement a universal retirement protection system as soon as possible to cope with an ageing population in Hong Kong in the future. Thirdly, I believe it is necessary to examine and reform our taxation system, so that it can be rendered more progressive and the profits tax rates should also be adjusted. The notion of corporate social responsibilities should also be advocated, so that consortia with the ability can repay society. The business sector should be encouraged to set up more trusts and this system of trusts should be institutionalized, so that the business sector can repay society with the profits they have earned from a large number of members of the public. It is not possible for economic growth to just chart a course of high value-addedness, it should also develop along lines that will promote employment.

Mr Deputy, I hope that in helping the poor, the Government will not just look at this matter from the angle of service provision. Economic growth is closely related to helping the poor, just like democracy is to the people's livelihood. I hope that the Government can show its resolve, rather than merely be concerned with whether it will touch the vested interests. Thank you.

MS MARGARET NG (in Cantonese): Mr Deputy, there are still several minutes left. I wish to discuss the poverty problem in particular. Motions on the poverty problems had been moved repeatedly in this Council during the past few years, for the purpose of urging the Government to face squarely the worsening wealth gap between the rich and the poor. This year, we have passed a motion to call on the Government to establish an interdepartmental committee to co-ordinate and promote the work of aiding the poor and eliminating poverty. This Council has already established the Subcommittee to

MR LEUNG KWOK-HUNG (in Cantonese): No one is listening. Please summon Members back to the Chamber to listen to the speech.

DEPUTY PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, do you have a point of order?

MR LEUNG KWOK-HUNG (in Cantonese): Mr Deputy, it appears to me that a quorum is lacking now. Please ring the bell to summon Members back to the Chamber.

DEPUTY PRESIDENT (in Cantonese): Will the Clerk please do a count.

(The Clerk did a head count)

DEPUTY PRESIDENT (in Cantonese): Since a quorum is not present in the Chamber, will the Clerk please ring the bell to summon Members back to the Chamber.

(The President resumed the Chair while the summoning bell was ringing)

(After the summoning bell had been rung, a number of Members returned to the Chamber)

PRESIDENT (in Cantonese): A quorum is now present. Ms Margaret NG, please continue with your speech.

MS MARGARET NG (in Cantonese): Motions on the poverty problem had been moved repeatedly in this Council during the past few years, for the purpose of urging the Government to face squarely the worsening wealth gap between the rich and the poor. This year, we have passed a motion to call on the Government to establish an interdepartmental committee to co-ordinate and promote the work of aiding the poor and eliminating poverty. This Council has already established the Subcommittee to Study the Subject of Combating Poverty to follow up the issue.

I hope the commission to alleviate poverty proposed by the Chief Executive in the policy address can co-operate fully with our Subcommittee, so as to provide the latter with periodic briefings, report its progress of work, listen to opinions expressed by its members as well as people attending its meetings and answers questions raised by it.

At the present stage, I would like to put forward several main points:

The first point is a macro point of view: We must look at the problem of disparity between the rich and the poor from a macro point of view. We cannot simply look at the problem from a welfare perspective. The disparity between the rich and the poor is a warning sign of the economic imbalance, a symptom of inadequacy in social policies. It simply indicates that there is an overall governance imbalance. The SAR Government puts great emphasis on economic development. In the meantime, it repeatedly stresses that economic development means making investments in the Mainland, integration with the Pearl River Delta Region, the provision of high knowledge, high academic qualifications, high skills and high value-added services. These are probably correct directions. However, the Chief Executive cannot deny that, under such economic development, Hong Kong shall see an over-supply of 230 000 working people who have low education and low skills. This was mentioned by Dr Fernando CHEUNG just now. Regarding these 230 000 people and their families, the Chief Executive does not have any policies to address their predicament. At most, he can only talk about retraining. But he also knows that, retraining can only solve the problems for an extremely small number of people. Good governance should not allow a large group of people being

forgotten. Any attempt to face such a fact squarely and formulate policies actively is not driven by a benevolent and caring heart, but an essential action to promoting social stability and progress.

The second point is about the different types of poverty. By analyzing the different categories of CSSA recipients, we can already come face to face with different categories of poverty: Unemployment poverty, working poverty, children and elderly in poverty, and so on, which call for different policies to complement each other in solving the problems. For example, in order to solve the problem of working poverty, we must consider establishing the minimum wage; for the poverty of the elderly, the main focus should be on the retirement plans and the welfare of the elderly. For poverty caused by some temporary conditions, such as the situation of a single-parent family or that of a new immigrant family, the prime need may possibly be the provision of immediate financial assistance and the implementation of anti-discrimination education and policies in the long run.

In particular, the poverty of children arouses the greatest concern in society. This is not just because the little children are innocent, but also because an environment of poverty will hinder their growth, and deprive them of development opportunities, thereby leading to inter-generational poverty. I think we have the greatest urgency in solving the poverty problem of children, and taking immediate actions in this regard is the easiest. For example, the problem can be promptly alleviated by implementing certain policies in schools.

With regard to the establishment of a poverty line, is it really necessary? There are divergent views on this. However, regardless of whether a poverty line is drawn up, we must fix a yardstick. Otherwise, the work of eliminating poverty will become some empty talk which will only end up in blurred confusion.

Thank you, Madam President.

MR LEUNG KWOK-HUNG (in Cantonese): Madam President, first of all, I would like to discuss an issue, that is, the issue of minimum wage and maximum working hours. We all know that, with 38 votes for and 18 votes against it, a relevant motion had been passed in this Chamber. So we should have already achieved the above objective. However, due to this unprecedented separate

voting system, the motion was eventually negated. So, in this policy address, Mr TUNG can now say this, "No problem. Let us ask the Labour Advisory Board to deal with the issue!" That was what he said. The Labour Advisory Board is an organization formed by representatives of employees, employers and the Government. This Government is extremely irresponsible. When there are divergent views in society, it has the obligation to implement certain policies and to make decisions. That is the way of Mr TUNG. Whenever he cannot do something, he will simply say, "Well, you may discuss it among yourselves." It is just such a government such a government. Yet, it still expects us to listen to its policy address. No wonder no one wants to listen to it. Later, when the summoning bell is rung, I shall have to return to the Chamber again. And the Council has to summon Members back to listen to the speeches.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please sit down first.

MR LEUNG KWOK-HUNG (in Cantonese): I am not going to request you to summon Members this time. Forget it!

PRESIDENT (in Cantonese): No. As you have already reminded me of the situation, I must ring the bell to summon Members back to the Chamber. Had you not raised this point, I could have considered myself unaware of the situation.
(*Laughter*)

MR LEUNG KWOK-HUNG (in Cantonese): All right. Then go ahead summoning them. It had already constituted a request for summoning Members, had it not?

PRESIDENT (in Cantonese): The Clerk may ring the bell to summon Members back to the Chamber now as I have already done a head count and found that a quorum is not present.

(After the summoning bell had been rung, a number of Members returned to the Chamber)

PRESIDENT (in Cantonese): Now a quorum is present. Mr LEUNG Kwok-hung, please continue with your speech.

MR LEUNG KWOK-HUNG (in Cantonese): In order to make up for my fault, I am going to share a joke with you. Why has Mr TUNG stayed in his post in the Government? Of course, he once said, to this effect, "Staying is more difficult than leaving." This was what he said. But in fact, it was not true. There was another more important reason. When TUNG Chee-hwa went to Beijing to report his work to the Central Government, the mainland official concerned asked him, "As the situation has deteriorated to such a state, do you want to continue with your work?" As you all know, Mr TUNG speaks more fluently in English than in Chinese. So he said, "No, no, no", in much the same way as his wife would say, "No, no, no." So the mainland official thought that he was saying "Lo, lo, lo (撈、撈、撈)".¹, but what he actually meant was that he did not wish to continue anymore. That is how the story goes.

What are the implications behind this joke? Although the circumstances involved in this joke were rather miserable, because the communication gap arising from the language barrier had led to the situation of someone being forced to keep doing what he did not want to do. But why did something like this can ever happen in the first place? It was because a small group of people had handpicked a person. After that, they went on finding a small number of people who would then put a yellow robe around him, thus making him the Chief Executive.

This was the origin of collusion between business and the Government in Hong Kong. Otherwise, as Mr TUNG had already said "No" thrice, and if the people knew that he was speaking in English, they would not have let him continue with his job as the Chief Executive. Yet, even his masters did not know in which language their handpicked candidate was speaking. As such, they mistook his "No" in English as his intention of going on "doing" his job. So it led to the present disastrous situation before us.

However, what was even more miserable was that, when Mr TUNG was told by his new master to identify inadequacies, he was at a loss. He went back

¹ "Lo" (撈), pronounced similarly to "No" in English, actually means "to do a job for a living" in colloquial Cantonese.

immediately to look up Buddhist scripts to see if there were any good quotes he could copy. Consequently, he copied, "I shall identify inadequacies. I shall identify inadequacies." As he read on, he came across the several words "collusion between business and the Government". So, the sentence of "I shall not commit the offence of collusion between business and the Government" was also copied into his book, and it was published, signed and sealed — it cannot be reversed and had to be read out aloud.

One day later, he regretted about it. "Oh, all I have done is just copying these sentences once. But people take it for real." But, it was irreversible now. Everyone is talking about collusion between business and the Government. Regarding any opinions expressed on what had happened during the past seven years, he did not listen to them at all. But one day afterwards, he regretted about having made such remarks. And one week later, most people in this Council changed their stance and started to speak in support of him, saying that such cases had never taken place. This is the miserable aspect of the political reality in Hong Kong. But do not forget, playbacks do exist in this world.

Last Wednesday, Thursday and Friday, all the political parties said, "Yes, collusion between business and the Government must be curbed, or it will ruin us." Today, it seems someone has pressed the buttons on the back of everyone, or it seems the Publicity Department of the Central Committee has risen from death, for all the public opinions have changed and everyone supports Mr TUNG again.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, I am sorry. I have to interrupt you because after having spoken for such a long time, you still keep on mentioning Mr TUNG. But the subject matters of today's debate session are matters of commerce and industry, economic services, financial affairs, information technology and broadcasting and labour.

MR LEUNG KWOK-HUNG (in Cantonese): I shall come to them very soon. We end up like this simply because of the problems of Mr TUNG.

PRESIDENT (in Cantonese): Then please get down to the subject matters as soon as possible.

MR LEUNG KWOK-HUNG (in Cantonese): The Member who is walking out of this Chamber right now is Mr MA. I am one of his readers. In his column in *Ming Pao Daily*, he criticizes collusion between business and the Government every day, and he also criticizes TUNG Chee-hwa every day. However, Members of his party are telling us that people who say that there is such collusion are bringing trouble and worries to society. What kind of political party is it? Do they still have any integrity?

Madam President, I shall come to the subject matters of this debate session very soon. In Hong Kong, if we want to develop business in information technology, or anything related to high technology or whatever business, such policies shall never follow the teachings of Chairman MAO, that is, "coming from the people and eventually be implemented among the people" or "going up thrice and going down thrice", as said by Mr DENG Xiaoping. Nothing like that has ever happened. Instead, the final decision is made by only one single person.

Let me quote one example. Again, it was about the man who said "No", but still going on "doing" his job — TUNG Chee-hwa. In the meantime of the conceptual period of the Cyberport project, an internationally renowned computer hardware corporation said, "We would like to develop our operation in Hong Kong, can you grant us the required land free of premium?" Mr TUNG was most impartial in replying, "No. We have never done that before. How can I, without any justification, grant the land to you free of premium?" So, the corporation did not come. We all know that this corporation can create many job opportunities. However, soon afterwards, he displayed favouritism towards the guy surnamed "LI". He was most impressed when he met this Mr LI, thus leading to the emergence of the Cyberport incident. What was it? What was it all about? It was exactly collusion between business and the Government and a transfer of benefits because, in his opinion, only this guy surnamed LI could be considered as "human being". Those who are not of the same ethnic group as us cannot be trusted. So we cannot allow the development launched by foreigners. After talking about the Cyberport, I shall move on to the popular subject of the Yantian Port. Well, who owns Kwai Chung? Why are the freight charges in Hong Kong the highest in the world? Why can Rotterdam catch up with us? Why can the Yantian port catch up with us? If Rotterdam can catch up with us, it means losses to us. But in the case of the Yantian port catching up with us, the profit goes directly to the wallet of LI Ka-shing. The money that goes to the wallet on this side is his profit, and the money that goes to

the wallet on the other side is also his own profit. So he can make profits no matter where he goes. What kind of situation is this?

Why should our container port policy be formulated around a rich man? A Dutchman, whom I met in a pub, asked me, "Why is it so lousy?" I said it was none of my business; it was the business of the guy surnamed "LI". Is it not so? What else do we have to prove?

When we come to tourism, I would like to ask one question. Someone had been bluffing about the grand development of the tourist industry — that person has gone now. When the hotel site in Ma On Shan was sold at a pitiable price, to whom was it sold? Had anyone gone crazy? The Government said they felt that the prospects of hotel industry were not too good at that time.

That was how the Government has been doing. When the tourist industry was having a so-called temporary low season, it would start selling the land at pitiable prices to others and said that the hotel industry could not have any good prospects. But now his hotel is flourishing, doing a roaring trade. What is it all about? Why did it not sell the land to me? Why did it not sell it to me, LEUNG Kwok-hung? But I can tell you, I would not buy it because I am not a businessman. But other businessmen would query. They have not done so simply because it is not convenient for them to come to this Chamber to ask the question.

Still there is someone who has to do all sorts of tricks to twist the truth, and so on, according to the instruction of his master. I really have to feel miserable for these dedicated civil servants. This is because whenever his master changes his stance, he has to write an article in support of the same. Next time around, when HU Jintao suddenly calls up on the hotline in his half-sleep mode and says collusion between business and the Government does exist, what will he do? Does he have to write another article "The Cyberport was really an act of collusion between business and the Government"?

This Council has been subject to too many acts of bullying, and we are even accused of bringing trouble and worries to society in our move of opposing the privatization of public properties. Please check it out on the Internet — even mainland scholars say that there are problems with the listing exercise of The Link REIT. Please do not forget, even when the communists move towards capitalism now, they still claim to be socialists. They dare not go

ahead with privatizing public properties in this way. Some people may kiss on the wrong part even if they intend to do acts of "bootlicking". Therefore, he who has the last laugh has the best laugh. Let me tell you, if a person acts with conscience, he can laugh very heartily. If a person laughs or weeps just because he is so instructed, then his laugh must be a fake. Thank you.

DR LUI MING-WAH (in Cantonese): Madam President, in his eighth policy address delivered on 12 January during his tenure and entitled "Working Together for Economic Development and Social Harmony", the Chief Executive emphasized "gaining experience and learning lessons" and responded specifically to the aspirations of the public with respect to 11 issues of concern to the community at present. This pragmatic and prudent policy address is not only concerned about the livelihood of the people, but is also able to understand and sympathize with public sentiment and get close to public opinion. The comments given by various sectors in the territory have been positive and affirmative.

After seven years of ups and downs, Hong Kong economy has finally weathered through the bitter winter and resumed remarkable growth. However, the first sign of recovery has failed to dispel the gloomy political atmosphere. Still blamed for whatever it does in governance, the Government is finding it difficult to stride forward with its ability to govern being constantly challenged. In this policy address, the Chief Executive has reflected on his performance over the past seven years and admitted that "in retrospect, our mindset was inadequately prepared for the dual impacts of political change and economic downturn, nor did we have the necessary experience to respond appropriately", the Government has "failed to establish the vision of 'people-based' governance" and "fallen short of 'thinking what people think' and 'addressing people's pressing needs'", and has "introduced too many reform measures too hastily, putting heavy burdens on our people". In addition, "government policies and measures to deal with the bursting of the real estate bubble and the serious fiscal deficit no doubt caused the public pain and unease." As head of the SAR Government, the Chief Executive has made a clever move in taking the high moral ground to gain public understanding and re-gain their trust by being able to identify the inadequacies of the Government over the past seven years in such a profoundly sincere manner, review his successes and failures,

and offer the public a frank explanation. At the same time, he has managed to alleviate the people's dissatisfaction with the Government, and this is helpful to his governance in the coming two years or so.

Obviously, "Chief Executive TUNG" has noticed the problems embedded in Hong Kong society. In other words, the disparity between the rich and the poor has widened during the period of economic depression dating back to years ago. Not only is Hong Kong society divided, it is filled with grievances as well — with the grassroots facing the constant fear of losing their "rice bowls" or spending more than they earn. Although most of the middle-class negative equity holders have already got rid of the burden of negative equity, their wealth has "shrunk". They have found it very difficult to accept social welfare expenditure rising or being abused indefinitely. There is a feeling that the effectiveness of governance is being directly affected by the dissatisfaction of low income earners and the middle class. In the coming two years or so, the Chief Executive will therefore focus on promoting social harmony and stability. To achieve this, alleviating poverty is going to be the main axis of governance in the next two years. On the one hand, the Government will strengthen training for low-skilled workers, enhance the working ability of grass-roots families, and increase job opportunities. On the other hand, the Government will allocate more resources to upgrade the quality of education and assist the next generation of the grassroots to give them equal opportunities of upward movement and success. On increasing job openings, the Government has decided to retain the posts of non-skilled workers by workfare to prevent them from falling into the CSSA net. Furthermore, the Government will spend \$4.4 billion on municipal projects, including a library, recreation centres and swimming complexes, for the purpose of creating thousands of jobs. However, all these initiatives require enormous resources and support. It is indeed surprising and disturbing to find that the policy address has talked so little about promoting the economy.

The policy address has made it very clear that we have to consolidate as a start our core industries, namely the financial services sector, producer services, logistics and tourism. This is agreed by the community too. However, on in-depth reflection, we can see that Hong Kong's economic revival last year was driven by the faith in the effects of CEPA and the Individual Visit Scheme. The fact that the spending brought about by the influx of massive mainland tourists into Hong Kong had given impetus to tourism and the hotel, retailing and catering sectors reflected that our economic revival was driven by domestic consumption. As Members are aware, an economy depending on tourist spending is just as vulnerable as "water without a source".

Although our economic growth reached up to 7.5% last year, it can be clearly seen that such a brilliant figure was resulted from the sharp increase in the volume of re-exports. Coupled with the robust property and financial markets, more revenue from taxation has been reaped. The Government should realize that this is nothing but superficial prosperity. Hong Kong's vulnerable economic structure has undergone no fundamental changes. With the unemployment rate remaining high at 6.5%, the public at large, particularly the low-skilled workers, have not benefited from the economic recovery. As an independent economic entity, Hong Kong should therefore establish new points of growth to promote economic development and provide job opportunities. Like Hong Kong, many countries in the world, such as Singapore, Switzerland and Scandinavian states, have outstanding industries as their economic base. I hope the Government can change its way of thinking and explore the policy of attracting manufacturing industries to Hong Kong to achieve the dual purposes of stabilizing our economic foundation on the one hand and providing products for the cultural and creative industries as carriers with a view to commercializing creativity and creating wealth on the other.

The SAR Government's decision to make development its keynote priorities of governance in the coming two years and a half is worth supporting. Given robust economic development, various social conflicts will be alleviated and resolved, and unemployment and the people's livelihood be improved. Only with the disappearance of grievances will the community become stable and harmonious. In the long run, the manufacturing sector will continue to be a key factor in promoting economic development. I hope the Government can seriously consider this. Thank you, Madam President.

MR KWONG CHI-KIN (in Cantonese): Madam President, my partner, Mr WONG Kwok-hing, was very impassioned and he enumerated the 14 cardinal sins committed by the Government when talking about the problem of working poverty. According to the observations of Mr CHEUNG Man-kwong, he has already broken the records of the Legislative Council and the former Legislative Council. In the past, it seems no Member has ever been able to enumerate so many sins done by the Government in one breathe. Even Miss CHAN Yuen-han has to sing a song called "Love You With All My Heart". I think these two Honourable colleagues of mine have expressed the heartfelt opinions of the labour sector and levelled fairly vehement criticisms at the Government.

I hope the Government will understand that the vehement criticisms levelled by Members from the labour sector at the Government only show that Honourable colleagues still hold hopes for the Government. If we do not criticize the Government, that means the state of affairs may have got worse, that is, we no longer have any expectation on the Government. This will not bode well for society as a whole. As far as I am concerned, I do not want to criticize merely for criticisms' sake. Under the present economic resurgence in Hong Kong, many workers told us that they had failed to share the fruits of economic development. Therefore, I hope that at the same time as we make criticisms, we can also try to find a way out together with the Government. It is my intention to try to explore our prospects in a more constructive way.

I fully agree with the remarks made by Mr LAU Chin-shek earlier. He said that Hong Kong had to retain a certain proportion of manufacturing industries that churn out products if our economic structure was to become sounder. Recently, Mr WONG Kwok-hing and I have paid visits to many trade unions. Of these, a remark made by the representative of the trade union for transport workers struck me deeply. He said that when there were goods, there was transportation, if no products or goods were produced in Hong Kong, then the transportation industry would not have a bright prospect and there is no need to talk about the issue of whether or not it was necessary to build Container Terminal No. 10. Their outlook was rather gloomy.

The representative of the Hong Kong Printing Industry Workers Union told me that of all manufacturing industries, the printing industry was the last one standing against relocation across the border. However, now it could not hold out any longer and also had to relocate across the border. They could not help it because the costs on the Mainland were really low. I asked him what could be done to save the industry. In fact, in our competition with the Mainland, comparatively speaking, the printing industry possesses a lot more advantages — we have better technology and we can deliver the products quickly. However, he said that even these advantages could not revert the trend. I also asked him what the prospect for the printing industry was. He said that there was only one way to save the industry, that is, when the Government invited tenders for printing work, it should specify that the printing process must be carried out in Hong Kong. In this way, there will be sufficient demand for their service. However, the Government might say in response that this would not be feasible because we have joined an international organization and signed the Agreement on Government Procurement (GPA) of the World Trade Organization (WTO).

When a contract reaches a specified threshold in value, special treatment cannot be given to local companies or local workers and tenders have to be invited worldwide. Is this really the case? I think that as a Member, I should also do some homework, so I sifted through the discussions on this matter throughout the years in the Legislative Council. In addition, our Secretariat also provided many documents to me and I spent the greater part of a day reading them. I think that the Government's remarks are not entirely without grounds but there are still some areas that we can investigate. Here, I will try to examine how much leeway we have together with Members and government officials.

As mentioned by Miss CHAN Yuen-han, Hong Kong has been rated the world's freest economy for the 11th year in a row. This looks like a cause for celebration. However, if we look at it from another angle, we have also paid a heavy price for it and this will also invite the criticism of why it is necessary to be so free. Why did we not put in place any protective measure to retain some jobs for Hong Kong people? Why is it that we have not put in place any appropriate protective measure for local workers and local companies? Have we struck a balance here? Take the construction industry as an example. We have already asked many times in the meetings of the Panel on Manpower that since the prefabricated parts are all made on the Mainland, if it is possible to specify in the tenders that the prefabricated parts must be manufactured in Hong Kong. Is it possible for us to adopt measures to identify places in Hong Kong for the purpose of training technicians to produce these prefabricated parts in Hong Kong? How binding is the GPA of the WTO on us?

Here, I wish to offer some of my observations. From the documents, we learned that Hong Kong acceded to and signed the GPA on 20 May 1997. It is noteworthy that at that time, Hong Kong signed the GPA as a developing member. Although Hong Kong was quite affluent, it is interesting to note that this international organization had given to members a great deal of room to make their own choices and their status is one item on which they can do so. Our officials were very humble and chose the status of a developing member. In international agreements, this status will allow such members more room for manoeuvre in obtaining favourable treatment, however, it seems that the Government has not done anything in earnest to this end. I will talk about this point in detail later on.

What are the requirements of this agreement? There are several categories under the agreement: direct procurements made by the Government, procurements made by non-government public organizations (for example, the Housing Authority and the Airport Authority), and so on. If the value involved in a direct procurement of goods or services by the Government is over \$1.3 million, then open procurement is required and no preferential terms for local businesses can be attached. For non-government public organizations such as the Housing Authority and the Airport Authority, the threshold value of procurement is \$4 million and for construction services, \$5 million. This is the general framework of this international agreement.

I wish to raise several issues. First, the threshold value is self-elected and determined by each country and region on its own. My question is: Why did we set the threshold value at such a level? Although this level has nothing very special about it and it was also adopted by many other countries and regions, we notice that the amounts set by some countries are comparatively higher. The threshold values are higher, that is, the amounts at which open procurement worldwide is required are higher. For example, the amount set by Israel for construction services are higher than that in Hong Kong, whereas the threshold value adopted by the Japanese Government, at which open procurement is called for, is similar to ours. However, for some categories, such as non-government public organizations and local governments, the amounts set by Japan and Korea are three times more than that of Hong Kong. If we think about this and want to ascertain responsibility, it is possible to probe why such low threshold values were set. However, I do not wish to pursue this. On the other hand, since there are some provisions at our disposal with which we can make revisions, can we examine if it is possible to revise the threshold values to higher levels?

The second issue is that many countries and regions that have signed this international agreement have drawn up some permissible derogations, exemptions or additional conditions. Even affluent countries like the United States have also drawn up such provisions. In response to Members' concern, in the last Session, the Legislative Council Secretariat prepared a fairly detailed information note on 30 April 2003 on the GPA of the WTO. In it, paragraph 7.9 mentions the experience of other countries. I quote, "Many signatories have made use of specific derogations for pursuing their specific industrial, social, and/or environmental programmes, which may be incompatible with the GPA provisions. For example, the Annexes of Canada, the United States and

South Korea have derogations for programmes to set aside a share of their government procurement for small and minority businesses." Even affluent countries like the United States have left some room for manoeuvre for itself in international agreements so as to give small businesses some room of survival. Can we examine this matter along such a line? This is also the international practice.

The third question that I wish to raise is that, since we have chosen the status of a developing member, have we ever made serious use of the provisions in this international agreement to give businesses and workers in Hong Kong greater room of development? In paragraph 7.11 of the same information note prepared by the Legislative Council, there is a more detailed discussion of this issue. It says that Article V(1) of the GPA asserts the basic principle that the signatories to GPA should take into consideration the development, financial and trade needs of developing members, such as the development of domestic industries, support of industrial units dependent on government procurement and safeguarding the balance of payments. From this, we can see that there are at least two points that merit further probing. The first one is the development of domestic industries. For developing members, this international agreement allows some exemptions. Concerning the situation of the printing industry that we have mentioned, it may be the last manufacturing industry which stays in Hong Kong. Can we still save it? Can we say that it is a domestic manufacturing industry that we want to preserve, so that we can preserve it by means of some provisions in the GPA of the WTO? In view of this, when the Government and public organizations invite tenders for printing services, can a requirement be imposed so that the printing has to be done locally?

Secondly, the construction industry comes to our mind. Since the private property market is just beginning to recover, there is only a small number of projects. Therefore, at present there is still a heavy reliance on public works projects. The value of these projects amounts to tens of billions of dollars, yet workers in Hong Kong cannot benefit from them. I wish to tell the Government that trade unions and workers are feeling very resentful and the intensity is even greater than that seen in this Chamber. Our colleagues would still package it a little in the form of the "14 cardinal sins", however, when the workers met us, they simply unleashed everything with no restraint and the language they used must by no means be quoted in this Chamber. All sorts of words were used and they were very direct. There are still more than two years left in the second term of the SAR Government under TUNG Chee-hwa. I am quite worried

about this. If officials can hear how tumultuous public sentiments are, I believe you will not be so gleeful and smug, saying that Hong Kong is the freest economy. When world rating agencies keep saying that we are the freest economy, we should pause and think: This does not bode well. Why are we so dumb? In this competitive international environment, even the United States seeks to protect itself. Why did we not claim some room for ourselves? What do we want that number one for? All these are just vanities. Local people are losing their means of living, so what do we want so many number ones for?

I wish to reiterate some of the concerns expressed by the Panel on Manpower of the Legislative Council in the last Session. Madam President, the information is rather dated and the paper was issued in January 2003. In the paper, the Government also noted the concern of the Panel on Manpower of the Legislative Council about prefabricated parts, government printing services, the production of government uniforms and shoes and the supply of other materials. However, after reading the entire paper, it was really difficult to give any response. Madam President, the Government officials said after reading it that the present position was correct and there was no need to do anything. The authorities just could not get any of the concerns expressed by the many Members into their heads. Since I have some legal background, I hope I can explore this matter in a more technical way with officials today. Please do not talk nonsense anymore by saying that the Hong Kong economy is free-wheeling and this is how world trade is. If you have no job, hard luck and sorry but it is only because you do not have the ability. Please do not be like this and show us that you have a heart. Even the Americans did not sign the agreement in such a mentality. I dare not say that our officials are no good because I know we have a lot of commercial negotiation experts and there are also a lot of international law experts in the Department of Justice. I believe if the professionals in the Government are pooled together, there was no reason that such an obvious provision in this international agreement was overlooked. Although I am a barrister, I am not versed in any way in international trade. I began to read the documents from nine in the morning up till now and have spent a whole day on them. Even with my limited knowledge, I can see that there are several ways in which something can be done. I dare not consider myself to be a cut above by saying that a day's effort on my part is superior to the many years of negotiation experience on the part of the negotiation experts. However, why is it that no substantial response can be found in the documents of the Legislative Council? You are only gloating over the claim that Hong Kong is a free economy, saying that this is how free economies in the world operate and since we are just an

international trading centre, the situation can only be like this. Please do not say this but let us see some of your savvy by responding to the demands of printing workers and those of construction workers. Miss CHAN Yuen-han has reminded me that other manufacturing industries such as the garment industry and footwear industry have also been mentioned. In fact, if we think a little over this, maybe there are many other industries that can be saved.

The Government may say that we have to buy goods which are cheap, of quality and a bargain. As the Government, you have the duty to strike a balance here. If goods that are cheap, of quality and a bargain are purchased but in return, this will make workers in Hong Kong become unemployed and in the end, they have to receive CSSA payments, does this not also incur Government expenses? Is it not necessary to strike a balance? Where does the balance lie? I hope the Government can conduct some in-depth studies and respond to our demands.

In fact, the colleagues in our office have also collected a great deal of information, including that on the United States. Madam President, I like to talk about the United States in particular because it is the freest and most affluent country. Why is it also necessary for it to put in place protective measures? Should we also learn from other people? Mr TUNG said we should be people-oriented. Our workers are losing their livelihood and their jobs. Can you spare some thoughts for them? The preliminary finding of the studies conducted by our colleagues is that many countries have attached additional conditions. For example, for the state governments of the United States, since they are not the Federal Government, the steel materials used by these state governments in construction are not subject to the requirements of this international agreement under certain circumstances. Another example is that in areas experiencing economic recession, where plans to boost the economy are being implemented, or for businesses receiving aid and run by minorities, the disabled, the elderly or women groups, they are also not bound by the requirements of this agreement. We know that the international community is still considering the case of co-operative societies. The experience of co-operative societies is that they can survive only if the Government gives them priority when making purchases. Another example is that when non-government organizations in Israel procure electrical cables, they are not bound by this agreement. In sum, from the experience of other countries, it can be seen that they will always leave some scope for some of the important sectors in view of their industrial and economic needs.

In fact, while reading the papers, I also noted some rather radical remarks and some people even demanded that the Government withdraw from the GPA of the WTO. As a representative of the labour sector, so far I have not dared to make such demands, however, I wish to remind the Government that some people have published such articles indeed. I wish to quote the remarks made by an environmental activist called Mr SZE Pang-cheung, who is not a member of the labour sector. He contributed an article to a publication of the Oxfam. He has studied the topic of globalization for many years. According to the introduction to this article, he is now working for the environmental group Green Peace. Concerning the studies conducted by Mr SZE, let me cite his conclusion: "The unemployment rate in Hong Kong is climbing by the day and the construction industry is especially hard-hit. Can the Government drive certain domestic industries and increase employment by manipulating the vast procurement market? Such a possibility has been pre-empted by the WTO's GPA. From a wider perspective, if Hong Kong wants to adopt an alternative economic model and treats the maximization of employment, rather than the attraction of foreign capital, as the top priority on the economic agenda, I am afraid the WTO must eventually be cast off." If this sort of opinion becomes the general view, the Government will have even more difficulties in its governance. He said that it was stupid of the Government to become a signatory to this international agreement and it will only bring ruins to Hong Kong people. I dare not make such a claim even now. Today, I only hope that the Government will make greater efforts by finding some international experts to conduct a serious study and to find out under which provisions and what circumstances we can respond to the demands of workers in Hong Kong, as well as those of the manufacturing sector and construction workers.

My colleagues reminded me to make it clear to the Government that they hope the Government can set a timetable and respond in detail to our demands. Madam President, recently, Mr WONG Kwok-hing and I have paid visits to many trade unions and this exercise covered many industries. They include the security service, construction, hotel and catering industries. In these industries, it is certainly miserable to be jobless, but those with jobs are also having a miserable time.

Mr WONG Kwok-hing has already described some of the conditions of working poverty in his speech. Since there is still some time, apart from discussing this issue of the GPA of the WTO that I wanted to raise, I also wish to take this opportunity to relay the situation of workers, so that the Government

can have some reference when considering the issue of prescribing minimum wages and standard work hours. One of the workers works in a hotel as a cook. He very much wants to quit but he knows that if he quits, he will from then on become unemployed. Therefore, no matter how hard a time he is having, he still has to go on working. What he meant by having a hard time is that his work only has a beginning but no end in sight. He works in a middle-upper position and he is not working in a restaurant but a hotel. Each day, he works for 12 to 14 hours. His hotel made \$50 million to \$60 million in profit last year but still kept cutting manpower, nor has any pay rise ever been given to employees. It was said that the profit made had to be used for redecoration purposes and could not be used in giving pay rises. In fact, this cook does not want a pay rise. He only hopes that the manpower can be increased so that he can have more reasonable working hours. He is now about 50 and with such long working hours, I do not know if he could go on toiling like this or should continue until he just can no longer cope one day. He is already a Western cook with considerable skills in a hotel, yet even he has to work 10-odd hours every day. Earlier on, although the economy was in very poor shape, I found that hotel workers were faring better. However, they now have to meet the same fate as workers in Chinese restaurants and drudge all day and night.

Another worker works in the food preparation section of a Chinese restaurant, that is, as a dim-sum worker. He has to work at least 12 hours every day, moreover, he has to put up with everything because if he quits because of the long working hours, he will not be able to find the same kind of job. Of course, no Chinese restaurant will hire a worker over 45 and some restaurants even make it clear that those over 35 need not come for an interview, so it can be seen that age discrimination has become so serious that even those at 35 years of age are considered too old. People from the Food Workers Union told us that many waiters in Chinese restaurants are in fact receiving CSSA payments at the same time as they work because their wages are inadequate to maintain their living and the CSSA payments that they receive are those for low-income people.

In addition, some woman workers working in hotels as room cleaners have to clean more than 20 rooms every day, well over the capability of any normal person. As a result, these workers are experiencing neck and back problems. However, in order to meet the work quota, every day they do not even have time for meals. The hotels also want to save expenses, so if towels and toothbrushes are found short of the declared inventory, workers have to pay for them and buy

them out of their own pockets. There are also not enough garbage bags, so they have to bring their own garbage bags to work.

The transport industry does not fare any better either. Drivers of container trucks plying between China and Hong Kong are no longer employees but everyone has been forced to become self-employed, so-called bosses. There are no employment benefits and the working hours are very long. Moreover, since mainland drivers are competing with them, they have lost many job opportunities.

Earlier, Mr WONG Kwok-hing talked about the situation of cleaning workers and security guards. In fact, to put it simply, they are facing three problems: low wages, long working hours and age discrimination. Now, the Government is saying that the issue of minimum wages and maximum working hours will be referred to the Labour Advisory Board (LAB) for discussion. I do not oppose referring these issues to the LAB for discussion. I believe that in the labour sector, the person who shows the greatest understanding for the Government is me. I often say that I believe the Government has the sincerity to solve problems. Secretary, when I say so, I am in fact taking great risks because whether one has sincerity or not is only known to oneself. However, I wish to put in a good word. This is because I cannot bear to see Members from the labour sector criticize the Government lopsidedly. I only hope that some positive encouragement can be given or some positive exchange can take place. Should the Government become heartless some day and only pays lip-service to the other members in the LAB, everyone will look at me and say, "KWONG Chi-kin, what a fool you are. How could you trust such a Government?" I hope the Secretary can do his work earnestly and the only Member from the labour sector who supports the Secretary can still keep his standing here. If I lose my standing, I believe the Secretary will not have a good time either. In that event, no more Member from the labour sector will say anything for the Secretary.

There is nothing wrong about the LAB because we have a highly important mechanism and it is necessary for it to hold discussions. However, the Government cannot say that if a consensus is reached between employers and employees, then it will proceed, otherwise, it will not. This definitely will not work. Secretary, you have to show us your cards and I hope you do not mean to say that you are asking for support from employers, without which you are not going to do anything. Please do not act like this. The Government should

look at the experience of introducing labour legislation. Many amendments and improvements have been made to the Employment Ordinance and the labour sector also feels that the Government has done many a good thing. The Government always submits all amendments to the Employment Ordinance to the LAB and we have never objected to them. However, we hope that the Government will really take this matter forward and I also hope the Secretary will listen seriously. Thank you, Madam President.

PRESIDENT (in Cantonese): Mr KWONG Chi-kin, your speaking time is up.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, Council will now be suspended for 10 minutes. Public officers will speak when Council resumes.

4.58 pm

Meeting suspended.

5.08 pm

Council then resumed.

PRESIDENT (in Cantonese): A quorum is not present now. Will the Clerk please ring the bell to summon Members back to the Chamber?

(After the summoning bell had been rung, several Members returned to the Chamber)

PRESIDENT (in Cantonese): A quorum is now present in the Chamber. Council now resumes to continue with the second 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 12 January, the Chief Executive announced the policy address entitled "Working Together for Economic Development and Social Harmony". In this policy address, he took stock of the experience gained in the past seven years and gave an account of his focuses of work this year and beyond. I wish to take this opportunity to speak on the issues of economic development and public finances. Other Bureau Directors will speak on issues falling within their respective portfolios.

Last year, the economic performance of Hong Kong was impressive. The economy grew at a rate of 7.5%, bringing an end to the 68-month deflation. Our export and the number of visitors both showed considerable increase. The stock market boomed, while property prices picked up steadily. The unemployment rate on the other hand dropped by more than two percentage points from its peak. And, according to the latest statistics, the number of bankruptcy applications last year was the lowest in four years, showing a drop of 43% when compared with the figure of 2003. In brief, it can be said that there was a full-scale recovery of Hong Kong economy last year.

An analysis of the reasons for economic recovery is already given in the policy address. But all sectors in society must keep up their efforts in order to sustain this encouraging trend. Economic development and promotion shall remain the basis of all government policies, and we will do our utmost to ensure a business-friendly environment with fair competition, so that private enterprises can all give full play to their ability of creating wealth. We will also seek to foster an abundance of equal opportunities in society, so that all individuals can give full play to their abilities and improve their own lot. The Government will adhere to all those policies on which our success has always depended. We will adhere to the policy of "market leads, Government facilitates", the low tax rates, the simple tax regime and fair competition. We will continue to spend within our means and control government expenditure, so as to keep it in line with the growth rate of the Gross Domestic Product (GDP). And, most importantly, we will maintain a "small government".

With the full-scale economic recovery over the past year or so, the unemployment rate has been dropping steadily. This shows that economic

development is the only best means of solving the unemployment problem. Besides adopting some short-term measures such as extending the 10 000 or so temporary contract posts, the Government will also continue to focus on economic development as a means of creating more jobs. Hong Kong enjoys a very unique advantage: its financial and economic systems can converge fully with those of the world, and not only this, the economy of its motherland is also growing at an enviable rate. The Mainland is not only a vast market with huge potentials but also a strong impetus for the financial development of Hong Kong. In order to grasp this opportunity, we must develop and intensify our economic integration with the Mainland by building up our software and hardware infrastructure facilities. The aim should be to facilitate the smooth flows of personnel, goods and capitals between the two places, so that conditions for further economic growth can be created.

While continuing to invest in infrastructure facilities, the Government will also provide software support. Policies will be put in place to remove the obstacles faced by enterprises, so as to facilitate business operation. To begin with, for the economy as a whole, we have adopted several strategic measures to lay down a solid foundation for the long-term development of Hong Kong. Some of these measures are the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA), the launching of the Individual Visit Scheme and the operation of RMB business by banks in Hong Kong.

Phases I and II of CEPA have already been fully implemented. Under CEPA, the goods of Hong Kong can be exported to the Mainland with zero tariff, and not only this, as many as 26 services are able to expand into the mainland market under conditions more favourable than those set down by the World Trade Organization. The Individual Visit Scheme can help Hong Kong develop the vast tourism market of the Mainland. Last year alone, more than 4 million mainland visitors came to Hong Kong under the Individual Visit Scheme. We will continue to intensify our economic integration with the Mainland by, for example, seeking further trade facilitation under CEPA, so as to create more opportunities for Hong Kong goods and services to enter the mainland market. Through the Hong Kong/Guangdong Co-operation Joint Conference and the Pan-Pearl River Delta Regional Co-operation and Development Forum, we will work more closely with our neighbouring cities and provinces, with a view to upgrading the overall competitiveness of the entire region in the world.

A number of Members have criticized us for achieving very little after the signing of CEPA, and for not doing enough promotion work. I hope Members can realize that CEPA was signed just two years ago, but in the past year or so following its actual implementation, we already arranged many promotion visits to different places. We twice visited several cities in Jiangsu Province, Shanghai and several cities in Fujian. We also visited several cities in Zhejiang Province, Tianjin and 21 cities in Guangdong Province. And, there were also the visits to Jilin, Chongqing, Beijing, South Korea, Japan and the European Union. In fact, Hong Kong possesses many strengths, and the many exhibitions we arranged in Hong Kong invariably attracted many foreign visitors, whether the themes were electronic products, toys, garments or other types of goods. Very often, we invited Legislative Council Members to these exhibitions, so that they could see for themselves the quality products of Hong Kong and our promotion efforts. Unfortunately, very few Legislative Council Members ever accepted our invitation. I really hope that Members can see for themselves what achievements the people of Hong Kong have made.

The operation of RMB business represents a breakthrough in operation between the financial industries in Hong Kong and the Mainland, being also a milestone in the economic development of both places, a highly significant first step that must not be ignored. Currently, 38 banks in Hong Kong are already operating deposit, exchange and remittance services in RMB. The total value of RMB deposit in Hong Kong is well over RMB 10.6 billion yuan. And, the transaction volume of RMB charge cards and credit cards in Hong Kong has also exceeded \$2 billion. RMB business has gained a very solid foothold in Hong Kong, and the SAR Government is holding negotiations with the Mainland on expanding the scope of RMB services.

Apart from implementing the above-mentioned strategic measures, the Government has also been continuously reviewing the policies and measures of Hong Kong itself, with a view to improving and consolidating our business environment and upgrading our overall competitiveness. For instance, the Government has been actively encouraging its departments to streamline their regulations and rules and remove all outdated and unnecessary restrictions. The Economic and Employment Council set up last year has selected a number of individual fields for a regulation review. Besides, we will also do our utmost to promote fair competition, so as to create a fair and open business environment. Taking account of individual circumstances, different regulatory measures will

be adopted, including licensing conditions and even the enactment of legislation for specific industries.

Some Members have also criticized that the pace of our development is much slower than those of many mainland cities. But I do not think that such a direct comparison is at all fair. The reason is that the development of Hong Kong is at a much more advanced stage than the Mainland, and for this reason, procedures are of very great importance to us. I am sure that many of the Members now present will agree with me on this. For example, whenever we intend to launch a construction project, we will first have to conduct an environmental impact assessment. Then, the proposal has to be submitted to the Town Planning Board and the Finance Committee for approval. And, all this is finally followed by a public tender exercise. All of these procedures will take time.

In order to consolidate and develop the strengths of Hong Kong, we must continue to upgrade the quality of local manpower and actively attract talents from all over the world. The Government will continue to invest sufficient resources in education and implement the Employment Programme for the Middle-aged. Besides, the Admission Scheme for Mainland Talents will continue to be actively implemented.

While seeking to promote economic development, the Government must also adhere to prudent financial management. When I announced the Budget last year, I already stated very clearly the three guiding principles of the Government's financial management:

1. to strictly control expenditure and reduce the operating expenditure to \$200 billion by 2008-09.
2. to restore fiscal balance in the Operating and Consolidated Accounts by 2008-09; and
3. to bring public expenditure down to 20% of GDP or below, in line with the principle of "big market, small government".

The Government is currently striving to eradicate the fiscal deficit by 2008-09 on the basis of the above-mentioned principles. Sound public finances will ease the pressure of tax increases, and it is most important to note that this

will in turn achieve the objective of storing wealth among the people and allowing greater room for the development of private enterprises. Owing to the support and efforts of the public and my government colleagues, and also as a result of the gradual improvement of the economy, we have become ever more determined to restore fiscal balance and are confident that we will succeed in doing so by 2008-09. As for the overall financial conditions of the Government, I shall give a detailed account when I announce the Budget in March.

Despite the marked recovery of our economy, our public finances are nonetheless still facing many structural problems, problems such as a narrow tax base and the susceptibility of government revenue to cyclical economic fluctuations. The Government is obligated to work out effective solutions to these problems. Soon after my assumption of office, I already initiated discussions on the introduction of a goods and services tax. I hope that the various sectors of society can conduct extensive discussions on this very important topic with such far-reaching impacts. The Chief Executive has already stated in his policy address this year that since our economy is still at the early stage of post-recovery consolidation, the Government will not implement such a tax in the next two and a half years. However, we must still strive to solve the long-standing problems in our public finances. When I announce the Budget in March, I shall give an account of what next steps we will take.

A developed society should be capable of discussing any controversial issues with a mature attitude. As a responsible government, we must initiate discussions on topics with far-reaching impacts as early as possible, so that the public can have enough time and room for deliberations, even though these discussions may not be so welcomed at times. Therefore, when it comes to a goods and services tax, I am not looking for any immediate support from society because after all, at a time when no specific scheme has been put forward, it is difficult for anyone to express any support. But I sincerely hope that Members can still conduct sensible and healthy discussions on the topic, and I also hope that they will not come to any premature conclusions. The reason is that in many of our neighbouring places, there is a goods and services tax or a value-added tax. There is a goods and services tax in Japan, but will Mr Vincent FANG stop going there for operas, spending and dining just because of the tax? In the United Kingdom, there is a 10% value-added tax, but has Mrs Selina CHOW thus stopped going there for sightseeing and consumption? Consequently, I really hope that Members can discuss the topic with good sense.

We should show both the commitment and courage as the master of our own house, and we should consider the overall interest of society instead of being swayed by a handful of people with vested interests.

I am cautiously optimistic about the economic prospects of Hong Kong. Since it is expected that the mainland economy will continue to grow at a considerable pace and the performance of the world economy will also remain satisfactory, we can expect to see the sustained improvement of the Hong Kong economy this year. I shall give a comprehensive account of Hong Kong's economic prospects and outlook when I announce the Budget in March.

As pointed out by the Chief Executive in the policy address, one of the principal reasons for our economic recovery is the indefatigable spirit of Hong Kong people, which is marked by agility, flexibility and resilience. I am convinced that if we can continue to uphold this indefatigable spirit, and given the strong support of the Mainland and our unique advantages, we will certainly be able to scale new heights.

I so submit. Thank you, Madam President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President and Honourable Members, the financial services industry is an important pillar of the Hong Kong economy. Given our gradual economic restructuring, the financial services industry is bound to play an increasingly significant role. Hong Kong has the support of the vast and rapidly growing mainland market. How best to further expand our financial services and consolidate our status as a world financial centre by leveraging on this advantage is the common concern of the Government and the relevant industry.

Over the past year, thanks to the joint efforts of the Government, regulatory authorities and the industry, we have achieved considerable progress in enhancing the regulatory mechanism, upgrading corporate governance, improving the financial infrastructure, strengthening the protection of shareholders and depositors as well as fostering the development of the bond market. And, in this connection, I wish to mention a few points:

- We have completed most of the tasks outlined in the Corporate Governance Action Plan, which I put before the Legislative Council in this month two years ago.
- A number of bills have been passed by the Legislative Council, including the Clearing and Settlement Systems Bill, the Deposit Protection Scheme Bill and the Companies (Amendment) Bill providing for a statutory right of derivative actions, all of which can bring further improvements to our financial infrastructure and investor protection.
- On the bond market, besides providing the financial infrastructure necessary for its development, streamlining the issuing procedures, offering tax concessions and encouraging public-sector organizations to issue bonds, the Government also issued a \$6 billion securitization bond named Hong Kong Link and launched a \$20 billion global bond offering last year. These two bond issuing exercises were record-breaking in a number of respects:
 - (1) The \$20 billion global bond offering was the largest dual-currency and multi-tranche offering from Asia, available to both retail and institutional investors.
 - (2) It also generated the largest subscription and issue amounts for a retail bond offering in Hong Kong.
 - (3) The retail bond network was the largest, comprising 23 local banks operating 1 100 branches and hundreds of securities firms.
 - (4) It was the Government's first global offering of US Dollar notes to institutional investors since the inception of Hong Kong, a new chapter for Hong Kong in the international capital markets.

The enthusiastic responses of retail investors to these two bond issuance exercises show that people's knowledge of and interest in bonds have increased significantly. This is conducive to the further development of the retail bond market in Hong Kong, and people can thus have one more investment option. I

know that our experience, particularly our success in issuing retail bonds, has induced other financial centres in Asia to send delegations to Hong Kong to learn from us. The success of these two bond issuing exercises shows that Hong Kong is equipped with both the infrastructure and talents necessary for large-scale bond issuance. This will be helpful in attracting more local and foreign institutions to issue bonds in Hong Kong.

Our results of strengthening the financial systems of Hong Kong have also won the recognition of international organizations. In November last year, when the International Monetary Fund held the Article IV Consultation in Hong Kong, Hong Kong was praised for its sound progress in strengthening its regulation of the financial markets, increasing system transparency and upgrading corporate governance. Besides, many international credit rating agencies have also rated very highly the financial and monetary policies of Hong Kong, its financial infrastructure and the stability of its financial system.

As a matter of fact, owing to the efforts of the Government and all those concerned, the financial services industry of Hong Kong has indeed achieved very remarkable results in development. Perhaps, Members may not be familiar with the statistics I am going to quote, because I am going to talk about all those admirable achievements made by the Hong Kong stock market, and witnessed by me personally, over the past 25 years. Mr CHIM is an old hand in the stock market, so he will probably know, but other Members may not. In 1979, that is, about 25 years ago, the total value of the Hong Kong stock market was just about \$110 billion. But today, as of the year 2004, the value has increased to about \$6,700 billion. Years back, the annual turnover was merely some \$50 billion. But as Members all know, the average daily turnover in 2004 was already as high as \$16 billion. We Hong Kong people are all very proud of these achievements.

Why have we managed to make all these achievements? The greatest reason, as pointed out by Mr CHIM earlier, is the hard work of local Chinese brokers. Since I have been witnessing the development of the Hong Kong stock market over the past 25 years, I am able to testify that the hard work of local Chinese brokers is the greatest of all reasons. Consequently, I have never, as alleged by Mr CHIM, ignored or slighted the business of local Chinese brokers. On many occasions, the Government has expressed recognition of the efforts made by local Chinese brokers to develop the stock market of Hong Kong. Naturally, we hope that as the "pie" gets bigger, all in the financial services can get a bigger share, both of the "pie" and the fruit of a more active market.

Let me now turn to some statistics that are more recent. Last year, the securities market of Hong Kong ranked third worldwide in terms of capital-raising amounts, ahead of both London and Tokyo. The total amount of capital raised of the year stood at \$270 billion, five times that of 10 years before. And, also we played the role of raising capitals for mainland enterprises. As at the end of 2004, more than 300 mainland enterprises were listed on the Hong Kong Stock Exchange, representing roughly one quarter of all companies listed in Hong Kong. The number of mainland enterprises listed in Hong Kong in 2004 showed an increase of 30% over the corresponding figure of 2003. And, the amount of initial capital-raising was large as \$75 billion, showing an increase of more than 40% when compared with the figure of 2003. All these statistics show that there have been considerable increases both in the number of mainland enterprises listed in Hong Kong and the amounts of capital raised. Members may wonder why such success has been possible. The reasons for our success are many, and I do not intend to dwell on them. But, in brief and as we all know, some reasons are our legal system, an independent Judiciary and our three-tier system. What I mean is that the Securities and Futures Commission (SFC) are autonomous in operation. Although the Government is responsible for formulating overall financial policies, the SFC is an autonomous body. The Government does not interfere with its day-to-day regulatory work.

What will we do to enhance our existing strengths and expand our financial services? I wish to spend some time on giving Members an idea of the directions discussed in the following paragraphs.

In order to consolidate the status of Hong Kong as an international financial centre and the preferred capital-raising centre for the Mainland, we will continue to work with the SFC, the Hong Kong Stock Exchange and other parties concerned to upgrade corporate governance and attract more local and international investors. We will focus on three areas, namely compliance with laws and regulations, promotion of corporate governance and enhancement of co-operation with various sectors. On the part of the Government, we plan to introduce two amendment bills within this year. One of them aims to give statutory backing to major listing requirements, so as to further increase corporate transparency. The other provides for the establishment of a Financial Reporting Council to strengthen the professionalism of auditors and raise the quality of financial reporting by listed companies.

We will also continue to consolidate the foundation of the Hong Kong financial markets. Hong Kong is one of the first economies to implement the new capital adequacy standards for banks issued by the Basel Committee on Banking Supervision, or Basel II. The new standards will further enhance the risks management ability and stability of the Hong Kong banking industry. We will introduce two legislative amendment proposals to the Legislative Council within this year as preparation for the implementation of Basel II.

We will at the same time continue to promote the development of the bond market. We will introduce new products, improve the market infrastructure and minimize regulatory obstacles, so as to further expand the dimensions of the local bond market. Besides, Hong Kong has already started working with other economies in Asia to develop the regional bond market.

I have mentioned that there are unlimited business opportunities in the Mainland, so we must fully utilize our advantages and support the Mainland's strategy of "going global". For this reason, last year, I personally led a delegation of nearly 100 fund managers to Beijing, where we organized a seminar for the mainland insurance industry on Hong Kong as a platform of investments. These are all the efforts we have made to promote the advantages of the Hong Kong financial services industry. We will continue to consolidate the strength of Hong Kong as a platform of international investments for the Mainland, encouraging mainland enterprises to make use of Hong Kong's advanced and excellent financial infrastructure and talents for global investments. Besides, if Hong Kong is to enhance its status as an international financial centre, we must not concentrate solely on enhancing our ability to arrange market financing for quality mainland enterprises but must also take proactive steps to "go inwards", to expand into the mainland market. The implementation of CEPA has brought not only new opportunities to the Hong Kong financial services industry but also channels of "going inwards". Our financial services professionals, including those of the accounting sector, are thus able to provide high-quality professional services in the Mainland and assist in the training of talents there. To Miss TAM Heung-man's question on what we have done for the accounting sector, my answer is that we have been playing the role of an intermediary. We understand that there are already many ongoing communications between the Hong Kong Institute of Certified Public Accountants and the Mainland. We will certainly do our best to render assistance in this respect.

In regard to fostering the expansion of Hong Kong financial services into the mainland market, we will definitely spare no efforts to consolidate the sound basis of co-operation between Hong Kong regulatory authorities on the one hand and the relevant industries and decision-making authorities of the Mainland on the other. It is hoped that this can enhance the point-to-point contacts between Hong Kong and mainland provinces and cities. The seminar last year, which I mentioned a moment ago, is a fine example. We will continue to make efforts in this respect. With the concerted efforts of the Government, regulatory authorities and the industries concerned, I am sure that the Hong Kong financial services industry will certainly succeed in scaling new heights.

Thank you, Madam President.

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, in the following speech, in response to the views of a number of Members on the policies on commerce, industry and technology, I will present the views of the Government. Due to the time constraint, I will focus on three areas but we will also follow up the other suggestions.

Many Members have made a number of suggestions concerning the effectiveness and implementation of the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA). As the Financial Secretary has pointed out just now, we attach great importance to the promotion of CEPA. The relevant units in the SAR Government and related statutory bodies have all along spared no efforts in furthering the understanding of local, mainland and foreign investors, businesses and professionals of CEPA. We have published the latest information relating to CEPA and the amendments to mainland laws and regulations through the Internet and other appropriate channels at the earliest time possible.

We have begun to implement the measures of CEPA II on 1 January. We will continue to discuss with the relevant mainland authorities about opening up the mainland market further, so as to seek more opportunities for goods and services from Hong Kong to enter the mainland market. It is also hoped that greater headway can be made in facilitating Hong Kong corporations and service providers in doing business and making investments on the Mainland, in making Hong Kong-owned businesses return to Hong Kong to operate and make investments here, and even to make mainland corporations do business and

invest in Hong Kong. When formulating the strategy for the subsequent phases of CEPA, we will continue to consider the views of various sectors in society prudently, including those of the Legislative Council and the business sector.

On the protection of intellectual property rights, we have already begun a consultation exercise on the review of the Copyright Ordinance. We understand that the scope of the review will have profound implications for society, therefore, a careful balance has to be struck between the rights of owners of copyright works and users. In view of this, we will first consult the public extensively before drawing up the proposals. We plan to brief Members on the results of the consultation in the second quarter of this year and seek Members' views on various proposals.

On the infringement of copyrights on the Internet, we will tackle this by a number of approaches. We will continue to do our utmost in taking enforcement actions and continue to devote efforts to strengthening co-operation with the industry in targeting illegal acts. We will also encourage the industries concerned to exercise their right to initiate civil proceedings or to establish funds targeting infringement acts. We will also step up the long-term task of civic education, and the Intellectual Property Department has done a lot in this regard. The Department will also redouble its efforts to enable the Hong Kong public to gain a better understanding of the importance of protecting intellectual property rights. We will also boost our co-operation with the industries and promote awareness in this area. I also hope that the relevant industries can adopt the modes of doing business in the 21st century and provide new sales channels to consumers.

On the Cyberport, a Member pointed out that in the article that I published in a newspaper, some of the terms I had used were open to question, for example, the meaning of "the Legislative Council" in the article. What I meant was the Legislative Council in its broadest sense, including the relevant panels, the Public Works Subcommittee, the Finance Committee, and so on, rather than being restricted to the Council meeting held in this Chamber on Wednesdays.

As to why the Government did not put the development right of the Cyberport out to public tender, the Chief Secretary for Administration has already given an explanation earlier on. However, I consider it necessary for me to recap the special background of this subject matter.

The Cyberport project was conceived at the height of the dot.com boom when many of our regional neighbours had already built or were in the process of building their own information infrastructure similar to the Cyberport and there were strong views in society that Hong Kong must launch and complete the Cyberport project as soon as possible to enhance Hong Kong's competitiveness in the realm of information technology.

We must not forget that at that time, the internal economy in Hong Kong was feeble. In 1998, Hong Kong experienced the Asian Financial turmoil and the subsequent economic adjustments, and new impetus for development and job opportunities were needed. At that time, the Government believed that Hong Kong should bring its advantages into full play, which included its telecommunications technology and the tourism industry. Therefore, in the Budget announced in March 1999, the Government proposed the establishment of the Cyberport and the Disneyland theme park.

Since advances in information technology are rapid and all the competitors of Hong Kong were striving to become the frontrunner, Hong Kong also had to race against time and build the Cyberport in the shortest time possible and provide new impetus for Hong Kong's development at a time of economic difficulties. To this end, it was necessary to rely on the professional knowledge and enterprising spirit of private organizations. The Government therefore adopted the public-private partnership model in implementing the Cyberport project and did not invite any public tender.

Concerning the issue of consulting the Legislative Council, some Members said that it was a briefing rather than a consultation, since the Government had already decided to grant the development right of the Cyberport to PCCW at an early stage.

I must point out that the Government had consulted the relevant panels of the Legislative Council on such matters as the financial analysis of the Cyberport project and the infrastructural projects between 1999 and 2000. The applications for funds totalling \$1.1 billion were submitted to the Public Works Subcommittee and the Finance Committee for approval only after they had been discussed in the relevant panels. The consultation was 100% genuine because

had the applications for funds not been approved by the Finance Committee, we would not have been able to build the infrastructure for the Cyberport at all, that is, the Cyberport project would not have been able to go ahead.

Concerning the view of a Member that the Legislative Council did not express any disagreement to a developer's suggestion to split up the residential portion and put it out to public tender, I wish to point out that the Panel on Information Technology and Broadcasting and the Panel on Planning, Lands and Works held a joint meeting on 29 April 1999, in which the Government tabled a paper detailing the two proposals made by PCCW and the developer, as well as the relevant financial analysis and the essential infrastructure works required.

A Member pointed out that the Panel had not discussed at that time the proposal made by the developer in any particular way. This is correct, and there was only a very brief discussion then. However, Members of the Legislative Council were aware of the proposal as well as the analysis of the Government and its views, and it was entirely up to Legislative Council Members to decide what subject matters to discuss. A Member pointed out that Members had not voted on the proposal made by the developer at that time, and that is again correct. However, that was also Members' decision. Most importantly, the Government subsequently tabled funding applications for the relevant projects to the Public Works Subcommittee and Finance Committee of the Legislative Council and the funding applications were approved by the Public Works Subcommittee and Finance Committee on 12 and 21 May 1999 respectively.

What I meant to say in the article is that the applications for funds to launch the infrastructure works for the Cyberport project were discussed and approved only after these two proposals had been scrutinized and considered under the established procedures of the Legislative Council. On the whole, the Legislative Council was supportive of the development of the Cyberport.

Finally, I wish to reiterate that in publishing the two articles, my main aim was to let the public make their own appropriate judgements based on the development history of the Cyberport, what transpired at that time and the background, rather than on some slogans. I hope my articles will enhance the public's understanding of the process of development of the Cyberport.

Thank you, Madam President.

PRESIDENT (in Cantonese): Secretary for Economic Development and Labour.

MR SIN CHUNG-KAI (in Cantonese): Madam President.

PRESIDENT (in Cantonese): Yes.

MR SIN CHUNG KAI (in Cantonese): Madam President, can I seek elucidation from the Secretary on some of the comments in his speech at this stage?

PRESIDENT (in Cantonese): You cannot make such a request at this stage, since having reached this stage, you can only elucidate what you yourself have said. If you want to request him to elucidate his remarks, you had to rise while he was speaking and raise a point of order, that is, to interrupt. In interruptions, I will ask the Secretary if he is willing to give audience to your question. If he is, then you can raise your question and he will immediately comment on it in his speech.

MR SIN CHUNG-KAI (in Cantonese): Madam President, I wish to clarify why I did not rise. He raised the subject of the Cyberport at the final part of his speech and I wanted to let him finish before asking him to elucidate the part in question.

PRESIDENT (in Cantonese): Yes.

MR SIN CHUNG-KAI (in Cantonese): Since it was possible that he had spoken only half of what he intended to say and in the second half of his speech, he might go on to say something to supplement what he had said, so I waited until he had concluded his speech before I rose immediately. I only wish to explain a little.

PRESIDENT (in Cantonese): I understand and appreciate your point. However, there are limits on speaking time. If I request him to elucidate what you ask him to elucidate, it will take more time. I understand that on this matter relating to the Cyberport, Mr SIN, you think your views are different from those expressed by the official concerned. I am fully aware of this, however, I cannot contravene the very clear stipulations of the Rules of Procedure simply because you want to do so. I hope you will understand.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, many Honourable Members have mentioned the problem of employment in the debate. Miss CHAN Yuen-han sang a moving song which was called "Love You With All My Heart". Like Members, I hope the employment situation will improve. I wish to say to Miss CHAN that I hope the song she sings next time will be "Heartbreak No More". *(Laughter)*

Sentiments in the labour market have turned positive. The employment situation has been improving ever since 2003. The jobless rate for the fourth quarter last year fell to 6.5%, hitting an all-time low in three years. Since the summer of 2003, new job openings in the labour market number about 140 000. The latest employed population has risen to 3.33 million, being an all-time high. The number of unemployed persons has dropped to 227 000. Having said that, we still have to work hard.

Last year the Labour Department (LD) assisted some 86 000 people to get a job and the placement figures rose by 30% as compared to 2003. The LD also received some 300 000 vacancies from the private sector which was close to a 40% rise as compared to 2003. The number of successful placements through the LD and the number of vacancies from the private sector both hit all-time highs. For the month of December 2004, the LD received advertisements for 24 600 vacancies from the private sector, representing a drastic increase by 47% as compared to December 2003. These figures show positive sentiments in the labour market. Of course, we should not be complacent and like Members, we will spare no efforts on alleviating the problem of unemployment.

The policy address this year talks about many initiatives aiming at assisting grass-roots workers in employment. Apart from boosting employment through improvements made to the business environment and reviving the economy, the Government will extend about 10 000 temporary jobs in the public sector.

Earlier on Mr LAU Chin-shek, Mr WONG Kwok-hing and many other Members expressed their concern about the issue and said that they did not want to see some temporary jobs not extended. I would like to make clear that whether or not these jobs will be extended would depend on whether the departments think there are practical needs for such work. I am well aware of the concern of Members and I will relay Members' wish, that is, that all these jobs should be extended when there are realistic needs, to the departments concerned. Then these departments can consider whether or not there are operational needs to be met.

Madam President, job creation depends mainly on economic performance and it is driven by the private sector market. We will continue to promote the development of the tourism, logistics and other industries and we will continue to inject resources into public works projects and create more jobs. The Hong Kong Disneyland will open this September and together with the related hotel, retail, catering businesses, and so on, a total of 18 000 new jobs will be created. In addition, 36 hotels will be completed in the next couple of years and 8 000 new jobs will be available by then.

Meanwhile we will promote the development of the environmental protection industry and the cultural and creative industries. It is expected that these initiatives will bring new employment opportunities.

As for the construction industry which has been described as the hardest-hit sector in unemployment, its jobless rate remains high, but it is gradually falling from the height in 2003. The jobless rate for the industry fell to 15% in the fourth quarter last year and the number of unemployed fell to 48 000. Apart from works projects induced by the tourism industry, the Government will continue to invest \$29 billion each year in public works projects and municipal projects. It is estimated that these projects can create about 46 000 construction-related jobs each year.

The Chief Executive also mentioned in the policy address the promotion of urban renewal and redevelopment by the Urban Renewal Authority as well as stepping up building maintenance work. For about 11 000-old buildings without an owners' corporation or have not hired a management company, the Government will collaborate with the Hong Kong Housing Society to launch a "one-stop" scheme for building management and maintenance. I believe these

plans will generate a substantial number of job opportunities for the decoration and construction industries.

The Government will continue to help groups with difficulties in finding jobs. The LD plans to launch two new employment initiatives. They are the Work Trial Scheme and the Work Orientation and Placement Scheme. The former aims at helping persons with special difficulty in finding jobs, such as those who have registered with the LD for a prolonged period. There are 2 000 places in total under this scheme. We understand that Members and the public may have worries about the possible abuse of this scheme. We will take all views into consideration and the scheme will only be put into force after improvements have been made to it. As for the latter scheme, it is aimed at helping 1 000 people with disabilities into employment.

Meanwhile we will continue to offer placement service to job-seekers and unemployed persons. We will continue with the Re-employment Training Programme to help place middle-aged unemployed into jobs. We will continue with the Special Incentive Allowance Scheme for local domestic helpers. For the young people, we will continue to implement in earnest the Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme. The above two programmes have a total of not less than 17 000 places for the year 2005-06 and they should be able to attract interested young people.

All the above initiatives show that the Government is sparing no efforts tackling the unemployment problem from a comprehensive and multi-pronged approach.

Many Members from the labour sector and the business sector have spoken on the issues of minimum wage and standard working hours. As these issues will have a far-reaching impact on the socio-economic conditions in Hong Kong and since sectors across the community have different views on them as evidenced by the speeches made by Members earlier, we must study into these issues with an objective and pragmatic attitude. I would also like to tell Mr KWONG Chi-kin that we are sincere in tackling this problem. It is because if we do not want to do anything, it will be necessary to refer the issue to the Labour Advisory Board (LAB). I recall, apart from Mr KWONG, there are also some other Members from the labour sector who agree that the Government has made a positive move in this regard. On the LAB, we know that it is a tripartite consultative organization on labour affairs composed of representatives

from employers, employees and the Government. A lot of labour issues have been discussed in the LAB. I myself was the chairman of the LAB some time ago. In many issues which the employers and employees used to have great differences, such as on improving the arrangements for the statutory long service payment, a consensus was reached eventually. Therefore, the LAB is a suitable platform to examine the issues of minimum wage and standard working hours. The LAB started to look into these issues last month and it will examine them further in depth.

As for outsourced government services, many Members have spoken on the topic earlier. Mr WONG Kwok-hing has done a lot of homework too. In May 2004, the Government began to impose a mandatory requirement on all contractors of government outsourced services under which they have to make reference to the quarterly reports of wage and payroll statistics of the Census and Statistics Department and pay their unskilled workers a wage not less than the average market rate for workers of the same trade and work type. I hope Members will agree that the Government has taken a great step in protecting workers of outsourced government services. Ever since this new requirement is imposed, all contracts under new tenders have to comply with this requirement. The LD will continue to step up enforcement of the Employment Ordinance and the Employees' Compensation Ordinance and stringently crack down on all unscrupulous acts of depriving workers of their statutory rights. The LD is presently drafting a standard employment contract applicable to all outsourced services of government departments. I hope the adoption of this standard contract by the departments will help reduce the exploitation of workers by contractors under various pretexts. I have also requested the departments to step up their supervision of contractors.

We will also take rigorous enforcement actions against default of wage payment and we will prosecute employers if sufficient evidence of contravention is found.

The Government has been sparing no efforts in protecting the employment opportunities for local workers by combating illegal employment. We will step up publicity in this regard and exchange of intelligence with the Mainland to combat illegal employment through a number of channels. The Courts issued a new sentencing guideline last September, stipulating that even first-time offenders employing one illegal worker for a short period of time will be sentenced to immediate imprisonment of three months. Last December, the

ratio of illegal workers detected to the employers arrested is 2:1. As compared to the 6:1 ratio in 2003, we have struck home a clear message to employers that they must not contravene the law to hire illegal workers.

Madam President, I have said a lot on employment issues and now I would like to turn to economic development issues which are closely linked with employment.

In regard to tourism, a number of Members have said earlier that visitor arrivals for 2004 were 21.8 million and it was an all-time high, representing a 40% rise compared with 2003. Visitor arrivals from key long-haul markets like Europe, North America, Australia, and so on, have rebounded to surpass the pre-SARS levels and recorded steady growth.

The Mainland continued to be our largest source market, with over 12.2 million arrivals, representing an increase of 44% over the year 2003. Of the total visitor arrivals, those under the Individual Visit Scheme numbered 4.25 million. With the gradual liberalization of the Scheme, it is estimated that more mainland visitors will visit Hong Kong under the Scheme. We will launch global promotional activities through the Hong Kong Tourism Board to attract more visitors from all parts of the world to come to Hong Kong.

Performance in the hotel industry has also been encouraging. The hotel occupancy rate in 2004 was 87%. A number of new hotels will be completed in the next few years and it is estimated that the number of hotels will increase to about 136 in 2008. With expansion of the Individual Visit Scheme, the completion of tourism infrastructure projects and growth in visitor arrivals, there will be a steady increase in the demand for various types of hotels. The Government will keep a close watch of the situation to ensure smooth implementation of the development plans of hotels so that the rising demand can be met. We will keep in close contact with the hotel sector to ensure rooms are charged reasonable rates and that the unfortunate drastic drop in demand as a result of exorbitant room rates as happened in 1997 will not recur.

In terms of tourist facilities, a number of major tourism infrastructure projects are scheduled to complete in 2005 and 2006. These will consolidate our position as the most popular tourist destination in Asia. The Hong Kong Disneyland will be opened in September this year. Phase two of the Harbour Lighting Plan will complete in December. The Hong Kong Wet Land Park, Tung Chung Cable Car System and the Village at Ngong Ping are scheduled for

completion in early 2006. We will engage in planning and co-ordination to ensure matching facilities and arrangements for these projects will meet the needs of the visitors.

To further open up our source markets, we will focus our efforts on developing the markets of families and high consumption leisure visitors. We will work with the industry to raise the quality of tourist services and enhance the protection of consumer rights of visitors. In this regard, we will continue to support the Hong Kong Tourism Board to strengthen its Quality Tourism Services Scheme and extend the scope of the Scheme to include more tourism-related trades. This would mean, for example, certification of quality tourism services for itineraries of inbound groups or large shopping malls, and so on, for easy identification by visitors.

With respect to logistics and the port, I am grateful to Ms Miriam LAU for mentioning a lot of work that we have done to improve the software and hardware of the logistics industry. I would not repeat them here. On formulating a long-term competitive development strategy for the Hong Kong port, we are presently consulting the public on the study findings and recommendations in the "Hong Kong Port – Master Plan 2020". We will examine the views collected and formulate plans to take forward the recommendations. Currently, we are working on the cost differences between Hong Kong port and its neighbours with a view to enhancing our competitiveness. In terminal handling charges, we will continue to facilitate talks between the related groups and business associations to increase the transparency of terminal handling charges. With respect to reducing cross-boundary road haulage costs, we have made recommendations to the Guangdong provincial authorities on key factors affecting overland transportation. We have secured some progress in this regard. For example, according to the original "four-up-four-down rule", a cross-boundary container truck must return to Hong Kong with the same container, driver, tractor and trailer. This imposes a great restriction on the trucking operations. The Customs General Administration of the Mainland issued a public notice last December stating that as a result of uniform cargo manifests for overland entry/exit used by customs on both sides, tractors, trailers and containers no longer had to be "bundled" for cross-boundary trips. In other words, the containers and drivers of cross-boundary trucks are now "de-linked" from the tractors and trailers. In this way, the trucking sector may apply more flexible modes of operation to increase the number of trips made and reduce costs. We will continue talking with the Guangdong side on the "one-truck-one-driver rule", the route charge, and so on.

We are making preparations for the construction of Container Terminal 10 and the related lead work is now in full steam. This include using a more comprehensive methodology to update the Port Cargo Forecast to work out the optimal timing for the construction of Container Terminal 10. An ecology study will be conducted in the waters off Northwest Lantau to assess the environmental suitability of this location for the development of Container Terminal 10.

Madam President, lastly, I would like to mention that the Scheme of Control Agreements executed between the Government and the two power companies will expire in 2008 and we have begun to study the future development of the electricity market after the year 2008. We have carried out detailed studies encompassing a wide range of complex issues covering technical, legal, business, environmental and regulatory aspects. We will submit the Stage I consultation document to the Legislative Council and release it for public consultation. Stage I of the consultation exercise will last three months. Based on views collected at this Stage, we will draw up a draft framework of the future electricity market and seek further public views at Stage II of our consultation exercise later this year.

Some Members have also mentioned the issue of fair competition earlier. Members are aware of the fact that the issue has been debated in this Council and a debate on this issue will be held tomorrow or the day after tomorrow. By then I will explain our position on that.

Thank you, Madam President.

PRESIDENT (in Cantonese): Public officers may speak for a maximum of 60 minutes in total during this session. The Financial Secretary has indicated to me that he wishes to speak again. Pursuant to Rule 38(8) of the Rules of Procedure, the Financial Secretary may speak again.

FINANCIAL SECRETARY (in Cantonese): Madam President, I am grateful to you for allowing me to speak for a second time. Earlier in the session on economic development, many Members mentioned how we can create more employment opportunities through economic development and hence enable more people to get rid of poverty through employment. In his policy address on

12 January, the Chief Executive also announced the establishment of a commission to alleviate poverty which will be chaired by me and comprise government officials, Members of the Legislative Council, members of the industrial and business sector, non-government organizations, academics, and so on. The Government has announced the list of members of the commission today. I will be an official member of the commission, which comprises 18 non-official members and six official members.

The commission will soon embark on its work. We will identify and study the financial, employment, education, training and welfare needs of the poor, and make policy recommendations to alleviate poverty and promote self-reliance. The commission will also encourage community participation and delineate responsibility between the Government, social welfare sector and non-government organizations. We will further promote public-private partnership and mobilize social capital in alleviating poverty.

We will certainly work closely and co-ordinate with the subcommittee of the Legislative Council working in parallel to combat poverty. The policy objective of the Government is to help the poor to become self-reliant, so that they can have the opportunity to give play to their talents and contribute to society and hence rebuild their dignity and confidence. Helping the poor will require collaboration from the community and their concerted efforts to identify solutions. I very much hope that all sectors of the community can bring into play the spirit of mutual care and support, thereby helping other people to help themselves. Thank you, Madam President.

PRESIDENT (in Cantonese): While there are some technical problems with the timer, as Members have noted, government officials have spent a little more than 51 minutes on their speeches. Together with the two minutes or so used by the Financial Secretary for his speech just now, their total speaking time is still within the limit of 60 minutes.

The second debate session ends. We will now move on to the third debate session. The policy areas for this session are food safety and environmental hygiene, health services and welfare services.

MR WONG KWOK-HING (in Cantonese): Madam President, since there are only four minutes left in my speaking time, I must spare two minutes no matter how to say a few words for the elderly.

Concerning the proposal mentioned in the policy address to extend the permitted period of absence from Hong Kong for elderly people on Old Age Allowance from 180 days to 240 days, I welcome this proposal but I am of the view that this is still far from adequate. Therefore, I strongly demand that Secretary Dr York CHOW reconsider the inadequacy of this proposal. In response to the demands of the elderly throughout Hong Kong, I hope the restriction on their absence from Hong Kong can be relaxed to having to return to Hong Kong only once a year. Earlier on, Secretary Dr York CHOW made a response in the mass media, pointing out that if the requirement was relaxed to having to return to Hong Kong once a year in response to the demands of the Legislative Council, government expenditure would increase by \$60 million. I believe such a claim is far from convincing to us, since in offering Old Age Allowance, the Government of course wants elderly people to receive it. Why must then restrictions be imposed so that elderly people cannot receive them? I find this very odd.

Furthermore, if the restriction is relaxed so that elderly people can live on the Mainland and come back to Hong Kong only once a year, and as long as it can be proved that they are still alive and living on the Mainland such that the Government is not being cheated of its money, it is in fact beneficial to these elderly people and their family if they can be cared for by neighbours and relatives in their home town. At the same time, government expenditures on health care and housing can also be reduced. There is in fact more to gain than to lose. I do not understand why the Government would think otherwise.

In addition, if this administration does not give any thought to this problem, it will only be passed onto the Government of the third term, which will have to abolish or review such an unreasonable practice put in place by the Government of this term. In view of this, I call on the Secretary to consider if a review should be conducted again so that the permitted period of absence for people on Old Age Allowance can be relaxed to 360 days, or to permit elderly people to return to Hong Kong only once a year.

In addition, I also hope that the Secretary can consider establishing additional Chinese medicine out-patient clinics, since the policy address of 2001

pledged to establish 18 Chinese medicine clinics by the end of 2005 but the latest policy address says that no fewer than six Chinese medicine clinics will be established in 2005-06, drastically reducing the original number pledged. Therefore, I hope the Secretary can carry out a review and readjust the timetable to see if additional Chinese medicine clinics can be established for the convenience of the elderly.

Thank you, Madam President.

MR TOMMY CHEUNG (in Cantonese): Madam President, just like the public, the catering and entertainment industries and other related industries agree that the long-term policy objective should be to improve public health. If we can, we also wish to contribute to this cause. However, as the economy has been in decline for six to seven years and the Individual Visit Scheme and CEPA have failed to benefit the whole catering industry, at a time when the industry has yet to regain its breath, it is not in a position to sustain any further blows. The measures that are threatening it ominously include the anti-smoking amendments and central or regional slaughtering. They all give the industry no peace of mind.

I will first talk about the smoking ban. First of all, I urge the authorities to conduct a detailed and thorough assessment of its effects on employment and the industry before promoting any major policy and legislation. The process should be open and transparent and no predetermined position should be adopted, for example, by making reference to examples overseas and presuming that a ban on smoking will increase the business of restaurants. The amendment proposals to the Smoking (Public Health) Ordinance published at the beginning of this month have precisely overlooked the impacts on the economy and the livelihood of 200 000 employees in the catering industry and other industries, as well as the blows to law and order, labour relations, licensing, and so on.

Last week, a concern group from the industry consisting of representatives from all types of cafeterias, Chinese restaurants, Western restaurants, factory canteens, hotpot restaurants, hotels, nightclubs, dance halls, karaoke lounges, clubs (mahjong parlours), billiard rooms, cigar bars, food suppliers, and so on, met with the Secretary and districts with a strong presence of restaurants and a number of industry groups were also represented. The Secretary undertook to make inspections on site, a move that the industry and I welcome very much.

Just now, the Secretary invited me to visit nightclubs together with him. I am ready to do so at any time. The Secretary only has to say when and he can also visit the cafeterias and factory canteens at the same time.

I wish to reiterate that I agree the Government should not regulate saunas and mahjong parlours. I do not wish anyone to have any mistaken idea about this because a ban on smoking at such places will pose difficulties for both enforcement officers and customers, given that most of the customers are smokers. Frankly speaking, to ban smoking at such places is to curtail the vitality of these establishments and it would be easy for the police to make inspections on the excuse of enforcing the smoking ban, leading to concerns about the abuse of power by the police.

However, by the same rationale, the authorities should not ban smoking in entertainment venues such as pubs, karaoke lounges and nightclubs, either. Recently, many smokers also said to me that smoking should not be banned in entertainment venues. Concerning cafeterias and factory canteens, should the Government also allow them some room for survival? This is because these places are frequently patronized by a wide spectrum of members of the public, in particular, the grassroots. They smoke in these places after they have been busy at work. Again, I wish to request the Secretary to consider if the smoking ban in these food establishments can be relaxed in the evening, say, after 11 pm.

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

Miss CHAN Yuen-han often says that she supports developing the local community economy, to the extent that she even expressed support for unlicensed private kitchens. However, I hope Miss CHAN Yuen-han will understand that cafeterias are the most successful and largest component in the local community economy of Hong Kong. If you support a ban on smoking, you are curtailing their room of survival. I hope you will not adopt double standards.

It is necessary for the Government to study the experience of banning smoking in various countries and compare in detail the coverage of their legislation, rather than merely looking at the figures. I wish to cite an example to illustrate this point. After the legislation on banning smoking in restaurants

came into effect in 1997, a smoking ban has to be imposed on one third of the seats if there are 200 seats or more in a restaurant. Subsequently, from 1998 to 2004, in view of the fact that business got worse from year to year, should we not request the Secretary to remove the smoking ban? After the legislation came into effect, although the situation remained persistently bad, we never proposed lifting the smoking ban because we all understood that imposing a smoking ban on one third of the seats in fact had little impact, so the industry was willing to comply. What we are displeased with was that employees had to enforce the law using their identity cards. I believe this is something that we cannot possibly do.

Therefore, I believe we should not merely look at the practices of other countries, for example, to say that the economy in New York improved after banning smoking. However, is the economy better only in comparison with that after the September 11 incident? If the smoking ban had been introduced one year before the September 11 incident, then you would have thought that the economy had become very bad after banning smoking. No matter what examples are cited, the answer will be the same. In fact, we have to consider many issues and should not merely look at a figure and then tell everybody that business has improved after banning smoking.

I wish to stress that the majority of the management, employees and employers in the catering industry do not smoke. In particular, one can say that 90% of the employers and managers do not smoke, moreover, they also agree with the importance of banning smoking to the health of the public. However, they still resist the introduction of a total ban on smoking in restaurants because this measure will really ruin their business. Therefore, I hope the Government will not go on insisting that banning smoking in restaurants will bring better business or take members in the catering industry to be fools who oppose a smoking ban even if business will improve, who not only stand in the way of progress but also promote this unhealthy habit of smoking.

If we continue to deal with the matter in such a confrontational manner, it will not be possible to solve the problem. This is like telling Secretary Dr York CHOW, "You are a doctor but you do not know how to treat patients." This is not being realistic. Therefore, I hope everyone can be more rational, sit together and appreciate each other's problems patiently and tackle them together.

Concerning central slaughtering or the nicely packaged so-called regional slaughtering proposed by the Government, I wish to point out that after the

outbreaks of avian flu in 1997, 2001 and 2002, the chicken industry, be it the farms, the transportation, wholesale or retail trades, has readily improved the disease detection system. Together with the immunization programme introduced by the Government, we were very lucky in that despite the outbreaks of avian flu in neighbouring regions last year, we are still safe and sound. This is attributable to our joint efforts. Because of the efforts we made and after having gained such results, we should not scare ourselves silly. I hope the Government will not overreact at such a time.

Recently, the Government conducted a public survey and claimed that the public generally support the segregation of human beings and poultry. It therefore hastily made the Western District a testing point and introduced regional slaughtering there. I think the Government's survey is a castle built in the air and it did not consult poultry vendors, who were the most at stake, and investigate how this issue could be handled. Just like the measure introduced in May last year to begin to withdraw the licences of live poultry stalls, it is obvious that careful consideration has not been given to regional slaughtering and problems relating to the issue of licences, tenancy agreements, removal, licensing and compensation have not been properly settled. The only aim is to reduce the number of poultry stalls. This will only curtail the vitality of the industry and incite public resentment.

The poultry trade has always co-operated with the Government as best as it could and has put in place measures to segregate humans and poultry properly. The Government said that the design of poultry stalls had to be converted, plastic boards had to be installed, and chicken cages had to be washed, and the trade duly complied. The results are there for all to see. However, the Government never made any response to this, and took the drastic step instead to introduce regional slaughtering. How helpful will this be to enhancing the safety of Hong Kong? To axe the live poultry stalls does not merely mean the demise of these stalls, for it will also mean the demise of wet markets. If the Government wants to reduce the risk, it should improve the environment of wet markets by improving the ventilation and hygiene of wet markets and providing assistance to small vendors.

Wet markets require holistic considerations. If places selling food only sell vegetables and fish but not chicken, is there any point for the continued existence of wet markets? On Monday, I went with Secretary Michael SUEN to Shan King Estate and found that the business of poultry stalls there was dismal.

There was not even one single customer there. Under such circumstances, the Government still wants to put a stranglehold on poultry stalls. How can they remain in business? We must not forget that without live chickens, the renown of Hong Kong as a place for fine food will no longer exist. I believe we will revert to the situation several decades ago and to the era of my father, when fine food was to be had in Guangzhou. If we continue to do so, Hong Kong will no longer retain its reputation as a gourmet paradise.

However, I am very pleased that the Food and Environmental Hygiene Department has made enormous efforts with regard to chilled pork and I believe chilled pork will be imported from the Mainland very soon. Recently, we have also had discussions on how chilled pork from the Mainland should be sold. Of course, I support the public's right to know whether the pork they buy is frozen, chilled or fresh. I believe it is also necessary to discuss with the trade whether each stall must have a licence. I have learnt that there is little opposition in the trade, however, I hope that the import of chilled pork will not be delayed because of the need to amend the legislation. I also hope that the Secretary can expedite this matter. In fact, the pork in Hong Kong nowadays is much more expensive than that on the Mainland and we must maintain our competitiveness.

Another issue has to do with beef. At present, many types of beef are still available. If beef from the United States and Japan cannot be imported into Hong Kong, I cannot lay the blame on the Secretary because it has to do with the problems in other countries. However, I also hope that officials in Hong Kong can work on this more actively.

Next, I also wish to talk about the licensing system. The licensing system has always been a subject of criticism by the catering industry. Since the introduction of temporary restaurant licences and one-stop licensing by the Food and Environmental Hygiene Department, it has really become more convenient to apply for a licence. However, the existing approval process involving three departments still affords room for improvement. Many members of the industry criticize that it is difficult to predict the time needed by the Fire Services Department and Buildings Department to vet the building plans for fire protection and the application process is often delayed by several months. I hope the authorities can further streamline the process.

Furthermore, the frequency of inspections carried out by the Food and Environmental Hygiene Department is still far too high and this gives the

industry a great deal of hassle. In the past few years, the number of inspections was 480 000 each year and it fell slightly to 300 000 last year. However, given that there are only over 10 000 food establishments in Hong Kong, the number of inspections is still too high. The manpower can in fact be diverted to other areas such as stepping up education and encouraging operators to improve hygiene and safety. If the authorities can utilize the resources more effectively, I believe the licence fee for restaurants can be reduced. Thank you, Madam Deputy.

MISS CHAN YUEN-HAN (in Cantonese): Madam Deputy, in response to public opinion, the Chief Executive has decided to establish the Commission on Poverty (the Commission) to be chaired by the Financial Secretary. The Financial Secretary also said earlier that he would announce the membership of the Commission today. But the Commission is just an advisory body, so this prompts me to ask the Government many questions. How long will the consultation last? How many people will the Commission consult before the consultation can be considered adequate? How long will it take the Commission to put forward concrete proposals for alleviating poverty? How long will it take the Government to consider the proposals made by members of the Commission? How long will it take the Government to come up with concrete measures and solutions to address the prevailing problem of disparity between the rich and the poor in Hong Kong?

Madam Deputy, with regard to this series of questions, if the Government cannot solve the problems directly, it will only give rise to some very serious problems. The Government has now flown the balloon, hinting that "the focus of the work of alleviating poverty is just targeted at solving the problem of inter-generational poverty", then what about working poverty? What about the poverty of the elderly? What about the poverty of single-parent families? What about the poverty of women? For all these poverty problems, is the Government going to ignore them altogether? The Government does not have any concrete measures, nor any response to say how these poverty problems will be tackled. However, are these poverty problems not social problems? Do these people not require our assistance at all? The policy address says, "Our vision is to build up a caring and just society." Why is there no mention of any method for solving the problem of working poverty in the policy of alleviating poverty? No response at all.

Madam Deputy, nearly 600 000 people in Hong Kong are suffering from working poverty. One in every five wage earners is earning less than the amount of CSSA. They wish to earn a living with their own hands through work. But now no one cares about them. What "caring" is there to speak of? What has happened to Mr TUNG's remark, "The prime consideration of our governance is to promote employment"? How can these problems be solved? Someone says out that assistance recipients prefer receiving CSSA to working, and thinks that even the amount of CSSA is higher than the wage of a low-income person. For many years, I have been following up this problem, and I think the problem is solely caused by the policies of the Government. All along, the Government has not faced squarely the imbalance of our labour market as well as the problem of structural unemployment. In all developed countries in the world, regulations governing the minimum wage and maximum working hours have already been enacted. In this way, workers can earn a living by their own exertion, and they can proudly tell others, "I earn a living with my own hands through work." However, this is not possible in Hong Kong. Workers suffering from working poverty cannot even support their own livelihood, let alone that of their families.

Meanwhile, from another perspective, we can see that wage earners have to work very long hours, much longer than those of their counterparts in other developed countries. But their incomes are not protected. What is most ironical is that — I hope our friends in the Liberal Party are not — the employers who oppose the prescription of a minimum wage also think that the amount of CSSA is too high and that there are abuse cases of CSSA. Why are there contradictions in their viewpoints? If there is no safeguard in a minimum wage, what should they do? Ultimately, should they opt for work or CSSA? Which future path should we take?

Madam Deputy, when the Government deliberates on the formulation of policies for alleviating poverty, it should take into account the situation of these people who are suffering from working poverty, and it should also consider our requests of stipulating a minimum wage and the maximum working hours made in the previous session of debate. We think that the poverty problem that warrants our greatest concern is the situation in which even though the people are working, they are still living in extreme poverty, that is, working poverty. I strongly hope that — the Financial Secretary is not in the Chamber now — this type of poor people can become the most important element in our policies for alleviating poverty. I do not know who have been included in today's name list,

nor do I know whether any Members from the labour sector have been included in the list — I hope there are. I hope in the Commission there are people who know the working class well. I hope the Commission is not just a window-dressing tool which just dwells on some empty talks on inter-generational poverty without specifically tackling the poverty problems of the poor children's parents, brothers and sisters who cannot earn enough money from work to feed the families.

Madam Deputy, regarding the Government's emphasis on tackling the problem of inter-generational poverty, we are all for it, and we shall not oppose this idea. But if we cannot solve the problems we have just mentioned, how can we regard ourselves as really tackling the problems? I have to stress once again that there is an urgent need for the Government to tackle the problem of working poverty.

Madam Deputy, the Secretary is in the Chamber now. He is well-versed in the problems of the medical aspect. I shall compress the latter part of my speech, so as to squeeze out more time on this aspect.

If the Government is insistent on upholding the notion that the provision of education to the children will do the trick of alleviating poverty, I must say I do not know which research study has told the Government that this alone is sufficient for solving the problem. When we were young, there were a lot of development opportunities in society. During the post-war period, Hong Kong has undoubtedly been making rapid development in the past several decades. When I was 12 or 13, I had three job offers before me. Even if the first job was not good enough, I could take the second one. There were many enthusiastic people who were so kind to find jobs for me. Nowadays, even young people who hold a full-time job cannot find an alternative job for themselves, not to mention us, women who are relatively older. As such problems have already existed, what will be their situation when these poor children grow up and seek work in society? For the young people aged between 15 and 19 who have had a reasonable education, their unemployment rate is still as high as more than 21%; for those between 15 and 24, their unemployment rate is also over 20%. This serves to illustrate that, even if they have received more education, their problems will still not be solved if job opportunities actually do not exist in society. If the Government thinks that the present circumstances are still very much the same as those of several decades ago, that is, we can still gradually improve our own lot and eliminate poverty through education, as in the case of

my family and those people of my generation, then I would feel that the decision made by the Government has really not gone through careful thinking, and that it is just doing it in a perfunctory manner. It can never solve the problems of the poor children in society.

Madam Deputy, while our neighbouring countries are developing rapidly, if the Government still clings onto our past and thinks that all the problems can be resolved by education, and if it still holds fast to the belief that education alone can improve people's lot and alleviate their poverty, I shall think that such a government is much too rigid indeed. In the past, we had acted in this way, and that explains why we could not make much progress. In the last debate session, I already put forward many suggestions. For such a reason, we have missed a lot of good opportunities, such as having lost the right conditions for promoting diversified economic development as well as losing many opportunities of starting new businesses and securing employment. We cannot just rely on education to alleviate poverty. I hope the entire Commission can really study this issue in greater depth. I also hope that the Financial Secretary can forget his previous identity as a businessman and really listen to the labour sector's viewpoint on poverty, so as to really solve the poverty problem for our next generation.

Madam Deputy, I have spoken for such a long time simply because the Secretary is not too familiar with this policy. As I have a pretty good impression of him, I hope he can understand what we think and I also hope that he can reflect our viewpoints to the Commission.

Madam Deputy, next I would like to discuss health-related issues. With regard to health issues, I do not know whether it is the Secretary or the Government who should be blamed. At present, when the Government is confronted with many problems in the health care aspect, very often it would simply adopt "delaying tactics" to deal with them. Recently, when the relevant Secretary answered questions raised in the latter part of the meeting on the policy address, I had also asked him questions. I told him that I was a "veteran" as I had joined the Legislative Council since 1995. At that time, the subject of health care financing had already been raised for discussion. It should be the era of Mrs Elizabeth WONG's. Regarding the five options proposed for consideration then, we did give our opinions. The issue of financing has been discussed for over a decade, what are they saying now on the issue? I do not mean to put all the blame on the Secretary in saying this. That paragraph goes

like this, "We will undertake studies within the next two and a half years to help lay the foundation for the formulation of long-term strategies." It will still take another two and a half years to conduct studies. I had already told the Secretary at that meeting that such an approach would not work. As the issue has been studied for such a long time, the Government should not spend another two and a half years on it, or else when the next Government takes over the administration, the studies may have to be conducted all over again. We worry very much that the system will go bankrupt. If we let slip the opportunity of solving the problem during this period of two and a half years, the work may never be accomplished.

Madam Deputy, there is another issue, that is, recently there is a plan for raising the fee charged for using the accident and emergency service from \$100 to \$150, and then the Government will next proceed to compile a central drug list. At 8 o'clock this morning, I talked to my friends from the Hong Kong Medical Association. We also discussed about such issues. My greatest worry is that the Government says that it will conduct studies on the one hand, but makes a discreet move to increase the fees and charges on the other. We poor people are already leading a hard life. At present, those who can obtain free medicines from our public medical organizations are all CSSA recipients. We are not finding fault with them, but there are many chronically ill persons, many elderly, and many poor families who have not applied for CSSA. How will the Government help them?

The Secretary may tell us that a mechanism is already in place. But I believe that many organizations must have already told the Secretary that the formalities required in the mechanism are very cumbersome, and the entire handling procedure is intended to deter people from submitting applications. Some complaint cases received by me last week belonged to this category. As there are already some unsolved problems in the present charging system, if we proceed to raise our medical fees or compile a central drug list now, it will only trigger off panic among the people. Recently, some elderly people and poor people are scared because they do not know what the Government intends to do. Are the fees going to be raised again? If they cannot afford it, should they proceed to apply for CSSA right away? They also worry that, if their "funeral savings" exceed \$30,000, they do not know what they should do then. I think the Government cannot ignore the situations of these people and it should not act in a dictatorial manner. If the Government does not care about the well-being of these people, how can it be seen as really building up a "caring and just

society"? Should it not relinquish such a slogan because it has never taken it seriously?

Thank you, Madam Deputy.

MR RONNY TONG (in Cantonese): Madam Deputy, Secretaries and Honourable colleagues, today, I also wish to comment on the issue of helping the poor. The social policies adopted by the Chief Executive have seriously overlooked the problem of poverty in society and he has blind faith in economic development solving all social problems, therefore, he has overlooked the complex causes behind the poverty problem. The establishment of a commission to alleviate poverty is of course a good start, however, I believe all members of the Hong Kong public do not wish to see this commission to alleviate poverty meet the same fate of other commissions and degenerate into a political showcase that serves no actual use. Therefore, I will present some sincere views here and hope that the Secretary can relay them to the commission to alleviate poverty for its consideration in its meetings.

Poverty is not just a social problem and it is necessary to tackle it from various areas such as education, health care, housing, the economy, employment and social welfare if results are to be achieved. A comprehensive policy to help the poor should have two major objectives as its main body:

- (a) to eliminate inter-generational poverty and promote social mobility; and
- (b) to improve the livelihood of the grass-roots and assist the disadvantaged in integrating into society.

Concerning the first objective, if we want to take on inter-generational poverty earnestly, we have to start by offering more educational opportunities. Not only do we have to improve the quality of education, we also have to provide equal opportunities of receiving quality education to capable but underprivileged students. To this end, we should put in place a specific mechanism to:

- (a) assist students with potentials in enrolling at schools in other districts, so as not to confine them permanently to Sham Shui Po or the North District;

- (b) offer students in need the essential financial assistance. We have said in this Chamber many times that support services to provide spectacles, books, dictionaries, traffic expenses and expenses on using computers are indispensable; and
- (c) comprehensively review the system for financing university education and that for awarding scholarships to ensure that capable students all have the opportunity to receive tertiary education.

The second objective is relatively long-term. We have to improve the livelihood of the grassroots. In this regard, it is not all about giving away money if the objective is to be achieved. Firstly, we must note that our social security system has to be reformed. At present, there are hundreds of thousands of labourers who are unemployed or living on low income. The present system cannot provide any proper retirement protection to them. This is also the main cause for the increasingly serious problem of poverty among the elderly. Precisely because the trend of an ageing population in Hong Kong is set to gradually exacerbate this problem, so this problem cannot be solved by relying on the Comprehensive Social Security Assistance (CSSA) Scheme alone. There is no universal social security system in Hong Kong and the existing system cannot serve the functions of redistribution and risks sharing. The only retirement protection for workers is the provident funds, however, its scope and level are also inadequate. For the unemployed, they can only rely on CSSA payments and there is no unemployment protection or any insurance system. I hope the Government will understand that it has a duty to take pre-emptive measures by comprehensively reviewing the results of various social security policies, including conducting studies on the establishment of a universal contributory social security system to provide coverage for retirement, unemployment, illnesses, poverty and occupational injuries.

Secondly, we should enact legislation to offer protection and educate the public, so as to bring improvements to the ostracization of the poor in society. This is one of the causes contributing to continued poverty and it also has a great impact on the quality of life. The main objective of improving the quality of life of the grassroots is to reduce ostracization and discrimination, as well as promoting a more harmonious society. In this regard, the Government should address the problem squarely from two angles.

Firstly, on enacting legislation, we should enlarge the scope of work of the Equal Opportunities Commission (EOC) to prevent social discrimination. The discrimination against the disadvantaged will often extend to and affect their employment opportunities and reduce their social mobility, leading to inter-generational poverty. To eliminate such unfair and unreasonable discrimination, the Government should expand the ambit of the EOC to cover age discrimination, and discrimination against new immigrants, minorities and people on CSSA, so as to provide equal employment opportunities and employment protection to these disadvantaged groups.

However, the problem of social ostracism cannot be ameliorated by enacting legislation alone. We must also tackle this problem from the angle of social culture and education. The Government labels social welfare recipients as "those least able to help themselves" or "lazybones". Such stigmatization will cause internal divisions in society and ostracization, as a result families on CSSA will have difficulties in becoming socially involved again. Social ostracism will also accelerate the disintegration of families and communities, making it more difficult for some social groups to establish and maintain normal interpersonal relationships. Therefore, to solve the poverty of marginal social groups, it is necessary to first reduce social ostracism and only a CSSA system without any labelling effect will genuinely function as a so-called safety net.

In this connection, the Government should step up civic education to promote a pluralistic and tolerant social culture, eliminate the social ostracization of various marginal social groups and protect these social groups in accessing equal opportunities, resources, interpersonal relationships and rights in the social, cultural and political realms. If the social groups subjected to discrimination can receive fair treatment, then this will really prevent the next generation of specific groups from being mired in permanent and continued social ostracization and poverty. A caring and just society can be established only when we have achieved this goal.

Thirdly, I wish to comment on issues relating to the Home Ownership Scheme (HOS). To improve the public housing policy is conducive to helping the poor. The valuable experience of Hong Kong shows us that in the '50s, '60s or even '70s, large groups of grass-roots members of the public managed to improve their lot by way of public housing and society was able to take a breather and develop. I am also one of these people.

The expenditure on housing is the most significant item of household expenditure other than food for families in marginal groups. On condition that a balance is struck between public and private housing, the Government should speed up and increase the supply of public rental housing, so that the burden of the expenditure on housing for households in grass-roots and marginal groups can be relieved.

The Housing Authority should adjust upwards the income limit for applicants of public rental housing. The existing limit has made some poor and marginal grass-roots members of the public lose their eligibility of applying for public housing. To relax the restrictions on applications can benefit more people in need. This is the main task for the Government with regard to housing.

Fourthly, on the issue of labour legislation, on which we have had a great deal of discussion and which Members are all very concerned about, due to a lack of protection in the form of labour legislation for marginalized workers, their employment situation is in fact becoming increasingly undesirable and they are facing the prospect of not being able to make ends meet, being rendered permanently impoverished workers. To ameliorate the poverty problem, it is necessary to establish the basic rights to which workers are entitled and provide assistance to them in terms of wages and protection in law.

The foremost issue we have to consider is of course that of minimum wages and standard working hours. In promoting economic development, the Government should give due consideration to the need for the working class to share the fruits of economic development. To improve their livelihood, minimum wages should be prescribed to protect the basic dignity and reasonable return for workers. I have also said before that the Government has such a basic duty from the constitutional, social and human rights points of view. We have also learned recently that the Government has prescribed minimum wages but there are many loopholes. Earlier on, a contractor on Cheung Chau island deducted the wages payable to workers during their lunch breaks and the day before, outsourced workers on jobs of the Food and Environmental Hygiene Department had their wages and holidays deducted under certain pretexts and their daily working hours were increased from eight hours to 16. In view of such unreasonable practices, before we pass legislation to prescribe minimum wages, the Government should plug the loopholes and extend the system to cover outsourced contracts as far as possible.

Meanwhile, the Government should also draw up legislation on standard working hours, otherwise, the incident involving the Food and Environmental Hygiene Department that occurred the other day will recur all the time and even a prescription of minimum wages will not do any good.

These are the proposals concerning the policy to assist the poor to which I hope the Secretary can give careful consideration. I hope the Government can make good its pledge to implement its "people-based" principle of governance and ameliorate the poverty problem in conjunction with the Legislative Council. Thank you, Madam Deputy.

MR WONG YUNG-KAN (in Cantonese): Madam Deputy, in his eighth policy address the Chief Executive explicitly stressed at the outset that the past year had seen the best economic development in Hong Kong since the establishment of the Hong Kong Special Administrative Region (SAR). He said that the forces propelling Hong Kong's economic recovery have strengthened considerably and he continued to be optimistic about the economy this year. The Chief Executive also stated that efforts would be made to uphold the vision of "people-based" governance. While this should be welcome to all Hong Kong people, I, being a Member of this Council representing the agricultural and fishery industries, have exchanged views with friends in the industries on these opinions and visions of the Chief Executive, and they told me that they had not felt the warmth of the spring breezes brought by the economic recovery. On the contrary, they said that as a result of fossilized thinking of the Government and its continuous enactment of draconian laws, the agricultural and fishery industries were still struggling through the bitter cold winter in their operation.

What I find to be most disappointing is that the policy address still made no mention of the agricultural and fishery industries. The agricultural and fishery industries are among a small number of trades for which the SAR Government is required under the Basic Law to formulate policies to promote their development. Even if the Chief Executive must accord priorities to many other trades and even if we in the agricultural and fishery industries have to wait in the queue, it has got to be our turn now in this eighth policy address! But again, our hopes are dashed. There will be two more policy addresses in the remaining term of Mr TUNG. I wonder if the agricultural and fishery industries would be lucky enough to "board the last train", or should we resign

ourselves to fate and pin our hopes on the next Chief Executive to give us an opportunity to be put on the agenda?

Madam Deputy, I have been a Member of this Council for more than six years, and I have proposed motions relating to the development of the agricultural and fishery industries for debate in this Council almost in every Legislative Session and the motions were invariably passed with or without amendments. I have put forward a myriad of concrete proposals, including the development of offshore fishing, the development of leisure agriculture and fishery trades, the development of agriculture for eco-tourism purposes, setting up a priority zone for agriculture, the development of organic farming, and so on. However, although the Government has verbally expressed support for each and every proposal, the policy has been very tight on us and as a result, none of the proposals has been put into practice, thus letting slip prime opportunities of development.

With regard to the Government's position on the agricultural and fishery industries of Hong Kong, over a long period of time, we have been saying that there is no agricultural and fishery policy in Hong Kong and that the Government is just watching with its arms folded while the industries stew in their own juice. But from the many steps taken by the Government in recent years to wantonly trample on the agricultural and fishery industries, we feel even more strongly that the Government is increasing its strength in strangling the industries.

Let me talk about the fishery industry first. Over the past decade or so, the Government has never ceased to carry out large-scale infrastructure projects, including the Disneyland project which is still underway. During such works as reclamation, mud dumping and sand filling, the Government did not adopt proper measures to prevent water pollution and its monitoring over the work of contractors had been inadequate. This has affected the water quality of the mariculture zones nearby, resulting in a large number of dead fish in the rafts from time to time. But the Government has invariably refused to shoulder its responsibilities and put all its responsibilities at the back of its mind on such pretexts as the so-called water quality control or monitoring mechanism, thus putting the livelihood of fishermen in an unfair position.

Just when fishermen who engage in capture fishery find it difficult to repay government loans for building vessels due to a sharp rise in oil price, a decline in the price of fish and the fact that the interest payable by them is far higher than

the prime rate, and are therefore unable to make ends meet, the Government has nevertheless proposed to implement a fishing moratorium in local waters. This is undoubtedly to kick the fishermen when they are down, which has greatly antagonized the fishermen. I hope that the Government will shelve the implementation of fish moratorium before there are practical proposals to resolve the livelihood problems of fishermen during the moratorium.

In respect of agriculture, the prevention of avian flu has been a topic proposed for discussion in this Council for many times. Coupled with the ongoing efforts made by the poultry trade in recent years to support the hygiene measures of the Government, the prevention of avian flu has been very effective. Last year when there were massive outbreaks of avian flu in the neighbouring countries and territories, Hong Kong was the only place unaffected. Hong Kong could have become famous in the international community by publicizing overseas our unique achievements in preventing avian flu, but the Government had not seized the opportunity to make our name known to the world. On the contrary, it had acted as if there was an outbreak of avian flu in Hong Kong and banned the sale of chickens by local farms and the import of day-old chickens from the Mainland, bringing the operation of local chicken farms virtually to a halt. What is more, the Government and a number of microbiologists and medical professionals had sung the same tune and cooked up a consultation document on the prevention of avian flu, proposing centralized slaughtering or regional slaughtering of poultries. Recently, it has even insisted on implementing regional slaughtering on a trial basis, turning a blind eye to the consequence of causing tens of thousands of workers in the poultry trade to become jobless and the reality that fresh branded chickens are an essential element for Hong Kong as the Gourmet's Paradise. What we consider most infuriating is that in 2003, Team Clean, which was set up in the wake of the SARS outbreak, had even suggested centralized slaughtering of poultries in its report. How is SARS related to poultry in any way? Why does the Government hate us so much?

Pig farms and chicken farms in Hong Kong have all along operated in the remote districts in the New Territories. The Government should have avoided these districts in the planning of new towns, but it has built high-rise buildings extensively in the vicinity of these traditional poultry farming zones, followed by the relocation of a large population to these districts. As a result, the residents who have moved to these districts afterwards keep on complaining about the odour emitting from these farms that have long existed, thus subjecting the

farmers to great pressure. In fact, the problem dates back to 1986 when the Government, in order to implement the ordinance on the control of livestock waste, entrusted the Environmental Protection Department (EPD) with all the facilities, studies and installation of environmentally-friendly waste disposal systems, and so on, making the EPD responsible for telling farmers what they should do. I have never seen (I have been in the Mainland for many years and I have also visited many farms) any government telling farmers to store the stinking stuff for five to six days and discharge it only after it has turned into clear water. I have never seen this practice before. But it has been 20 years since 1986, and colleagues in the EPD or the Government have never conducted studies for these people of how the waste can be disposed of and how improvements can be made. We have talked to farmers operating pig farms in the Mainland and learned that 20% of their income comes from such so-called pollutants which they consider to be a treasure, for they account for 20% of their income. I have repeatedly proposed to the Government that it should make use of these pollutants to develop organic projects. These so-called pollutants will only be dumped at landfills if they cannot be properly handled and will hence add to the pressure of landfills. We do not understand why the Government does not conduct studies of the recycling of waste in this regard. All I know is that the Government has destroyed such waste because of its smell, and this is very unfair to our industries.

Madam Deputy, in the policy address it is stated that a policy will be formulated to "provide concessions to assist the development of the environmental industry" rather than environmental groups. This is correct, because if assistance is provided to individual environmental groups, they would only make greater efforts to protect the birds that have been pecking the farmed fish in our fish ponds and rafts. Assisting the development of the environmental industry is conducive to the development of the agricultural and fishery industries. Recently, some people have been processing the discarded lard into oil. We have made lots of efforts before the Government agreed to issue a licence to them. We have made this industry an environmental industry, and we think that the Government should also consider recovering livestock waste for processing into organic fertilizers. On the one hand, this can reduce the odour of composting and on the other, environmental products can be developed to create economic benefits.

Madam Deputy, the Chief Executive has taken note of the demand raised by the business sector for continuous improvement of the business environment

by establishing the Subgroup on Business Facilitation under the Economic and Employment Council. The Subgroup is currently looking into the abolition of obsolete or unnecessary regulations. The agricultural and fishery industries, being an economic sector, also wish that their operational environment can be improved and so, the relevant concepts and objectives should also apply to the agricultural and fishery industries. For example, the valuation mechanism for collaterals in respect of loans for building fishing vessels should be revised, and the licensing procedures and requirements for farm sites should be streamlined and relaxed. I, therefore, hope that the targets of the service of this Subgroup can be extended to cover the agricultural and fishery industries. It is best to rename it as "Subgroup on Business Facilitation for the Agricultural and Fisheries Industries", and that would be very good. However, what is most ironic now is that officials responsible for agriculture and fisheries are running in the opposite direction by introducing a demerit point system for pig farms and chicken farms. I find it utterly strange that there are as many as 31 items for which points will be deducted. Even if a mosquito or a bird flies into the farm, the farmer will be fully held responsible. Farmers will be held responsible even if a rat is found. So, the 30 points will all be deducted very easily. Points are deducted first. Then the licence will be suspended and ultimately revoked. Yesterday, the farmers continuously urged me to arrange for a meeting with government officials in the hope that improvements can be made to this measure. I do not wish to see our industries shrink and even vanish as a result of some draconian ordinances and a ridiculous demerit point system. Therefore, I must ask the relevant government officials this: If the same demerit point system is introduced to the Civil Service and when a certain number of points are deducted for a civil servant, will he be sacked and then be deprived of his pension? I do not know why they have kept on implementing very harsh measures on us regardless of the consequences. Would they accept these measures if they are implemented on them? Could we find them acceptable? No one will consider them acceptable. In fact, it is necessary for our industries to co-operate with the Government before a foundation can be laid for our survival.

Madam Deputy, I now put forward the views of the Democratic Alliance for Betterment of Hong Kong (DAB) on the parts on food safety and environmental hygiene in the policy address. One of the highlights of this year's policy address is to assist the poor and help the low-skilled workers in their employment, but the policies of individual bureaux have been going against these objectives. The DAB has repeatedly criticized the Government for completely ignoring the survival of the industries in its handling of the sale of

live poultry and import of chilled meat, particularly in the handling of the sale of live chickens. It has no regard to the general public at all. The industry is also very wary of a massive outbreak of the fatal avian flu. Over the years, the industry has endeavoured to upgrade the hygiene and bio-safety standards of the entire sales chain of live chickens. The precautionary measures against avian flu in Hong Kong are the most stringent in the world, and Hong Kong is proven to be able to fend off the threats of the avian flu epidemic which has swept through Southeast Asia.

However, the Government seems to have completely denied the efforts made by the industries and the relevant departments. It has continuously introduced new policies to make life difficult for the industries. First, it has restricted the number of live chickens imported from the Mainland to Hong Kong. Then there is the scheme to recover licences, and recently, it has been proposed that regional slaughtering be implemented on a trial basis. The Government has kept on using the carrot and the stick with the sole purpose of making the industry yield to the Government, so that it can have its way with central slaughtering and regional slaughtering policies. Madam Deputy, the DAB and the industries have pointed out time and again that the implementation of central slaughtering will not eradicate avian flu in Hong Kong. It will only eradicate Hong Kong people's culture of consuming live chickens, thus destroying the means of living of tens of thousands of workers in the trade. Where is there the vision of "people-based" governance on the part of the Government?

Madam Deputy, I wish to remind the Government that wild birds are the source of the many cases of avian flu in recent years. Recently, Thailand and Vietnam have affirmed that wild birds are a source of the epidemic. As these wild birds are not vaccinated and do not grow up in an isolated environment, their rate of infection is certainly higher than that of live chickens under regulation. But why must the Government grind the axe at this trade? Obviously, this is intended to break the "rice bowls" of this group of low-skilled workers, and this is actually destroying rather than creating employment opportunities. I do not know whether the Government will again be hell-bent on implementing this measure. I believe the Government must be held responsible for all the consequences.

In fact, it is necessary for Hong Kong to step up the monitoring of avian flu infection among wild birds and introduce the prevention measures proven effective in Hong Kong to Southeast Asian countries seriously affected by the

epidemic, with a view to minimizing the risk of an outbreak of avian flu in the whole Asia, rather than requiring the local industries to do this and to do that and thus causing the problem to snowball.

Madam Deputy, I would also like to talk about the import and monitoring of chilled pork. In respect of the quarantine measures for chilled pork, we have repeatedly put forward many views over the years. In order to enable citizens of Hong Kong to buy fresh and chilled pork at a certain price and to ensure that they will not be cheated by people passing off fish eyes as pearls, I hope the Government can expeditiously adopt the approach of "one licence for each shop, different licences for different goods", in order to stamp out acts to deceive the people. Some people said that I oppose the import of chilled pork from the Mainland. I am not. All I wish is that people buying pork will know clearly what kind of pork they can get with the money they pay. If I am paying the price for fresh pork, I should be given fresh pork. I do not wish to be cheated by people passing off fish eyes as pearls by selling chilled pork as fresh pork. This is my wish.

Madam Deputy, we all know that recently, there has been news about food of poor quality in the Mainland. Some food processing plants have even used chemicals as ingredients of food, posing serious hazards in safe consumption of food. As early as in last year the DAB already took the initiative to discuss with the relevant mainland authorities on ways to prevent food of poor quality from entering Hong Kong. At that time, I proposed a labelling system for food manufactured in the Mainland for export and the stepping up of monitoring on the export of such food. Now that as the Chinese New Year is drawing near, many people will buy various kinds of food for the New Year. The DAB hopes that the SAR Government will proactively co-operate with the quarantine authorities and entry-exit inspection and quarantine units in the Mainland to enhance monitoring of food exports to Hong Kong and the exchange of information on food safety. Meanwhile, the SAR Government should conduct more inspections at retail outlets to prevent unscrupulous merchants from selling food that do not meet standards of safe consumption.

Madam Deputy, flowers have been an issue of concern to the community recently. I would like to commend the Administration, although some people are of the view that the Government has been reacting rather slowly. Anyway, after I talked to the Food and Environmental Hygiene Department (FEHD) on the telephone last week, the FEHD has sent its staff to Beijing to discuss this

issue. I do not know why the notification system in Guangdong Province did not function properly and as a result, we did not even know what was happening then in Guangdong. That is why red fire ants have become a focus of discussion in the community today. In fact, on this issue, I hope the Government can do more in respect of the notification mechanism and strengthen its contact with the Mainland. Moreover, I just had a meeting with the Agriculture, Fisheries and Conservation Department (AFCD) today concerning the inspection and quarantine system. I think the AFCD merits our commendation. Why? After I discussed this issue with them two days ago, they immediately conducted inspections and discovered traces of or things similar to red fire ants, so we know that they do exist in the territory. We also suggested that more manpower be deployed to conduct inspections in country parks. All these are meant to protect the health of the people, and the Government has done its part. But I understand that this problem has caused many troubles to the flower trade. We have been making contacts with the AFCD and the relevant departments, and I actually went to Shenzhen to discuss with their quarantine authorities about revising the original requirement of making declaration on goods seven days in advance to the completion of quarantine within seven days or even two days the earliest. Since red fire ants were discovered in Hong Kong yesterday, the authorities have sent the imported flowers to Ta Kwu Ling for quarantine, and there could be 79 truck-loads of flowers imported to Hong Kong yesterday. I think this merits our support, because after safety measures are properly taken, I trust that Hong Kong people will feel more at ease in buying New Year flowers. The mainland authorities have repeatedly emphasized that they will export food and flowers of the best quality to Hong Kong. I had a meeting with the industries just this afternoon and they said that they had never seen New Year flowers as beautiful as those of this year. So, I hope the public will feel at ease in buying the flowers.

Moreover, I would like to talk about the communication mechanism. I hope that the liaison between the Government and various provinces can be enhanced, so that the Government will not be kept in the dark even after something has gone wrong, just as what had happened during the SARS outbreak. I hope that the liaison work can be strengthened. I also hope that colleagues in government enforcement agencies will pay attention to a complaint received by me recently. It was about a case that happened last year when a dozen colleagues in the FEHD pounced on a person who had thrown away a cigarette bud or some rubbish and hurt his lower back. At that time I wrote to

the Director of Food and Environmental Hygiene, and I said that this person who had littered would be fined \$1,500 only but he, who had been seized by many staff of the FEHD, had been injured as a result and hence could not work. The consequences were very serious. So, this person lodged a complaint with me and said that he wanted to take the FEHD to Court. But there must be evidence before a case can be filed, and he did not even know by whom he was arrested. I think this is very unreasonable. Besides, it was reported in the press yesterday that a person who had dropped his wallet or key was treated as a litter bug. I think these cases should be clearly distinguished and defined, in order not to affect the image of the Government in the hearts of members of the community. A fine of \$1,500 is certainly important, but confidence is even more important.

Madam Deputy, I hope that the SAR Government, in implementing policies, will consider the fact that it is not our wish to see poverty. I hope even more that the Government can step up efforts in education, so that some people will be able to make ends meet without receiving CSSA. We must stand on our own feet, and this spirit is precisely lacking in the community of Hong Kong now. Take our industries as an example. We are not blaming other people. The income of workers in the industries is as low as about \$3,000, but so far, we have not asked for anything from the Government. All I hope is that the Government can give us an opportunity in its policies and facilitate our sustainable development, so that our industries can survive and members of the industries can support their families. Madam President, I so submit.

DR JOSEPH LEE (in Cantonese): Madam Deputy, this year's policy address has discussed health care policies and medical financing under the title of Health Care Financing. After the publication of the policy address, I have briefly consulted 45 organizations in our sector and from their response, about 50% of them were unsatisfied with the health care policies and the direction of health care financing proposed in this policy address. Their greatest reservation lies in the following questions. How exactly can this policy and direction turn Hong Kong into a health-based community? Is the current deployment of resources appropriate? Can we actually achieve the objective of health for all?

Let us take a look at what happened. First, health care policies. I am very glad that TUNG Chee-hwa's policy address subscribes to the view that health care policies should give equal emphasis to disease treatment and

prevention, and that primary health care services should be enhanced in order to ease the burden of hospitals. But the actual situation is that insofar as the current resource allocation is concerned, 85% of the resources are allocated for disease treatment, with only 15% being allocated for disease prevention. So, we hope that after the delivery of the policy address, the authorities should immediately implement the proposed policy and expeditiously strike a balance in the deployment of resources, so that resources can be deployed with equal emphasis on treatment and prevention, rather than focusing only on treatment. In that case, policies such as providing community-based primary health care services can be implemented.

The policy address has also mentioned that community-based health services should be promoted. In this connection, family medicine has been mentioned. We very much welcome the promotion of family medicine. Having said that, in order to promote the concept of family medicine, it is absolutely inadequate to train family doctors only, because in the concept of family medicine and for health services that are entirely community-based, apart from treatment (by family doctors), there should also be participation from other health service professionals. So, I must stress here that it is also necessary to channel resources to the training of nurses, pharmacists, therapists, nutritionists, and so on, so that they can jointly contribute to family medicine and provide assistance to the community in respect of health promotion or health education. This will enable the provision of community-based health care services and hence give full play to the concept of family medicine. This will truly benefit Hong Kong people and facilitate the provision of community-based health services on a full scale.

On the other hand, we would also like to look at references to primary care services for the elderly in the policy address. We do welcome the proposal in the policy address to make certain changes to some long-term care places or infirmary care places by converting some residential care places into long-term care places, which can then provide 3 000-odd long-term care places. But at present, an elderly generally has to wait for about two and a half years in order to be allocated a place in a residential care home. We are worried that under the proposal of the Government in this policy address, the Government will provide these 3 000 additional places by converting some existing general old age homes into long-term care homes, which means that there is actually no increase in long-term care places, for it will only convert some old age homes into nursing homes. If such being the case, since it already takes two and a half years for an

elderly to be allocated a place in a general residential care home, does it mean that the elderly will have to wait even longer? This is very worrying, and I hope this will not be the case.

In fact, insofar as the promotion of primary health care services for the elderly is concerned, apart from institutional care services, it is more important to note that there is a community geriatric assessment team in various clusters. Here, we suggest the Government to enhance this service by, for instance, sending not just doctors, but also nurse specialists, nutritionists and therapist to old age homes in all districts to conduct health assessments for the elderly in order to, firstly, understand their situation and then decide whether or not they should be referred to hospitals, and secondly, relieve their psychological pressure. In the event that a health problem is discovered and treatment is considered necessary, medical treatment can be provided at the old age home without having to send the elderly to hospital. This can in turn ease the burden of the medical system.

Besides, health-based community services will also include child health development. In this policy address, it is also mentioned in the part on helping the poor that more health assessments will be conducted for children under five, with a view to helping these children grow up healthily. We do welcome this scheme. The scheme, which is called a head start scheme, will first be implemented in Tin Shui Wai, Tuen Mun, Sham Shui Po and Tseung Kwan O. While we welcome the scheme, we must pay attention to whether there is sufficient manpower and whether there are resources for more professionals to be deployed to conduct the assessments in maternal and child health centres. It is because health assessments for these developing children are not just general health assessments. Specialists are required to conduct such assessments.

Madam Deputy, while we welcome these new initiatives, we actually still have some concerns. Obviously, there is now a dire shortage of nursing manpower, and there is a shortage of nursing manpower in public hospitals, private hospitals and some residential care homes for the elderly. The planning of nursing manpower is obviously far from satisfactory. We do not wish to see further deterioration in the shortage of nurses as a result of these new initiatives. If that happens, the Government would only adopt stopgap measures to deal with the problem, such as reopening the training school for enrolled nurses to address the shortage of manpower. In fact, I wish to ask this: Should registered nurses be replaced by nurses trained in the school for enrolled nurses? What Hong

Kong needs is registered nurses, and over the last 15 years, the training of nurses has been transferred to universities. If the training school for enrolled nurses is reopened hastily simply to address the shortage of nursing manpower resulted from mistaken manpower planning, all the efforts made by us over the past 15 years would be thrown down the drain, and nurse training which has been elevated to university level would regress. I trust that this is not something that our nursing professionals would wish to see. Then what should the Government do? We hope that the Government will discuss this with the committee on university grants, in order to increase the places of nurse training in universities as far as possible, rather than adopting stopgap measures, such as reopening the training school for enrolled nurse rashly, thinking that a high number of trainees can replace quality nurse training.

On health care financing, it is, in fact, mentioned in the policy address that the Medical Services Development Committee would be reformed, hoping that the Committee chaired by the Secretary can properly look into solutions insofar as medical financing is concerned. Earlier on a colleague (Miss CHAN Yuen-han seemed to have mentioned this) mentioned that this problem has actually lingered on for years. Studies were conducted over and over again. How much longer should studies be conducted? The "Rainbow Report" in 1993 was a study; the Harvard report in 1999 was another study; the 2004 Consultation Document on Medical Reforms was again a study. So many studies have been conducted and now, we are still talking about conducting studies. My patience is actually wearing out. Studies have been conducted for such a long time, and there is only two and a half years left. Should we still conduct studies? How should health care financing be resolved? We do not know. But this is closely related to all of us. I very much hope that Secretary Dr York CHOW, when reforming the Medical Services Development Committee, can really submit a report with practicable proposals. It is not our wish to see only some discussions on studies. We hope to see some practicable conclusions. We do not hope that the Medical Services Development Committee will conduct consultation only and continue to conduct consultation after consultation, and that when a proposal cannot be implemented, it will continue to make plans on how it should be implemented. This is completely pointless. So, this is not something we would wish to see.

Madam Deputy, in fact, the purpose of health care financing is mainly to resolve the predicament of the existing public medical system. Obviously, the Hospital Authority (HA) has been facing a deficit of about \$500 million every

year since 2003. If we do some calculations, we will see that there are only about \$700 million left in the reserves of the HA. These \$700 million in its reserves may be used up in 18 months. We do not wish to see this happen. But it appears that the policy address has not proposed any solution to this problem. All that has been proposed is that the Medical Services Development Committee will conduct studies within the next two and a half years. After doing some simple arithmetic, we can see that while the report to be published after these two-and-a-half-year studies may be helpful to health care financing, the problem is that there is only \$700 million to support the entire system for one and a half years. If the HA goes bankrupt by then, what would become of our public medical system?

I believe the HA should, in fact, reposition itself. It is because apart from the deficit problem, the HA has another problem and that is, the HA now appears to be expanding its services continuously. The HA is planning to build a hospital on Lantau, to introduce Chinese medicine services and also to enhance its community services. All these will expend resources. The HA is now faced with a fiscal deficit. If the services of the HA keep on expanding while the deficit is not resolved and health care financing not properly addressed, what can we do? I really think that at this time, the HA under the leadership of the Secretary should consider whether the following actions can be taken: First, in respect of its services, can they be realigned? For example, should we pool resources together for the poor and the needy and provide medical treatment only to rare and serious diseases and in emergency cases, or should we focus on the training of medical personnel? All these must absolutely be considered by the HA. Second, as the pie is just this big, in order to achieve effective deployment of resources, I suggest that the HA should redeploy resources internally by pooling resources together to meet demographical needs. We understand that the demographic characteristics and medical needs of every cluster are different. If we can identify the differences in medical needs between New Territories West and New Territories North, the surplus resources could then be effectively redeployed among clusters. This can help the HA meet the needs of different clusters with reference to their demographic characteristics in its services, thus preventing wastage or duplication of resources. For these reasons, Madam Deputy, I think before a decision is truly made on ways of health care financing to solve the problem, these proposals can help maintain the development of our public medical system for a longer time.

Let us also look at other health-related policy measures mentioned in the policy address. One is that we learn from the past experience of SARS that we should take preventive measures against massive outbreaks of epidemics. Certainly, the Centre for Health Protection was set up by the Government last year or in the year before last. Fortunately, there was no massive outbreak of epidemics in the past two years, and after several practices, the service of this Centre now seems to be very stable and effective. But last year, in the handling of the incident at the Caritas Medical Centre and in the incident of red fire ants mentioned by Mr WONG Yung-kan earlier, we apparently saw that the Centre for Health Protection had been rather passive in the entire notification mechanism and had not played an effective role in co-ordination. I think we should not wait until there is another massive outbreak of epidemic to further test the reliance and effectiveness of this Centre for Health Protection. We must really look into the co-ordinating role of this Centre to ascertain whether improvement can be made and whether the existing notification mechanism can give play to the role of this Centre in preventing the outbreak of epidemics.

Another issue is the regulation of Chinese medicine and its practice. As mentioned by Mr WONG Kwok-hing, in his policy address in 2001 the Chief Executive undertook to provide 18 Chinese medicine clinics in 2005, but the policy address this year only mentioned that there would be no fewer than six such clinics, which means that 12 clinics are missing. Where have they gone? This warrants a review which should be conducted expeditiously. Why do I say so? It is because at least two tertiary institutions in Hong Kong have been training Chinese medicine practitioners since 2000-01. Having checked the records, we find that among Chinese medicine practitioners graduated from the two universities in 2003-04, only about half can formally become Chinese medicine practitioners or work in hospitals or clinics, whereas the other half had to find jobs on their own. I think this is a big problem of a waste of resources. It is because we can see that an objective of the health care policies is, as also mentioned in past policy addresses, to effectively combine Chinese and Western medicine. But when we review the development over the past few years, can Chinese medicine effectively combine with Western medicine? I think insofar as this policy address is concerned, we should readjust the policies and increase the strength of the measures, so as to truly achieve the objective of combining Chinese and Western medicine.

Another measure relating to health care is the creation of a smoke-free environment. Obviously, the creation of a smoke-free environment in Hong

Kong has long been proposed in our health care policies. However, just when we have discussed intensively the amendment of the Smoking (Public Health) Ordinance, the Government seems to be saying that the policy will be a selective one and that it will be impossible to implement a total ban on smoking. In fact, there can be many different situations in real life. I certainly understand the point made by Mr Tommy CHEUNG, that restaurants have many different concerns. This precisely has to do with consultation and the strength of the measures to be taken. I think the Government should do more in this respect. Under the proposal of the Government, the legislation will provide for a very long grace period, which can be as long as three months to one year. In other words, together with the time required for the legislative procedure, and if the legislation will not be implemented across the board but only selectively, which means that a smoke-free environment can be achieved only in some places of Hong Kong, the legislation will take effect only in 2007 the earliest. Now, I wish to remind the Government that the treatment of diseases caused by smoking costs it \$900 million a year. If this measure can be implemented only in 2007, it means that the Government will have to continue to foot this medical bill of \$900 million a year in the interim. I think the Government should step up efforts to implement this measure, for its implementation can, first, ensure public health and second, reduce the expenditure.

The fourth policy measure relating to health care concerns the Undesirable Medical Advertisements Ordinance. As Mr Vincent FANG said earlier, this is a very controversial legislation and the progress has been very slow due to a lack of consultation.

Fifth, the regulation of medical devices or equipment. This issue seems to have been discussed for one or two years and yet, no substantial progress has been made.

For all these reasons, Madam Deputy, it is obvious that the measures in respect of health care services as proposed in the policy address are lacking punch. We, therefore, suggest that the Government should increase the strength of these measures and make appropriate deployment of resources expeditiously, in order to strike a balance in the provision of resources which are now excessively concentrated on medical treatment to the neglect of prevention. The Government should also reorganize resources, readjust the current policy measures and deepen all various policies, in the hope that a sustainable health

care policy can be formulated and hence turning Hong Kong into a healthy city. Thank you, Madam Deputy.

MR FREDERICK FUNG (in Cantonese): Madam Deputy, the theme of today's debate, "Caring and Just Society", is an abstract, yet extremely important, concept in the modern capitalist society. We will not blindly pursue economic growth, connive at a free market driven to extremes, and exploit the needs of the grassroots. Nor will we ignore social conflicts for the sake of pursuing superficial harmony. What is more, we will not, albeit in possession of enormous social resources, act indifferently by watching those living in extreme suffering cry out for help without doing anything. I wish to emphasize that the vision for "Caring and Just Society" must be implemented through policies in different areas and concrete plans. However, we can see from the Government's past practice and this policy address that the Chief Executive lacks a long-term and broad vision, as well as tolerance. More importantly, there is a severe lack of an internal sense of value.

In the 35th paragraph of the policy address, the Chief Executive elaborated the direction laid down by the SAR Government in helping the poor and needy by emphasizing the need to, firstly, promote economic growth and create job opportunities and, secondly, through education and training, continue to provide a safety net in CSSA. These views are so simplistic that they were merely repeating the Government's usual practice. I wish to ask: What are the underlying notion and the ideology of these views?

Actually, we cannot deny that "promoting economic growth and creating job opportunities" have almost become a taken-for-granted solution to resolving the poverty in society. However, has the Government carefully considered that constantly and blindly pursuing economic growth might, on the contrary, aggravate the poverty problem, produce marginalized workers, and create super-low wages that are not enough to support the workers' living?

In a motion debate proposed by me earlier on "alleviating the disparity between the rich and the poor", I already raised the point that one of the major factors contributing to poverty in modern cities was the changes in the mode of production and the rise of the knowledge-based economy. Under the influence of globalization, which emphasizes faster, flexible and diversified production and consumption, and coupled with the formation of new economic models

brought about by the rapid development of information technology, the marginalization of low-skilled workers is worsening. To put it more frankly, the former United States Secretary of Labour, Robert B. REICH, in his writing *The Future of Success*, compared the directions of development for high-skilled and low-skilled workers, whose merits and demerits are seen instantly, under the new economy, to two lanes, one fast and the other slow.

Furthermore, as a result of its seriously "tilted" economic policy, the Government has lopsidedly deployed its resources to "knowledge-based" economic projects. The non-diversified economic development has speeded up the creation of a structurally poor class, and the poverty-eradication ladder, originally allowing the upward movement of the grassroots, has been narrowed completely. How can a government focusing only on economic growth resolve the poverty problem? From a proactive angle, it is imperative for the Government to establish a more comprehensive and diversified economic policy. Every economic policy must go through an assessment to determine "whether the disparity between the rich and the poor will be resulted".

Furthermore, I wish to emphasize that the Government must not seek to resolve the poverty problem merely from the economic angle and by following the way of thinking of businessmen. Lavishing excessive praises on the empty slogan of "economic development dominates everything" will merely lead to the consequence that all social behaviour must serve the economy. When even education is seen as an investment, or an ordinary business endeavour, in society, it would not be considered at all unusual for social welfare policies to be seen as an economic act without returns. Such a narrow point of view has obviously neglected the social functions of non-economic policies and their prime concern, the underlying value of men. I must emphasize that there is a reciprocal and interactive relationship between economic and social policies. Let me cite the massive construction of public housing in the '60s and the '70s as an example. This move has served the dual purpose of stabilizing society at that time and laying a foundation for future economic development. Its underlying value was focused on improving the livelihood of the people and safeguarding their basic housing rights, so as to enable them to develop the careers they wish to pursue in a more steady and assured manner.

I believe no one will object to the point raised by the Chief Executive with respect to "enhancing themselves and freeing themselves from poverty through

education and training". However, I hope the Chief Executive's remarks will not give people another false impression, that poverty is purely caused by the absence of an enterprising spirit and proactiveness, and that it is a problem of personal responsibility. The belief that merely upgrading the proactiveness of a person in "seeking employment" can free him from poverty is nothing but a wishful assumption of the Government and the business sector. Actually, at least three practical factors have to be considered: First, as everyone possesses different abilities and potentials, not everyone can keep pace with the mainstream social development. Second, there are simply no suitable jobs available in the labour market. Third, even if jobs are available, incomes are not enough to maintain one's basic livelihood. As I mentioned earlier, such factors as changes in the economic structure, tilted economic policies, and so on, are also major elements contributing to the emergence of poverty. The Government, being responsible for controlling social resources and formulating policies, can definitely not use personal responsibility as an excuse to shirk its own responsibility as a government. On the contrary, it should start with economic and social policies incepted with a proactive attitude to enable various policies to complement one another for the purpose of resolving the poverty problem.

With respect to the issue of providing a basic safety net, the Government has merely repeatedly emphasized that a comprehensive CSSA system is already in place in Hong Kong. However, the crux of the problem is that CSSA is, to a certain extent, still flawed, and there is much room for improvement. I have always emphasized the need to fully review the existing CSSA system and relevant allowances in order to protect the basic living needs of recipients. Furthermore, the Government has failed to provide any substantial support to people on the brink of applying for CSSA. Actually, given support from individual policy items and plans, that is, setting up an effective, second safety net, can produce a highly positive effect in helping these people to break away from poverty. I am extremely disappointed that this year's policy address has not mentioned even a word about it.

Let me come back to the concrete plans put forward in this policy address. The 36th to 39th paragraphs have specifically targeted on the issue of inter-generational poverty. For children under five, the Government will launch a Head Start Programme on Child Development. Obviously, the Government seeks to take timely measures to prevent the emergence of family problems by providing health and education activities, and parent counselling services. As for school-age children between six and 15 in poor families, the

Government will allocate more resources to schools and youth organizations to strengthen co-operation in organizing after-school learning and interest activities with a view to providing these children with more opportunities of community involvement.

In my opinion, although these two programmes have their respective objectives and targets, it is still difficult to evaluate because of the absence of concrete implementation plans. Nevertheless, it appears to me that the former is far from holistic. For instance, the Government has failed to provide single parents with the service they badly need, that is, the childminding service, to enable them to work without worries. Furthermore, from a realistic angle, mental health is inseparable from such issues as the living conditions and social status of poor families, whether poor families can enjoy equal opportunities, and so on. It is indeed extremely hard to imagine how these problems can be resolved by targeting the mental health of parents and educating their children only.

As for the latter, the Hong Kong Association for Democracy and People's Livelihood (ADPL) has, in its budget proposal for the next financial year, suggested the Government to allocate \$300 million to, through schools and social service groups, set up a children development fund to provide children in grass-roots families with adequate opportunities of learning and development. We consider this programme more suitable to be implemented in the form of a fund to enable schools and social service organizations to propose corresponding programmes in the light of the different conditions in their respective districts with more flexibility and apply to the fund for funding support. Furthermore, the schools can also consider providing classrooms and other equipment for the use of social service organizations outside school hours to enable resources to be used more effectively, provide poor children with adequate learning opportunities, and develop community facilities.

As regards the measures for helping the poor elderly, the Government has mentioned in both the 41st paragraph of the policy address and page 25 of the policy agenda that \$180 million or so will be deployed to gradually convert some residential care places into long-term care places. However, in paragraph 30 of the document submitted to the Panel on Welfare Services on 20 January, the Government further elaborated that approximately 7 000 of the existing 27 000 subsidized places did not provide care. While the Government has planned to deploy \$180 million to gradually convert those places into long-term care places,

only 3 000 long-term care places will ultimately be provided. In that case, excluding those 7 000 and 3 000 places, where have the outstanding 4 000 places gone? The Government must not reduce 4 000 elderly places for the sole purpose of providing a one-off payment to improve the quality of these places. Instead, more funding must be provided to make up for the shortfall. I hope the responsible officials can clarify this point in their response.

The Government's proposal of providing an additional monthly supplement of \$100 to people on CSSA, who are completely disabled, or requiring constant attendance and not living in institutions, is more symbolic than anything. I think they would not be too mindful of such a meagre increase. However, it is more important that the Government's proposal may provide them with spiritual and psychological support and provide necessary IT equipment and support facilities to address their needs of living in different areas. I hope the Government can give more consideration in this aspect.

Concerning the issue of urban renewal, I often emphasize that urban redevelopment is one of the ways to help the poor. If Members should care to pay attention to the old districts where many poor people are living, such as Sham Shui Po, they will find that, according to the information collected in the Census of 2001, 24.4%, the highest throughout the territory, of the households in Sham Shui Po earned less than half of the median wage. Actually, in addition to Sham Shui Po, the living environment of certain old buildings in other old districts, such as the old part of Hung Hom, Tai Kok Tsui, Wan Chai, Western District, the old part of Tsuen Wan, and so on, are deplorable too. While we greatly welcome the participation of the Housing Society in promoting the rehabilitation of old buildings, we strongly call on the Government to enhance its redevelopment programme of old buildings which are so dilapidated that further rehabilitation is not possible. By way of redevelopment, not only can the redeveloped environment be improved, suitable public housing can be provided to the affected residents so that the living environment of the poor can be improved immediately.

In the final analysis, I think a multi-pronged approach is required to resolve the poverty problem in a more thorough and effective manner. The Government must co-ordinate various departments to formulate relevant policies and long-term measures to eradicate poverty, including providing a fair and reasonable platform in different policy areas, such as the economy, labour,

employment, culture, education, housing, transport, health care, and so on, to give the poor people an opportunity to climb up the ladder, thereby breaking away from poverty.

Some may probably ask: Why is co-ordination so important? In delivering the policy address on 12 January, the Chief Executive emphasized that the Government attached great importance to the poverty problem and launched some of the measures mentioned earlier. On 20 January, however, Secretary Dr York CHOW started to hint that the Government was prepared to increase accident and emergency fees and hospital charges, completely ignoring the affordability of the grassroots. I wish to emphasize that the problem of health care expenditure must be tackled by starting from long-term financing. It is impossible to rely on one-time fee increases to make up for the shortfall. The poor were thus sacrificed as a result of these unco-ordinated and self-contradictory policies and programmes.

I welcome the proposal raised in the 44th paragraph of the policy address of establishing a commission to alleviate poverty by engaging people from various sectors, including government officials, Members of this Council, business people, non-government organizations, experts and academics. However, this decision of the Government was obviously made in a very hasty manner. There is a lack of comprehensive and concrete planning in terms of the direction, details and objectives of the work of the commission. Here I wish to take this opportunity to put forward my proposal to urge the Government to actively consider the direction, composition and priorities of the commission. My recommendations are as follows:

- (1) to formulate a clear and specific direction for alleviating poverty, determine the role and the underlying preference of value of the commission;
- (2) in terms of its composition, the commission should comprise officials of relevant government departments and statutory organs in such areas as economy, culture, labour and employment, education, health care, housing, transport, social welfare, and so on. Other members should include different political parties, non-government representatives, the business sector, academics, representatives from welfare agencies, and so on;

- (3) to formulate an indicator for measuring poverty for the purpose of conducting effective analysis and evaluation of the poverty problem in the community and, in the light of the overall social structure and the existing system, examine the causes of the poverty problem in Hong Kong so as to define the poverty areas that warrant examination, and formulate a comprehensive and effective poverty policy by drawing on the experience of overseas countries in alleviating poverty;
- (4) to review whether the existing social welfare policy can safeguard the basic living of recipients and free them from poverty, and to provide a second safety net to give the poor appropriate support so as to free them from poverty;
- (5) to co-ordinate various Policy Bureaux and their departments in formulating a poverty action plan and laying down feasible and clear objectives of aiding the poor. Various departments must conduct regular reviews, report to the commission, and submit annual reports to enable Members to review the progress of their poverty elimination work. It is also essential to review the existing legislation and examine whether the existing policies and those to be implemented shortly will aggravate social poverty and the disparity between the rich and the poor;
- (6) to promote social participation, build up partnership, encourage the business sector to support and fulfil its corporate social responsibility, as well as setting up relevant advisory frameworks and public forums to enable public views to be fully reflected; and
- (7) to consider adopting a community-based approach in promoting the work of alleviating poverty, devolving authority and deploying more resources to regional frameworks and organizations, such as District Council and District Offices, and making timely response by making effective use of their flexibility and in the light of the poverty situation of different districts.

There are some arguments I wish to elaborate further. With respect to point (2) regarding the composition of the commission, for instance, I appeal for the participation of officials from different policy areas and representatives from

statutory organs. I believe the present arrangement, whereby only the officials from the departments and bureaux in the welfare, education, labour and financial sectors are involved, is not enough. Actually, the bureau responsible for housing and planning, public transport operators, and the relevant law-enforcement agencies should also send representatives to join the commission for the purpose of covering the various levels of living of the poor and better co-ordinating the policies formulated to cater to their needs more closely.

Regarding point (3) proposed by me on the formulation of an indicator to measure poverty, I would like to stress that the indicator would help the community to gain a more in-depth understanding of the poverty problem. It has nothing at all to do with the disputes on defining poverty, social division, not to mention handing out money. Without a clear indicator, how can we analyse and evaluate the poverty situation in the community, not to mention evaluating the effectiveness of various poverty alleviation programmes. Such a scientific indicator for measuring poverty is indeed helpful to the Government in taking an important step in formulating its policy on alleviating poverty.

I have requested, in point (5) concerning co-ordinating various Policy Bureaux and their departments, the various departments to formulate clear objectives of alleviating poverty, conduct regular reviews and submit annual reports. In doing so, the various departments will, in the course of formulating some feasible and concrete poverty alleviation plans and corresponding objectives and implementing some policies, first consider whether their new policies are assisting the poor or creating more poverty. This proposal can also enable the commission to evaluate various programmes and, most importantly, ascertain whether these policies and programmes can really achieve the expected target of carrying out the work of the commission in a more concrete and practical manner.

These are my views on the welfare matters raised in the policy address. With respect to such matters ranging from the notion of the underlying value to the formulation of policies, and even the implementation of the poverty alleviation programmes, I hope the Government can listen carefully and collect the views of the community with a view to jointly tackling the poverty problem in Hong Kong and building a caring and just society.

Thank you, Madam Deputy.

MR TAM YIU-CHUNG (in Cantonese): Madam Deputy, only when each and every member of the community can share the fine fruits of economic development can there be harmony and stability in society. In this policy address, a series of initiatives have been proposed for "helping the poor and needy". We hope these initiatives can not only help the socially disadvantaged groups resolve the various hardships confronting them in living, but also strengthen mutual assistance in the community, prevent domestic violence, and promote harmony in the community.

Helping the poor is a long-term cause. Given the complexity and diversity of the causes of the poverty problem, we cannot rely on social welfare alone to resolve it. In addition, various government departments must co-operate sincerely before comprehensive initiatives can be formulated. Ameliorating the disparity between the rich and the poor has to, all the more, depend on redistribution of social resources. Therefore, it has become increasingly important to examine ways to stipulate corresponding requirements in taxation and financial policies. To tackle these problems, the Government must demonstrate a holistic vision and planning. The DAB therefore supports the Government in setting up the commission to alleviate poverty to co-ordinate the work of various departments for the purpose of helping the poor to improve their lot and integrate into society.

On specific implementation, the DAB considers it essential to take proactive measures targeting different social groups for the purpose of helping the poor and needy. Insofar as social security is concerned, the Government should complete the full review of Comprehensive Social Security Assistance (CSSA) expeditiously to enable the CSSA levels to follow closely the changes in our economic situation to ensure adequate livelihood protection for the recipients.

On employment assistance, the Government should, first of all, tackle unemployment assistance and welfare protection separately. Moreover, it should vigorously reform the existing unemployment CSSA system to achieve the target of "workfare" by such initiatives as revising the CSSA deduction measures in order to raise the deduction amount of the wages earned by CSSA recipients going out to work to \$3,500, providing employers with a wage allowance so as to encourage them to employ CSSA recipients, and so on. In addition, the Government should strengthen employment support, including

enhancing retraining and on-the-job training to help employees upgrade their skills; setting up more employment and learning resource services centres; strengthening job matching and employment counselling services; and enhancing various community care and support services such as occasional child care, home help service, and so on.

On elderly services, in addition to the existing Mandatory Provident Fund Scheme, the Government should also focus on formulating and implementing an "Old Age Pension Scheme" in order to achieve community-wide retirement protection and realize the policy objective of providing the elderly with a sense of security. Meanwhile, the Government must continue to improve residential and community care services and vigorously upgrade the quality of private homes for the elderly in the short term. Furthermore, the Government must stop relying solely on the CSSA system to resolve the poverty problem of the elderly. As regards those poor elderly people who cannot apply for CSSA, the Government is obliged to help them by establishing a maintenance grant scheme for the elderly and offering rent assistance and medical allowances to them.

Besides government initiatives, the synergy and participation of various sectors of the community are required in order to achieve success in alleviating poverty. Therefore, we should proactively co-operate with enterprises, voluntary organizations and non-governmental organizations with a view to promoting the development of the "third sector", promoting the community assistance programme, encouraging self-assistance and mutual-assistance among members of the public, and strengthening the support of community group networks for the purpose of enhancing the ability of individuals and families in tackling the hardships encountered by them in their daily life.

The membership list of the Commission on Poverty has been published. I am fortunate to be one of its members. I expect this Commission to cover a number of policy areas. As such, the Government must play its co-ordinating role properly to enable statutory organs involving manpower, labour, welfare, education, the elderly, women and adolescents to perform their desired functions, thereby avoiding repetition and overlapping of administrative measures and ensuring effective utilization of resources.

I wish to raise two points of view with respect to the concrete measures committed in the policy address. The first one concerns the trial implementation of the Head Start Programme on Child Development only in four

communities. The DAB is of the view that the Tung Chung New Town should be included, for the situation of the public housing area in Tung Chung is no better than that in Tin Shui Wai. Moreover, the remoteness of Tung Chung makes it difficult for the residents therein to seek help from the outside — they cannot even find a tutor to give their children homework guidance even if they wish to. It is therefore hoped that the Government can review the matter and, in consideration of the unique geographical situation of Tung Chung, provide young and school-age children in Tung Chung with additional support.

Secondly, the Government should expeditiously relax the restriction on recipients of Old Age Allowance (OAA) with respect to their period of absence from Hong Kong so as to enable the needy elderly to freely choose their places of domicile where they can lead an easy life in their twilight years. The policy address has proactively responded to the community's call by extending the period of absence imposed on the OAA and Disability Allowance to 240 days. This is what a number of elderly people have been hoping for days and nights. However, this plan will not be implemented until the end of this year. Such arrangements, obviously too late, have fallen short of realizing the Government's policy objective of "thinking what people think" and "addressing people's pressing needs". Regarding this issue, the Health, Welfare and Food Bureau has attributed the problem mainly to the fact that it takes time for the relevant departments to adjust their computer systems and modify the computer program. Although it is essential for the computer systems to be adjusted to dovetail with the new measure, the public can simply not help questioning the efficiency of the relevant departments in taking a whole year to accomplish this technical task in present-day society where IT is well developed. Furthermore, it has cost the Social Welfare Department \$225 million to build the "computerized social security system" in November 2000. The "Phase II of the Social Welfare Department's Information Systems Strategy", requiring another commitment of \$241 million, should also have completed in December last year. If even these computer systems built in recent years on enormous investments can still not provide service to meet policy changes in time, people will inevitably doubt whether public resources have been wasted enormously.

Although the relaxation of the period of absence imposed on OAA has fallen short of achieving the target of the DAB and the Hong Kong Federation of Trade Unions to abolish the absence rule completely, the Government has nevertheless taken the first important step. As the public at large desperately hope that the relevant measures can take immediate effect, a lot of the people will

definitely be disappointed if the measures cannot take effect until the end of this year. What is more, their confidence in the Government's efficiency in administration will be affected. Therefore, here I would like to urge the Government again to relax the period of absence from Hong Kong with respect to public welfare payments starting from the 2005 financial year and conduct a review after one year on the possibility of further relaxation, thereby improving elderly welfare in concrete terms.

Thank you, Madam Deputy.

DR YEUNG SUM (in Cantonese): Madam Deputy, in this policy address, the Government has at long last responded to the social demand for the establishment of a commission to alleviate poverty. Today, we have even heard some stories that the authorities have already appointed members to the Commission on Poverty. Therefore, I really must commend the Government, and I hope that it can show its sincerity and take serious actions to assist the poor.

The poverty problem in Hong Kong, Madam Deputy, is extremely worrying because Hong Kong has not established a poverty line to serve as an indicator. But if we apply the European Union definition adopted by the Hong Kong Council of Social Service, that is, if we regard a household as poor when its income is 50% of the median household income in Hong Kong, we will see that more than 1 million Hong Kong people are living in such a state of relative poverty. And, let us not forget our ageing population. By 2030, for example, one quarter of our population will be 60 or above. Besides, there are also 230 000 low-skilled workers in society. Elderly persons and low-skilled workers together will constitute a very large number of poor people because the chances of their falling into poverty are very great. This means that even when there are increases in our Gross National Product, low-skilled workers and elderly persons may still have to live under the poverty line. Even when there is economic growth, they will not benefit much. This is somewhat different from our situation in the 1960s and 1970s, because at that time, as long as there was any economic growth, people in general could already improve their living. In a way, therefore, the task of the Commission on Poverty is bound to be difficult and important. I now wish to make several suggestions in respect of the Commission.

First, efforts to alleviate poverty must not focus solely on welfare provision, because there are many other aspects such as education, employment, housing, transportation, training, labour law amendments and health care services. This means that the work on alleviating poverty must be diversified in approach, involving different professions and government departments. The Secretary may examine whether the government departments and professionals chosen to take part in the work of the Commission are from different fields. It may not be so bad, for example, even if the Secretary is not appointed chairman of the Commission this time around, because his chairmanship will inevitably give people the feeling that the Commission is biased towards welfare provision. Welfare provision is certainly an important component, but it must not be made the main component, because as I mentioned a moment ago, there are many other aspects such as education, employment, training, transportation, health care and the living environment. That is why the first point is very important: the work must be diversified in nature, involving different professions and government departments.

Second, education is also very important. Members all know that education is essential to fostering social mobility. For instance, people like us, people who were born after the Second World War and who have managed to become professionals or attain middle-class status, all had to live most of their childhood in poverty. Had there been no university education for them, they would never have got where they are. Therefore, education as a means of sustaining and increasing social mobility is extremely important to people wishing to extricate themselves from poverty. For this reason, I hope that the Government can make more efforts in respect of career counselling, associate degrees, youth pre-employment training, and so on. Or, it may continue to provide subsidies, so that young people can receive education and climb up the social ladder.

Third, employment is also very important. The Democratic Party has all along hoped that the Government can set up some industrial zones in the boundary areas. It has always hoped that this can help low-skilled workers secure employment. There is also the recycling industry. The Government now operates a recovery park. I hope that in addition to the recycling industry, the Government can also set up industrial zones in the boundary areas, so as to provide job opportunities to low-skilled workers.

Fourth, I wish to talk about reforming the Comprehensive Social Security Assistance (CSSA) Scheme. Many members of our Panel on Welfare Services are working very hard on this. How can we make sure that CSSA rates can meet a reasonable standard of living? The Government needs to spend more time on this and invite some professionals to set down an objective standard. Besides, some CSSA recipients are capable of working. The Government now requires them to work, but at the same time, it also asks them to do voluntary community work for two days a week. Actually, the Democratic Party hopes that if these people cannot find a job over a specified period of time, the Government can offer them no-pay work with fixed working hours, say, from nine to five, in government departments or in non-governmental organizations. All this is better than asking them to remove litter and sweep out country parks. Through their engagement in some regular occupations, these people can build up social connections and obtain support, thus gradually restoring their self-esteem. We have conducted quite a number of surveys on CSSA recipients who are still capable of working. Most of these recipients do in fact wish to earn their own living instead of relying on CSSA. I also wish to draw the Secretary's attention to a survey conducted by The Chinese University of Hong Kong in 2001. He may study it when he has time. In this survey, all the respondents were just asked to say what they thought would be the best solution to their problems and difficulties. More than 70% of them said they wanted to rely on themselves. Those who wanted to rely on their families amounted to 20%. And, only less than 10% of the respondents chose reliance on the Government. Therefore, Hong Kong people should not be criticized for being lazy or over-dependent on the Government. The truth is that most people want to have a job. For this reason, it has become especially important for us to consider how best to utilize CSSA as a means of helping those capable of working to rejoin the workforce as early as possible. We must of course consider the question of job opportunities.

Fifth, I wish to discuss amendments to labour laws. We in the Democratic Party support the setting of a minimum wage for some specific trades and industries. We do not ask for the enactment of a law to require all trades and industries to set a minimum wage. We also have some reservations about this. But we do think that there is a need to do so in some trades and industries. The Government itself, for example, has also designated a minimum wage for its outsourced services. The Government should set a minimal wage and prescribe the maximum number of working hours for some individual trades and industries, so it must do something more with the relevant legislation.

Madam Deputy, this time around, the Government places a special focus on inter-generational poverty; we must praise the Government for that because, sometimes, we simply do not know where to start aiding the poor. The Government now chooses to start at eradicating inter-generational poverty, by helping schools, families and youth centres to offer extra-curricular activities to children after they have started school. This is quite a good objective.

I also wish to talk about problems faced by the elderly. Madam Deputy, the permitted period of absence from Hong Kong for the "fruit grant" will be extended to 180 days. The Democratic Party hopes that the Government can consider whether it is possible to further extend the period. Basically, I think it is alright to require elderly people to return to Hong Kong only once a year. But they must return to Hong Kong at least once a year, because if they do not do so, the "fruit grant" will continue to be paid even after their death, thus resulting in wastage of resources. But how about returning to Hong Kong once a year? Can it be considered? The Secretary should seriously consider how he can give assistance to elderly people in good health. If an elderly person in good health chooses to return to the Mainland, and also if he lives with his relatives there, the "fruit grant" will be enough to support his living. This is beneficial to elderly persons, and the SAR Government does not have to incur any substantial extra expenditure anyway.

Another issue is home care. The provision of home care is a good policy. But in addition to home care, there must also be health care. And, this type of health care must be combined with home care in looking after the elderly. The Secretary must find out how a larger number of outreaching doctors and outreaching community nurses can be deployed to visit elderly persons living alone or not in very good health, so that they too can live in their own homes. Elderly persons generally like to be looked after by their families and do not want to live in elderly homes. But it is not so desirable to exert such a heavy burden on family members who just do not know how to look after an elderly person. For example, the family members of an elderly person suffering from senile dementia will not know how to look after him. That is why it is extremely important to combine health care and home care. I hope that with all his health care knowledge, the Secretary can make some special efforts in this respect.

Since time is running out, I will just say a few quick words on medical charges. I have heard that the Secretary intends to increase the maintenance

charge to \$500 a day. I can tell the Secretary that if he really does so, the Democratic Party will certainly voice its strong opposition. We will do all we can to oppose the increase. We hope that the Secretary will never do something like this. He should instead get help from professionals and work out a health care financing scheme as soon as possible. He must never resort to high charges as a means of forcing or inducing people to patronize private hospitals; this will only please private doctors and hospitals and increase their business. But the common people will certainly find this very undesirable. I hope the Secretary is just sending out the balloon instead of being serious. If he is serious, the Democratic Party will certainly put up a fight against him. Mr Andrew CHENG, Mr Fred LI and I will definitely struggle to the last. So far, Secretary Dr York CHOW's performance has been able to command people's confidence. We hope that the Secretary can continue to make efforts to alleviate poverty. Regarding medical fees and charges, he must not push them up to very high levels and force people to patronize private hospitals.

Thank you, Madam Deputy.

DR FERNANDO CHEUNG (in Cantonese): Madam Deputy, as I said earlier, although TUNG Chee-hwa mentioned helping the poor in the policy address, he did not dare to touch the structural problem of distribution of benefits. This shows that while the Government initially tries to address the poverty problem, it actually dares not face the problem of disparity between the rich and the poor. Under such a framework, the Government has only made some nominal gestures in a slapdash manner. The policy address proposed that for recipients of CSSA who are completely disabled but are not living in institutions, and those requiring constant care, they will be provided with an additional monthly supplement of \$100. In this connection, Ah Pun responded that this supplement is just better than nothing. The Chief Executive particularly cares about people with disabilities, and he has extended his regards to Ah Pun in the policy address. Regrettably, this additional supplement, which is just better than nothing, cannot actually benefit Ah Pun. Let us not forget that the CSSA payment for the disabled and the elderly had twice been reduced by the Government on 1 October last year and also in the year before last. After the reductions, the disabled recipients have received about \$300 less in their monthly CSSA payment. The \$100 supplement cannot make up for the \$300 reduction in the allowance for their living expenses. Moreover, apart from recipients who are completely disabled, the CSSA payment for other disabled recipients, hundreds of thousands

of elderly recipients, low-income families, single-parent families and families beset by unemployment have all been reduced.

Many people with disabilities do wish to rely on themselves. While they have the ability to work, it is very difficult to land a job in the prevailing employment environment, particular for people with disabilities. Over the years, we have been urging the Government to study and promote an employment quota system and to set a non-mandatory indicator at least in government and subvented organizations and in the public sector requiring the relevant departments and organizations to work towards this indicator by employing a certain percentage of disabled employees. While this demand was unanimously endorsed in the last term of the Legislative Council, the Government has still refused to implement such a system. This, I think, is regrettable.

We are glad that the Government can bring up the problem of inter-generational poverty. At present, the problem of child poverty is very serious. Let us take a look at the poverty rate among children of 14 or below. According to the information of the Hong Kong Council of Social Service, which has also adopted the data of the Census and Statistics Department, in 1996, 22.8% of the children were in poor families and in 2002, the number increased to 25.5%, which means that over 260 000 children at the age of 14 or below were living in poor families. The problem in the age group of 15 to 19 is even more serious. In 1996, 16.7% were in poor families, but in 2002, the percentage rose to 25%, and the number of youngsters living in poverty soared to nearly 140 000. These figures are alarming, and such high poverty figures cannot be found in any advanced and developed country. Speaking of inter-generational poverty, the Government said that a Head Start Programme on Child Development would be introduced for children under five, but we have yet been informed of its contents. The Government had provided some papers to the Panel on Welfare Services, saying that doctors and nurses in maternal and child health centres would follow up the conditions of mothers suffering from post-natal depression and pay attention to the physical growth of infants. It seems that a medical and health care perspective has been adopted here. But we hope that the programme would be more comprehensive than it is described in the papers.

For the age group of six to 15, more concrete data has been provided by the Government. The Government will earmark \$75 million for children in

low-income families to take part in extra-curricular activities. Besides, the Government will provide another 400-odd full fee waiving places under the After School Care Programme. But compared with a total of 260 000 children living in poverty in Hong Kong, will such a meagre increase not be utterly inadequate to address the problem?

Moreover, for young people aged between 15 and 24, Mr TUNG Chee-hwa has only mentioned the Youth Work Experience and Training Scheme, Youth Pre-employment Training Programme and associate degree programmes yet again. The Government is still trying to provide opportunities to young people through the very market-oriented education system. Many young people living in remote districts cannot even afford the travelling expenses incurred in finding a job. Has the Government considered their special needs? Many children who come from poor families are actually not provided with basic care in their living throughout the entire process of their development, and they do not have equal opportunities. At present, the basic CSSA payment has already detached from our perceived basic needs of living. The CSSA payment was last reviewed or determined by the Government almost 10 years ago. I think it is now time to comprehensively review the CSSA system and the determination of CSSA rates. Recently, some academics and non-government organizations have conducted relevant studies, and I hope the Government can respond to them positively. Otherwise, I am afraid that our safety net would not be safe anymore.

As for the elderly, our Chief Executive, Mr TUNG Chee-hwa, proposed the "three-directional elderly policy" as soon as he took office. But under this "three-directional elderly policy", the percentage of impoverished elderly increased from 26.9% in 1996 to 32.6% in 2002. Poverty among the elderly has not been mitigated and worse still, it has worsened over time. The elderly people are most concerned about medical services. But in the public medical system there is an anomaly and that is, if only we can go to public hospitals in early morning and take a look there, we will see many elderly people queuing up for a chip. They often have to queue up at hospitals at around five o'clock in the morning. How can we imagine seeing elderly people queue up at hospitals at the crack of dawn every day to get a chip for medical consultation in this cosmopolitan in Asia? The elderly wish to consult Chinese medicine

practitioners but to date, the Government is still unwilling to allow elderly CSSA recipients to consult private Chinese medicine practitioners.

(THE PRESIDENT resumed the Chair)

The Government mentioned in the policy address that long-term care places would be provided for the elderly at a cost of 180 million. In fact, this \$180 million is not new money, but savings achieved by ceasing funding for places in elderly homes. This is basically "taking money out from the left pocket and putting it into the right pocket". Furthermore, speaking of long-term care, we can see today that the quality of many private elderly homes varies greatly. I believe the Secretary must have visited some private elderly homes where the conditions are so appalling that he cannot bear to see. I have this experience and there, I only learned what complete hopelessness means and what living hell means. In Hong Kong, a cosmopolis leveraging on the Motherland, engaging globally and gearing to surpass Britain and catching up with the United States, hardly can I imagine that the elderly people are put in such elderly homes. The long-term care of the elderly does warrant our concern, and it is imperative to upgrade the quality of long-term care for the elderly. Regrettably, these elderly people are hidden away by society, and even by their families, in private elderly homes where they are deserted. The complete hopelessness expressed by the elderly is heartrending. I hope the Secretary can do something in this regard. To the elderly, it is most practical to put in place a community-wide retirement protection scheme. There is no advanced country that does not even have such a basic system. The Mandatory Provident Fund (MPF) Scheme that we have now cannot in the least benefit the elderly today. The effects of MPF will be seen only after some 30 years. Do we have to make them wait for several decades?

We are certainly happy that the Government can provide resources to set up the Partnership Fund for the Disadvantaged to encourage tripartite co-operation. But I must remind Members that this is by no means a new initiative. Rather, it was already proposed last year. I also hope that the Government can learn a lesson from the Community Investment and Inclusion Fund and will not again act too slowly in approving funds and too rigidly in imposing control. Based on the current pace of fund allocation, it may take

more than 15 years for the Community Investment and Inclusion Fund to allocate all its funds. I do not wish to see the same situation repeat in this Partnership Fund for the Disadvantaged.

Finally, I hope the Government can positively respond to the division in the social welfare sector under the lump sum grant arrangement, and the so-called partnership relationship between government and non-governmental organizations which has already been destroyed completely. It is imperative to comprehensively review the tendering arrangement for outsourcing and the very cumbersome paper work involved in the lump sum grant system. I hope the social welfare sector can closely work with the Government. In fact, we are providing over 90% of the social services, and we do not wish to see that the question of our survival or the basic survival of our organizations would continue to cause many more conflicts between employees, conflicts between employees and organizations and conflicts with the Government in the future. I hope the Secretary can expeditiously conduct a review of the lump sum grant arrangement.

Thank you, Madam President.

MR ANDREW CHENG (in Cantonese): Madam President, on behalf of the Democratic Party, I rise to speak on the policy address in respect of the medical and health aspect.

The Chief Executive said in the policy address that after much soul-searching and a review of the success and failures of governance, he and his government officials have taken stock of experience gained and lessons learnt. Over the last couple of years during his governance, the deepest lesson that the Chief Executive had learnt in respect of health care must be the battle against SARS. Obviously, the most important thing is that the Government had initially reacted very slowly, and the notification system between Hong Kong and the Mainland had shown to be virtually useless. On this point, the Chief Executive and the relevant policy departments have not taken stock of the experience gained and lessons learnt. Take the red fire ant incident that happened in the last couple of days as an example. This incident has once again shown that the red light seems to be flashing again for the notification system between China and Hong Kong. The many undertakings made in the policy

addresses in the past few years have not been honoured but have been stalled repeatedly.

The most obvious example is health care financing. As early as in 1997 when he delivered the first policy address after the reunification of Hong Kong, the Chief Executive made the following undertaking: He said, "A comprehensive review of our existing health care system will be carried out in 1998", and "....., we will review whether the existing split of workload between the public and private sectors is reasonable and we will also study how patients and the community can best share our health care costs."

Eight years down the line and in the eighth policy address this year, he again said the following: "We are now reforming the advisory framework for health care services to facilitate the tendering of advice on our long-term health care policies and financial viability. We also need to further explore ways to enhance our health care system and improve the interface between the public and private health care sectors..... We will undertake studies within the next two and a half years to help lay the foundation for the formulation of long-term strategies." Madam President, in the two policy addresses in 1997 and 2005 — eight years in between them — the Chief Executive appeared to be saying the same things about reviewing the health care system, reviewing the health care financing system and balancing the development of the public and private health care sectors. But eight years have passed and still, no progress has been made.

A study of the health care financing system was conducted as early as in 1993 with the publication of the consultation document "Towards Better Health". In 1999, there was the report on "Improving Hong Kong's Health Care System", and in 2000 there was the "Health Care Reform Consultation Document". Today, we are still talking about undertaking studies and work has been delayed continuously. Even for the Health Protection Account mentioned by the Government in the 2000 consultation document, a decision has yet been made to date as to whether further studies will be conducted. It is always a case of studies, studies and studies. This makes us feel that the Government seems to be using studies as a pretext to evade the question of health care financing, which is very important in the light of the ageing population in Hong Kong.

As we can all see, there is a serious deficit in the Hospital Authority (HA). Many patients suffering from cancer have to undergo medical examinations in private hospitals for they cannot bear the delays in medical treatment due to the

long queues of patients and as a result, they have been saddled with debts in hundreds of thousands of dollars or more. Any financing system may have to take eight to 10 years from legislation, preparations to enforcement before it can be effectively implemented. Take the Mandatory Provident Fund as an example. It was passed in 1995 but was implemented only in 2000. For such an important reform as health care financing, continued delays would render the medical services provided to the public seriously affected.

Madam President, the Government has neither the wisdom nor courage to take forward the reform of health care financing. The financial constraints faced by the public medical sector have already been very serious, and the Government has only adopted an ad hoc approach and sought to fleece the people by all means. Shortly after the delivery of the policy address, the Government already hinted at an increase of fees for public medical services, suggesting that the fee charged for services at the Accident and Emergency Department be increased to \$150 and that for hospitalization to \$500 daily. In addition to the fee increase, medical services will also be reduced. In a paper submitted by the Government to the Legislative Council earlier, it is proposed that some expensive medicine, that is, medicine with significant curative effects, may have to be paid by patients at their own expense. It is only when patients are broke and caught in financial difficulties that the Government would subsidize part or all of their medication costs. Under such circumstances, many people may become bankrupt as a result of suffering from a serious illness.

The Government has, on the one hand, said in honeyed words that it will take care of the middle class, but in proposing these medical measures, the Government seems to be wielding the axe at the middle class over and over again. The middle-class people in Hong Kong have to pay tax but do not enjoy much welfare. Public medical services can be said as the only welfare that they can enjoy. If the hospitalization fee is considerably increased and patients are required to pay for their medicine, the middle-class people, who are not protected by the safety net, will definitely be most seriously victimized. The Democratic Party considers this absolutely unacceptable. Before putting forward a proposal on reforming the medical system, the Government absolutely should not jump the gun by increasing medical fees and reducing the expenditure on patient's medication in an attempt to address the financial crisis, for this would change the long-established principle of public medical services.

Another area of work featuring repeated delays is the provision of Chinese medicine out-patient service. In this year's policy address, it is proposed that the number of Chinese medicine clinics will be progressively increased and that the initial step will be to increase the number of such clinics from the present three to no fewer than six, adding that these services will continue to be promoted. Here, let me remind the Secretary that as early in the 2001 policy address, it was already undertaken that 18 Chinese medicine clinics would be provided by end-2005. Subsequently, delays were made over and over again on the pretext of review and now, there are only three such clinics. Although it is stated in the policy address this year that the number will be increased to six, the Government has, in fact, gone back on its words, and it has not even provided us with a clear timetable. There are many other areas in which delays have been made repeatedly. For instance, the construction of the Tung Chung Hospital. The Government undertook to build the hospital in 1998 and complete it in 2007. But now, a decision has yet been reached on the exact location of the hospital.

Madam President, the only area in which government efforts are proved to be competent and effective is the implementation of a smoking ban. This, I believe, appears to be a sign of benevolent policies since the Secretary took office. The Government submitted a paper to the Legislative Council last month, undertaking that a bill would be tabled at the Legislative Council in the second quarter of the year to step up efforts to combat smoking, including implementing a smoking ban in restaurants and the indoor areas of workplace. The Democratic Party absolutely supports the tightening of legislation. But with regard to the grace period, I hope the Government will understand that anti-smoking measures cannot be further delayed and so, apart from allowing a three-month grace period for food establishments, the legislation should immediately take effect at places including primary and secondary schools, education institutions, workplace, and so on.

Madam President, to effectively enforce anti-smoking legislation, punishment must be imposed in a clear and simple way. The current practice of restaurant managers advising customers not to smoke and punishment on law breakers to be determined by legal proceedings seems to be not sufficiently effective. I suggest that the Government should follow the practice adopted to prohibit littering and adopt the fixed penalty arrangement, so that smokers who unlawfully smoke in restaurants and indoor places will be given a penalty ticket instantly.

All in all, I hope the Government can take stock of the lessons learnt and change its bad habit of stalling. It must show courage and resolve in carrying out its work. I hope that at least before the end of the Chief Executive's term of office, the many policy initiatives that have been delayed repeatedly and have not been implemented on the pretext of studies over the years will be realized.

Madam President, I so submit.

DR KWOK KA-KI (in Cantonese): I speak right after my Honourable friend, Mr Andrew CHENG. Although we are partners in the medical group, our views on many issues, particularly on financing, may be different.

Today, I see that the Secretary is sitting here alone listening to our debate. The Secretary can probably do what other people cannot do, for he has to manage so many welfare and medical projects. Every project is very controversial, and it requires enormous effort to accomplish each of them.

In this year's policy address, its discussion on this section again begins with building a caring and just society. As we can see, the public medical services in Hong Kong are of good quality and inexpensive and so, they are well-received by the public. Many pregnant women in the Mainland even came to patronize our service, although they did not pay. We all know that our sound medical services can easily be eroded by these cases of non-payment, because when the demand for public hospital services increases, primary and front-line health care workers will naturally have more grievances.

The expenditure on the medical system is so enormous that it is now as high as over \$30 billion a year. But at the same time, we all know that the Hospital Authority (HA) is faced with a very serious fiscal deficit. There are only two methods to solve the problem: To increase revenue or to cut expenditure. Let me start with increasing revenue. We all know that the entry pay of our young doctors has now been cut by 50% or more compared with doctors who joined the public medical sector a few years ago, and they have no promotion prospects at all.

Secondly, in the HA, the management staff whose annual remuneration amounts to millions of dollars already have their salary cut on their own initiative or have their salary pegged to performance. Moreover, many medical and

health care workers have chosen to retire voluntarily in exchange for generous compensation, resulting in a brain drain in the public medical sector. What else can we do to cut expenditure? Should we target actions at the pay of these young doctors again and further reduce their salary which is already very low? Or should we continue to cut the remuneration of senior medical staff, including the management staff? I believe this would only cause the morale of all health care workers to further deteriorate and thus render the service quality even more affected.

It is necessary for the HA to reform the existing employment system and improve the entry pay for new recruits, so as to narrow the salary gap between different employees doing the same work, thereby boosting morale and reducing the extent of the brain drain. As we all know, recently there is a very serious problem of many medical officers at the middle to senior levels quitting their jobs, and this has also been reported in the press. One of them is the very famous Dr KO Wing-man who had left with a group of senior Orthopaedic doctors to start private practice. In fact, the red light has been flashing for the services of the HA and its manpower resources. If we allow the situation to continue and do not start looking into some fundamental problems, I believe not only the medical workers, but also each and every member of the public will eventually suffer.

Any action taken against doctors or patients would not be welcomed by both sides. So, as I said at the outset, Secretary Dr York CHOW has my sympathy, because when he cannot get a job done well, he would be considered uncompassionate by both sides.

However, the problems with the medical system have become very critical. If we do not actively seek a consensus in society, the crisis would only become more and more serious. On the one hand, the HA would not be able to keep young and competent doctors with specialist qualification. It would not be able to ensure the provision of quality medical services at reasonable cost. Certainly, it would not be able to meet the ever increasing public demand for medical services. Nor could it cope with the ever increasing medical expenditure.

An increase in medical fees is definitely unpopular among the public. But why do we still have to discuss it? As we all know, there are only a number of ways to ensure that our medical services have the necessary financial resources. One is to draw on public coffers, which means that we may have to

increase tax in order to increase our public coffers. We all hope that the tax regime, or the low tax regime in Hong Kong will remain unchanged. I do not know how Members can be convinced to accept a tax increase as a means to maintain some necessary or essential services, including medical services. Second, a levy on medical services or mandatory contribution is by no means a novelty. But every time when health care financing is discussed and when medical contribution is mentioned, whether in society or this Chamber of the Legislative Council, I believe many people will still have reservations about it. I think they do not mind talking about long-term health care financing, for "long-term" means having nothing to do with them because by the time when payment is due for financing purposes, they may not be the ones to pay. But can this help the current medical services? I do not think so.

We must identify a fair, liberal solution to the health care problems. Insofar as the Government's policy agenda is concerned, it is said every year that a healthy and caring society where quality and fair medical services are provided will be built. I do not hope that these slogans of the Government are just empty talk and then the Government will simply ignore the reforms mentioned by me earlier, reforms that I hope to be implemented in the future, and even ignore the direction of health care financing

The policy address this year is quite surprising to me in that the Chief Executive, Mr TUNG, admitted that he had indeed made a series of mistakes over the past seven years and consequently made the people suffer and so, he must identify inadequacies at the behest of the Central Authorities. However, the words and deeds of the Chief Executive in the past few days seem to be different from what he had said at the beginning of his policy address. That said, I do not quite mind at all. Why? It is because if he is really saying one thing but doing another, then the policy address this year is not too bad, because the Chief Executive has not made any undertaking at all in this year's policy address, and he has not undertaken to do anything in respect of medical reform. So, if he really says one thing but does another, I hope that something good will happen, because for things that he has not undertaken to do, he would perhaps do them and that would be fine.

Certainly, I do not wish to hear only those very fine-sounding words often said by the Government. Nor do I hope that the Government is taking a perfunctory attitude in responding to us and putting up a show only. Medical

and health care and also welfare constitute an important element of public services in society and involve human lives. So, we must have a clear conscience in whatever we do. I do not hope that the Government would fail to do what it has undertaken to do. Dr York CHOW has my sympathy. He, being the new Secretary for Health, Welfare and Food, is not very good at acting; I wonder if he has taken part in drama before. Like me, he was originally tasked to rescue lives and provide relief and to help patients with a decisive attitude. I hope that during his work this year or in the future, he can speak candidly and state all the difficulties and crises envisaged in the medical sector within his purview, with a view to building a fair, just, democratic and free society and taking our social services forward in this direction. So, I hope and agree that the Government, including the Health, Welfare and Food Bureau, should support and assist in initiatives to help the poor and eradicate poverty, in order to bridge the gap between social strata and that between the rich and the poor.

I would also like to speak on medical charges, an extremely controversial issue. When introducing new medical charges, the Government must ensure that there is a sound and highly transparent safety net and provide for a waiver scheme, so that people who genuinely cannot afford the charges, including the middle-age people, the chronically ill, the elderly, the vulnerable and the disabled, can be provided with suitable allowances and support through a viable waiver scheme. This is to ensure that insofar as these services are concerned, no one will be abandoned or denied proper medical treatment or care due to lack of means.

The Government may need to draw a line or set a threshold to determine the amount of fees to be waived or to set a starting point for fees to be waived, and also to set out the principles to be followed, so that people in need can enjoy the services on an equal basis. But on the other hand, I think people with means, or people who have no urgent needs, should think about whether they should use medical services affordable to them or abuse the inexpensive or almost free medical services when they are ill. We may have seen some situations, and I feel very sad about them. That is, when we go to out-patient clinics, we can see many patients taking out bags and bags of medicine and when they are asked what they would do with the medicine, some said that they would give it away to neighbours if they cannot finish it. In some other cases, the patients have even resold the unfinished medicine to drug stores. Recently,

there is a rumour that some people have resold their unfinished medicine in Shenzhen. I think this is something that we do not wish to see. I also hope that the Government can take more positive measures, including considering a tax rebate, with the Financial Secretary, to encourage patients to turn to medical services in the private sector or to take out private medical insurance, in order to provide some relief to the burden of the Government.

Medical services in Hong Kong are caught in a dilemma. A clear overall direction of financing is lacking. So is a long-term health care policy. Here, when it comes to increasing medical charges, the public would be seething with resentment, as Members have said earlier. Some people said that where the rate of increase is too big, the reaction will also be big, while others wished that the Government can withdraw its decision, hoping that the Government is only flying the balloon. But the facts before our eyes are that the population is aging, the chronically ill are increasing, public expectations are rising, and the medical bill is ever increasing, and as the demand for medical services keeps on expanding while public coffers are shrinking and funding being continuously cut, what else can we do? Is it not imperative for us to really think about some effective measures?

To thoroughly solve the problem, the Government must show political courage and introduce a policy. I certainly appreciate that the Secretary may need a lot of courage to put forward the proposal on medical charges a few days ago. In order to make a decision on whether public medical services are welfare services, that is, whether we should have no regard to a person's income and allow everyone to enjoy the same level of subsidies or we should set priorities and different levels of charges in accordance with the income and the urgency of the service, I think we must give more thoughts to this. I also encourage people with means and conscience to actively respond to and answer all these questions, bearing in mind the interest of the community at large. They should ask themselves whether they are willing to shoulder some of the costs or whether they are willing to accept different financing proposals. They also have to consider whether they are willing to contribute to the implementation of a long-term and more proper health care financing option through, for instance, voluntary medical insurance schemes or mandatory contribution.

Our society must reach a consensus. I hope that the Government, when implementing any policy, including some controversial policies, can seek a

consensus in society before giving effect to it. I think we are able to do this. Moreover, I wish to spend some more time looking at this year's policy address and the several issues raised in the policy agenda.

Firstly, I would like to talk about the Dentist Registration Ordinance. I was very excited when I first learned that the Secretary would amend the Dentist Registration Ordinance, but was later very disappointed when I found that the Secretary is prepared only to amend the provisions on the specialist registration system in the Ordinance. It is because the Dentist Registration Ordinance and the Dental Council of Hong Kong are indeed obsolete. I think there is no other statutory advisory committee the Chairman of which has been in office for almost 18 years and has never been replaced. It is also unimaginable that a majority of its members are not directly returned by the profession, and that there is very little participation from outsiders, including lay members. The appointment of members to the Dental Council has indeed deviated from modern norms and is unacceptable in present-day Hong Kong. I hope the Secretary can really rethink this and look into whether he can have the resolve to review the Dentist Registration Ordinance afresh in the near future, thereby making it an updated piece of legislation which suits modern society, and also to review the composition of the Dental Council's membership.

I very much support the introduction of amendments to the Smoking (Public Health) Ordinance by the Secretary this year. I will not repeat all the points here. But in respect of the control of undesirable medical advertisements, the Government, having listened to the views of some expert committees, still decided finally not to impose regulation on three types of health products which I consider most important and which will affect the public most, namely, nonsensical products with such claims as detoxification, body slimming and boosting the immune system, on which \$1.4 billion are spent annually. It is very, very difficult for me to accept it.

On food hygiene, I agree that segregation of live poultry from humans must be implemented as soon as possible, and the slaughtering of poultry should also be reviewed. We all know that in Vietnam, avian flu has caused seven deaths to date. In fact, since last year, cases of avian flu have never ceased in Asia. So, when I find out that the Government will still conduct a feasibility study on a medium-sized chicken slaughterhouse this year to ascertain whether the risk of human infection of avian flu can be reduced, I really feel utterly disappointed. I do not know how many years it will take to complete this

so-called feasibility study before segregation of live poultry from humans can be truly implemented to reduce the risk of avian flu wreaking havoc in Hong Kong. I hope the Government will, in the coming year, really catch up and expedite work in this area.

I also support the Government's proposal in this year's policy address of setting up a \$200-million Partnership Fund for the Disadvantaged. I very much hope that the Fund will be expanded one year into its operation and that more funds will be provided and its scope of service extended, so that more subvented organizations and some services can be provided with new resources.

The review of the Comprehensive Social Security Assistance (CSSA) system also has my support. Certainly, I think our society should be a caring one where all the people in need of help, including the elderly, the vulnerable and the disabled, or people who need to live on CSSA because of old age, fragility and disability, are provided with assistance. However, I think the Government must plug the loophole that allows some unemployed or low-income people to receive CSSA. I think no Hong Kong people were not shocked when they found out from newspapers in Hong Kong after the tsunami attack that two CSSA recipients were spending a holiday in Phuket, and when it is found out that they might have received a higher CSSA payment by making a false divorce, the people certainly feel even angrier.

I hope that while it is necessary to protect the needy and increase their CSSA payments, the Government will also seriously review the existing CSSA system. I do not hope that this system will continue to be abused by people with means in the community. I agree that the Government should provide more services, including residential services, for children and youngsters in problem families. At present, the services provided for these broken or single-parent families are grossly inadequate. In this year's policy address, there is no mention of when this problem will be completely resolved. I hope the Secretary can give a positive response here later on.

I also support and agree with the provision of assistance, including employment assistance, to young people with disabilities. A wide spectrum of services is involved here. I know that we must make concerted efforts, and what is involved here is not only one bureau or one Director of Bureau, but the dedication of the entire community before we can build a just, caring society. Finally, I would like to use the following saying as an encouragement to all of us

here, including the Secretary, and I hope we can achieve this in the coming year: "Do reverence to the elders in your own family and extend it to those in other families; show loving care to the young in your own family and extend it to those in other families".

Thank you, Madam President.

MR LEE CHEUK-YAN (in Cantonese): Madam President, it was not the first time that we heard the Chief Executive say in the policy address about helping the poor. I well remember that the Government has since 2000 said that it will help the poor, but no matter what it has done, the problem of poverty still cannot be solved, because not much has actually been done. Will this happen again this time around? Although the Commission on Poverty has been set up, will it finally turn out to be of "much cry and little wool"? If we look at the measures proposed by the Government, we can clearly see that while the Government talks about helping the poor, it is nevertheless keeping a tight rein on its purse. With regard to medical charges, we are all the more worried that the Government is not just keeping a tight rein on its purse, but also dipping into the pockets of the people.

The policy address mentioned that the entire Government wishes badly to deal with the problem of inter-generational poverty. We will certainly throw weight behind this, but we must first figure out what inter-generational poverty means. From what families do these children come? We must answer this question. They come from families beset by unemployment and low income. Low-income families are living in particularly straitened circumstances. While the parents have worked laboriously, their wages are still insufficient to feed their families. The proposal long suggested by the Hong Kong Confederation of Trade Unions to alleviate poverty has made reference to the practices in the United States and Britain. In these two countries, which are both very conservative, the system adopted is underpinned by minimum wage plus a subsidy for low-income families, and it is stipulated that only people at work are eligible for this subsidy. It is hoped that such a two-pronged approach can truly help these people get rid of poverty.

This year, we had put forward a rather "shrunk" proposal to the Financial Secretary, for we had only asked the Government to consider giving out some subsidies to the families of these poor children. But now, it seems that

the Government has not taken on board our proposal, and it is still taking measures in a slapdash manner.

Finally, at the meeting where the policy address was discussed, I talked to the Secretary about the disability allowance. That \$100 supplement is grossly stingy, and I would call it an "indulgence" obtained by the Government to have its sin forgiven after it has taken a mean measure, for this \$100 supplement is provided only after the Government's reduction of the disability allowance. As for the elderly, the Government has not even done anything to have its sin forgiven, which is even more disappointing. Thank you, Madam President.

MR FRED LI (in Cantonese): Madam President, I am responsible for issues relating to welfare, food safety and environmental hygiene in the Democratic Party and so, I will put forward my views in these areas.

As before, I have organized four residents' meetings in Kowloon East on this policy address and I have also distributed 10 000 pamphlets on the streets and into mailboxes to encourage residents to give me their views on the policy address.

I would like to start with social welfare, for it is a key note of the policy address. The Democratic Party considers that emphasis has been well placed on this point. But while the banner of helping the poor is held aloft, we still think that there are many problems. For example, the Secretary has recently proposed to increase medical fees. At the four meetings held by me with the residents on Mr TUNG's policy address, while the past experience was that not many people would attend, I wonder if it was because of the Secretary's proposal that many residents, particularly the elderly and the chronically ill, had attended the meetings and expressed their discontent. In respect of preventing inter-generational poverty, the Democratic Party has urged the Government to provide a subsidy for child development in order to truly benefit families in need. In respect of the elderly, we have demanded for a more comprehensive policy on the elderly to assist elderly people who rely on themselves to make ends meet. We have also suggested that the Government should expeditiously study an old age pension system, in order to solve the problems relating to the livelihood of the elderly after their retirement in the long term.

In the section "Helping the Poor and Needy" in the policy address, the Government said that it would establish a commission to alleviate poverty. With regard to children, the Government will reduce inter-generational poverty. In respect of the elderly, the Government will increase the number of care places and extend the coverage of the Portable Comprehensive Social Security Assistance Scheme for the elderly to Fujian Province, and so on. We welcome these measures. But on the other hand, the Government appears to be grinding its axe, for it has proposed an increase in various categories of medical fees. It is grinding the axe at people seeking medical treatment in public hospitals by, for instance, increasing the fees at the Accident and Emergency Department and the hospitalization fee, and requiring patients to pay for their own medication. The Government has stressed time and again that these fees have nothing to do with the deficit problem of the Hospital Authority. But I must ask: Is it because of the economic doldrums in Hong Kong and inadequate government funding that the Government still has to target actions at the public?

According to the statistics of the Government, in the fourth quarter of 1997, there were 340 000 families with a monthly income of below \$10,000, accounting for 17.6% of the total number of families in Hong Kong. In the second quarter of 2004, the number rose to 660 000, which was almost double the number in 1997; their percentage in the total number of families in Hong Kong also rose to 30.2%, and 490 000 families had a monthly income of not more than \$8,000, accounting for 22.2% of the total number of families in the territory. In Hong Kong, there are only 290 000 Comprehensive Social Security Assistance (CSSA) cases, for which a waiver of medical fees is basically provided. What can the Government do to help the remaining 200 000 poor families that are not receiving the CSSA? In fact, the existing system for medical fees is very harsh and the application procedures are cumbersome. According to surveys, only about 30% of the applications for medical fee waivers at public hospitals are successful. When people in low-income families and the elderly suffer serious diseases or chronic diseases with many sequelae, there may likely be cases of delayed treatment. Worse still, there may even be cases of a patient having to forego treatment due to a lack of means, cases that had happened in the years of Hong Kong's early development. They can only wish that they will not fall sick in the future. If they do fall sick, they can only look to philanthropists for donations to settle their medical bills.

In the four meetings with the residents, some patients with chronic illness had immediately given a response. They said that if they would be required by

the Government to attend follow-up sessions at hospitals more frequently, say, from the original arrangement of a follow-up session once every two months with two months' medication to a follow-up session once a month with only one month's medication, it would create difficulties for people with chronic illness under employment, because it is very difficult for them to take leave and their wages will also be deducted and so, they do not wish to take leave for medical consultation. Such being the case, can the Government maintain the present arrangement which allows them to attend a follow-up session at hospital once every two months?

Madam President, public medical services are a basic protection for the living of the people and play a significant role in stabilizing society. So, the Government must very carefully study and handle proposals on fee increase to medical services, in order not to cause unrest in society.

A key point of this year's policy address is its proposal to help children of poor families, and these children are divided into three age categories. For children below five years of age in poor families, the Government will introduce a Head Start Programme on Child Development. We agree that we must identify children in need of assistance early. Moreover, the Government will provide additional resources to schools and youth organizations for organization of various after-school learning and interest activities. We certainly support these proposals, but their effectiveness will depend on the amount of resources to be allocated (which can be seen from the budget). However, our greatest concern is that whether these provisions can help these youngsters and children in need. Even though the students do not have to pay for any fee, they will still have to buy some equipment and utensils. For example, to primary students, it is very common to join a Recorder class, but they still need to buy a Recorder, and they still have to buy a uniform if they join the Road Safety Patrol. Let us not talk about children receiving CSSA. Even children in poor families may not be able to afford the cost. Has the Government thought about helping these poor students as well?

The problem of child poverty is worsening in Hong Kong. According to the figures of the Hong Kong Council of Social Services, as also mentioned by a Member, of every 100 children, 25 live in low-income families and unfortunately, the number of these families is on the rise. In respect of participation in extra-curricular activities, they do not have the means to

participate in such activities, for this involves the payment of fees. Their social skills have thus become underdeveloped, and when they grow up, they will face even greater difficulties in employment. At a residents' meeting held by me in Shun Tin Estate, a youngster said that he did not receive CSSA payment at the moment and he got a job. He said that when he need to receive CSSA when he was small, he had no money and he could only linger around public squares, picking up cardboards and reselling it for money. He said that if he could find food in rubbish bins, he would pick it up and eat it. This is a story told by a teenager. After completing Secondary Four, he began to work. He said that when he lived on CSSA when he was small, he was barely able to live at the subsistence level. He did not dare to take part in any extra-curricular activities and therefore, his social life has been affected. I hope the Secretary will clearly understand that it is necessary to provide funding to some organizations to organize activities for these children, because a fee will be charged for most of these activities and in some cases, \$100, \$200 or \$300 may be charged. Such being the case, it is really necessary to help these children.

If an allowance can be granted to the 120 000 children below 15 receiving CSSA as we have suggested, it will only cost \$360 million a year. I hope the Commission on Poverty can consider our view in the future. Besides, we have suggested that the after-school care allowance, the spectacle allowance and the long-term supplement be restored to ease the financial pressure on single parents receiving CSSA and to prevent the problem of poverty from passing onto the next generation.

In respect of the elderly, the policy address has undertaken to set aside \$180 million to increase care places for the elderly and to relax the permitted period of absence for elderly to receive the "fruit grant". We propose that elderly people who live with their family should be allowed to apply for CSSA independently, so that while the elderly can maintain a reasonable level of living, they can continue to live with their families and in their own communities. Moreover, the Government should provide additional resources to extend the opening hours of day care centres for the elderly.

With regard to food safety and environmental hygiene, I would talk about the labelling system, the Open Categorization Scheme for food establishments, the problem of red fire ants recently, and the mandatory food recall system.

Madam President, I believe the Secretary is aware that I am very interested in the issue of genetically modified foods. From the Government's paper, we can see that the Government will introduce a nutrition labelling system. In this connection, we hope that the Government will also pay attention to a labelling system for genetically modified foods. On the problem concerning vegetarian food recently, I hope the Government will follow it up. This may not necessarily be related to food safety, and it may be related to the social or ethnic customs or habits of a place. We consider that the progress is too slow in the introduction of the nutrition labelling system, and hope that the Government can give effect to it expeditiously and will not take five years to complete this area of work. The Government said that a voluntary labelling system for genetically modified foods will be introduced, but if it will be implemented on a voluntary basis, why must the Government set guidelines for it? Food manufacturers can actually make a declaration voluntarily to declare that their products contain no genetically modified ingredients. For the benefit of consumers, we suggest that the Government should expeditiously set up a mandatory labelling system for genetically modified foods. We also hope that the Government can speed up the implementation of the nutrition labelling system, so that the public do not have to wait until 2010. In fact, it is all the more necessary for the chronically ill or diabetics to know the nutrient content of food.

In respect of the Open Categorization Scheme for food establishments, the Secretary said in reply to my question that the scheme would be implemented. Under this scheme, the Food and Environmental Hygiene Department will grade the hygiene standard of food establishments based on the result of inspection, and the result of grading can be posted by the licensee in the restaurant as a form of commendation. This is intended to help consumers make the most informed choice. The result of grading will be valid for one year, and this Scheme is proposed to be implemented in 2005. I wish to remind the Secretary that this Scheme is actually a continuation of the "five-star" grading system implemented by the former Municipal Councils. After the scrapping of the former Municipal Councils in 2000, a consultation document was published on this Open Categorization Scheme. It is 2005 now, which means that it has been considered for five years. I hope that the new Secretary will not stall in this area of work anymore. We hope that the Secretary can show his determination to implement this Scheme, just as he has been doing in implementing a smoking ban, and will not drag his feet. We will certainly throw weight behind this initiative.

On the red fire ants problem, Deputy Director LAU is holding a press conference now, saying that the relevant departments are conducting inspections. Today, another dozens of ant mounds have been found at the wetland park in Tin Shui Wai. It makes me worry about the quarantine of seasonal flowers imported into Hong Kong for the Chinese New Year. We know that the Agriculture, Fisheries and Conservation Department is carrying out quarantine work at the border, and their efforts should be duly recognized. As far as I understand it, imported potted plants require no quarantine, but since these red fire ants, which are considered harmful pests by our country, are found in the Mainland, we think that the utmost efforts should be made to conduct random inspections. I have discussed this with pest control experts in the last couple of days, and they put forward a view to which I think the Secretary may wish to note. They pointed out that farmers in the Mainland may spray lots of pesticide on the flowers to ensure that they are free from red fire ants on exportation to Hong Kong. But can we detect the residues of pesticide on the tangerine or flowers imported for the Chinese New Year in the course of quarantine? Farmers may, for business sake, use ample pesticide to ensure that there are no red fire ants in their products. If we cannot detect the presence of pesticide in the process of quarantine and the pesticide is then brought to the homes of the people, will it be harmful to human health? I hope the Secretary will look into this.

The sudden drop in the supply of chilled geese and ducks and the red fire ants incident have reflected the need to improve the notification system between Hong Kong and the Mainland. Quarantine is originally not required for imported potted plants. Why do they suddenly have to be quarantined this year? We did not know what had happened at the time, and it was only after Governor HUANG Huahua inadvertently revealed the problem at a meeting that we knew there was the problem of red fire ants. Why was information not made available to Hong Kong earlier? Why were we not notified earlier? The supply of chilled geese and ducks has dropped, and some suppliers have even ceased their operation. What is the reason? Is there a problem? It is reported that a virus has been found. I think the Secretary must give us an explanation.

Finally, I would like to talk about the mandatory food recall system. In the debate on the policy address last year, I proposed the establishment of a mandatory food recall system and criticized that the progress made by the Government had fallen short of its undertakings. This year, thanks to the

efforts of the Secretary, the Government has finally addressed this issue squarely. However, the Government is still in the stage of studies. I hope the Government will not invariably study a proposal for several years and then implement it slowly afterwards. This can take a very long time and it may be five years, eight years or 10 years. The situation is very much like that of the nutrition labelling system or the labelling system for genetically modified foods. We hope that the Government will take actions to live up to its words, and that studies will be conducted expeditiously, so that the task can be completed as early as possible. So far, there is no legislation on mandatory recall of problem food, and this has made us lag far behind many countries in the world. I hope the Secretary can draw up a timetable for this mandatory food recall system and proceed to draft the legislation to provide a legal base.

I so submit.

MS LI FUNG-YING (in Cantonese): Madam President, this policy address includes two subjects which are closely related to the interests of the grass-roots people, namely, the "maximum working hours, minimum wage" and the establishment of the Commission on Poverty (the Commission). I said that they were two subjects, instead of items on the policy agenda, because they are still in the phase of discussion.

The subject of "maximum working hours, minimum wage" had already been mentioned by me in the last debate session of "reviving the economy", and in this session, I shall talk about my views on the Commission. The membership of the Commission has just been announced. However, the issue of whether it is necessary to aid the poor has sparked off considerable controversy in society. Some critics even think that poverty does not exist in Hong Kong, and what actually exists here is just relative poverty which should be resolved not by establishing the Commission. I do not subscribe to such a viewpoint. I hope that the Commission can draw up a poverty line, pool together our resources and help the most needy people in society. And I think the success of the programme of aiding the poor depends upon the establishment of an assessment mechanism which should include reduction of the number of people living below the poverty line and continuous narrowing of the wealth gap between the rich and the poor.

We must have clear targets and objective benchmarks. Only in this way will it make our work of aiding the poor really meaningful.

Another issue I would like to discuss is medical charges. In the beginning of this month, the media reported that the Government intended to further raise the charges for using the accident and emergency service and in-patient service in hospitals, and in the meeting of the Health Services Panel of the Legislative Council scheduled to be held next Monday, a paper detailing the Hospital Authority's plan of launching a standard drug register will be discussed. In other words, it is proposed to categorize certain expensive drugs with explicit curative effect as items to be bought by the people at their own expenses. May I ask how we can describe such measures as "people-based"? How can we describe such practices as "thinking what people think" and "addressing people's pressing needs"?

I understand that the Government is subsidizing the lion's share of public medical costs, thus it is necessary to make adjustments for the continued development of public medical services in Hong Kong. However, regarding the direction of adjustment, we must first proceed with the issue of health care financing for which a consensus in society must be fostered, and then establish a medical system that can protect the people, which is affordable particularly to the grass-roots people, and reduce the Government's financial burden. This would be different from the present approach in which the Government just acts in a short-sighted manner by only considering the feasibility of introducing substantial fee increases.

Madam President, I would like to specifically stress here that, although the Chief Executive has repeatedly said in the policy address that the economy has shown positive signs of improvement, the fact that the grass-roots people are still leading a difficult life has not changed at all. So the increases in medical fees will definitely add an extra burden to their already hard life. I would like to request the Policy Bureau concerned not to make their plight even more miserable.

Thank you, Madam President.

MR JAMES TIEN (in Cantonese): Madam President, the Liberal Party thinks that the Commission on Poverty should be established to proceed with its work as soon as possible. Although this Commission is different in nature from the

interdepartmental committee proposed by us at the outset, and many different persons have been added to its membership, we still hope that the Government can accomplish what we have intended to do.

During the past few years, due to economic restructuring, we note that Hong Kong has been undergoing some structural changes, with more people becoming poor. These people may not be able to adapt quickly to the knowledge-based commercial activities after receiving retraining, as said by us previously. The Liberal Party agrees that many people do need assistance from society. But we have to maintain a balance and prevent ourselves from advocating the concept of "giving out free lunches". The Liberal Party is gravely concerned about three issues, namely, inter-generational poverty, the problems of the elderly and those of people with disabilities. Take the case of the elderly as an example. We do not agree that each of the 600 000 elderly persons aged 65 or above should be given a monthly allowance of \$3,000. We think that even among the elderly persons, there are some who have greater financial difficulties than others and are particularly in need of assistance from society. With regard to this group of elderly persons, we absolutely support the provision of assistance to them.

Looking ahead now, if we shall really have a manpower mismatch problem in 2007, when we shall have a shortage of manpower supply of 100 000 with high education, but a surplus 200 000 workers with low education, then one of the reasons accountable for the situation is the daily arrivals of 150 mainlanders to Hong Kong. In the past, most of them came to Hong Kong on the ground of family reunion. But as far as we understand, most applicants on this reason have already come to Hong Kong. In view of this, I feel that the Government should consider holding discussions with the Central Government to see if the SAR Government can have a greater discretionary power in allowing these 150 persons coming to Hong Kong, so that we can bring in more people with investment capability and high income. Otherwise, with an annual intake of 50 000 persons, Hong Kong can easily see an increase of 100 000 to 200 000 low-income persons with low qualifications to the local population. Some grass-roots people have conveyed their worries to us. They say that they have already found it very difficult to find a job now; they fear that, several years later, there will be more low-income and low-skilled people in the market to scramble for jobs with them. Should that happen, even with economic

restructuring, they will stand a very slim chance of finding a job. Therefore, I feel that the Government can do more in this regard.

With regard to the people who are badly in need of assistance, many Honourable colleagues share the view that it is necessary to establish a poverty line. However, I also agree with a point made by some Honourable colleagues. Should poverty refer to relative poverty or absolute poverty? On this point, the Liberal Party holds an open attitude. We suspect whether there are really as many as 1.1 million basically poor people. In arriving at this figure, we adopted the calculation of dividing the median household income by two. In other words, for a household with 3.4 persons, its income is about \$9,000. So, for Hong Kong, a place with a population of over 6 million, if the poverty line is set at \$9,000 or so, do we really have as many as 1.1 million poor people? Is it true that there are really 1 million people who have difficulties in leading a basic life if they do not receive any assistance from the Government? On this point, we do have some doubts. If we just assist those most needy people to the best of our ability, instead of setting a poverty line, will it be sufficient for aiding the poor? We feel that we should approach this problem from this perspective.

Lastly, I would also like to mention that the business community is absolutely prepared to co-operate with the Government. Apart from doing well in our own business, so as to create more job opportunities and allow our employees to have the chance to enjoy a pay rise, we would also like to do something to assist the Government in the work of aiding the poor, instead of simply making donations to the Community Chest after making some profits from our business operations. We are willing to do that.

MR VINCENT FANG (in Cantonese): Madam President, building a caring and just society certainly sounds appealing and presumably we are all eager to live in a society like that. However, reality tells us that this is nothing but a Utopia, particularly given the prevailing circumstances, where many government measures have a polarized inclination, so much so that they often develop into a case of "adopting this means giving up that", with very little room for making a conciliatory half-way option. Another common phenomenon is the use of a patchwork approach where cures are applied only to areas where symptoms appear, without regard to consistency or any long-term directions.

Take the preventive work against avian flu as an example. Stringent control measures are being applied to live poultry, such as monitoring chicken farms, restricting the number of imported poultry and spot checks, and so on. Should avian flu be detected, all poultry importation will be banned. As regards segregation of human beings and poultry, after two years of preparation, a pilot scheme for such segregation will be carried out as part of a renovation exercise for the wet market at San Hui, Tuen Mun, for which approval has been granted by the Public Works Subcommittee of this Council. The live poultry section of the market will be divided into three sub-sections — a live poultry sub-section, a slaughtering sub-section and a retail sub-section. When the facilities are completed in 2007, there will be no direct contact between consumer and the live poultry.

I understand that it is not an easy task for the Government to allocate more than \$120 million to convert a market at a time when it is facing a substantial fiscal deficit. However, while the pilot scheme of segregation of human beings and poultry in the market is yet to be carried out and the success or otherwise of the scheme remains to be seen, the Government has already proposed a series of other pilot schemes, including measures for regional slaughter hubs or central slaughtering of live poultry.

All these moves have given the public the impression that, regardless of whether these pilot schemes are really successful, all live poultry will not be sold in the markets anymore. It appears that all pilot schemes introduced by the Government are nothing more than "window dressing" with the ultimate aim of banning all live poultry from the markets of Hong Kong.

I agree that Hong Kong cannot withstand another avian flu attack. However, the Government seems resolute in attaining the objective by all means, in the hope that, by banning the sale of live poultry altogether, human beings can be segregated from chickens, thus minimizing the risk of another avian flu attack.

Madam President, there are 3.7 million live chickens in the farms of Hong Kong. As far as I understand it, the number of chickens being raised in Hong Kong has been increasing each year. Such being the case, if segregation of human beings and poultry is the ultimate aim of the Government, what are the reasons for such a major discrepancy in government policies? A ban on the one hand, and a rise in number on the other?

In December last year when the Legislative Council held a motion debate on "Formulating a sustainable policy on agriculture and fisheries", I remarked that Hong Kong was small in size and densely populated, yet 500 000 pigs and 3.7 million live chickens are being raised here. It is known that the amount of excreta a pig discharges is five times as much as a human being does, so we can envisage the burden caused to Hong Kong in terms of pollution to the environment. In fact, what exactly is the contribution of poultry farming to Hong Kong insofar as economic benefits and employment opportunities are concerned? As shown by available information, chicken-incubating farms have to import workers from the Mainland. Can all the poultry raised in Hong Kong be classified as high value-added agricultural products like the "Kaimei Chickens"?

On the issue of raising and importing poultry alone, I already felt that the Government does not have any consistent and long-term direction. If the Government is resolute in preventing such poultry-induced diseases as the avian flu or Japanese encephalitis, and if the Government is intent on developing high value-added industries as proclaimed by the Chief Executive, it seems that the Government should come up with an overall plan for the industry instead of proceeding with a piecemeal approach. Nor should it waste public funds on conducting meaningless pilot schemes. In doing so, the Government seems to be throwing money into the sea. But if the Government really has good justifications and can provide reasonable arrangements for the affected stakeholders, I believe members of the industry will be happy to lend their support to the Government.

A caring and just society should be one where "the old and the sick will be taken care of". As a member of the Hospital Authority (HA), I certainly agree that more resources should be allocated to further improve Hong Kong's medical service and elderly service, so that people who have fallen ill, or elderly persons who have made contribution to Hong Kong community when they were young will be taken care of. As such, it is imperative for the Government to formulate a sound long-term health care financing scheme.

With regard to the financing problems of the medical services of Hong Kong, why does the Government not look at the experience of the United States? Recently the Government gave a reply to the Panel on Security in which it explained why there was no ready solution to solve the problems of default payments incurred by women from the Mainland who came to Hong Kong to

give births to their babies. However, in the United States where there are a vast number of non-citizen pregnant women giving births to their babies in the country, the United States Government does has a solution to the problem, that is, it simply declines to issue a birth certificate to the new-borns until all fees are settled. With this, all the above problems are solved.

Furthermore, the medical insurance system implemented in the United States has greatly relieved government expenditure on medical care. Nowadays medical insurance is becoming more and more popular in Hong Kong. I believe Mr Bernard CHAN must also agree with this. Moreover, many law-abiding enterprises have taken out medical insurance for their employees, and the medical fees of the insured are underwritten by the insurance companies.

However, now whenever medical service is provided to the citizens of Hong Kong, even to those who are covered by insurance, the Government still only charges the subsidized rate. To me, I think it is just reasonable that the insurance companies should bear the normal medical fees instead of having these fees subsidized by the Government. In a meeting of the Panel on Health Services held last week, I put forward some suggestions and hoped that the Government could study prudently the ways of recovering reasonable medical fees from the insurance companies for medical service provided to people covered by medical insurance policies.

A Hospital Authority paper indicates that in the year 2004-05, the costs of medication would amount to as much as \$1.9 billion, whereas with the implementation of a policy last year under which a patient is charged \$10 for each item of medicine dispensed, the Government could only retrieve \$65.4 million. Even adding the cost of waivers, which amounted to just \$25.2 million, the total amount recovered still falls short of \$1 billion. As a result, the deficits grow larger and larger. From this, we can see that this is really an issue that could trigger off a headache.

I believe that it is an inevitable trend for the Government to recover an increasingly bigger part of the medical costs, but then how do we ensure our safety net performs its functions? I believe that we can minimize the impact of this measure on recipients of Comprehensive Social Security Assistance and people from the low-income groups by providing them with a cash rebate, very much similar to what the Financial Secretary has proposed for the introduction of sales and service tax.

The problem of an ageing population is worsening in Hong Kong. Coupled with a lower birth rate, it is foreseeable that resources required by welfare and medical services for the elderly will keep increasing. Even now, the provision of many medical services is also affected by the Government's fiscal deficit. So if the Government fails to come up with a long-term health care financing scheme expeditiously, I cannot see how a caring and just society can emerge in Hong Kong.

I so submit. Thank you, Madam President.

MRS SOPHIE LEUNG (in Cantonese): Madam President, in recent years, our society has developed to become increasingly pluralistic, so building up a harmonious society is now not only the Government's responsibility, but ours as well. This year's policy address stresses "people-based" governance, and uses alleviating poverty as its core theme. I think that the Government has accurately captured the right timing for bringing about harmony in society. The Commission on Poverty (the Commission), soon to be established, will provide an opportunity for members from different sectors to work closely together to help the needy in society, thus enabling the latter to experience the care extended to them from society. This will demonstrate to the world the solidarity spirit of Hong Kong people in helping others.

However, I hope the Government will not adopt an "across-the-board" approach in defining the recipients of assistance in the work of alleviating poverty. Instead, depending on the actual circumstances and the assistance required, the Government should decide to provide such assistance to people who need it most badly. The work of alleviating poverty should not be limited to "giving out money". While protection should be given to ensure that the basic necessities of the needy are met, emphasis should be put on helping them to achieve self-reliance through education, self-enhancement, adoption of new ways of thinking, skill acquisition and retraining, and so on. These measures will help such people to achieve self-reliance in the long run, so that they can stand a better chance of getting employment in society, thereby saying goodbye to poverty for good.

Self-help is the most effective way of eliminating poverty. We have heard of many success stories of people who have now fought their way to the middle class. Many of them used to live in low-cost housing estates. Their

living conditions and financial situations might even be worse than those who are now living in today's public housing estates. In those days, there was hardly any social welfare to speak of, but they did not complain about their poor fate or situations. They worked hard. They just did their best and looked for opportunities. Step by step they improved the living standards for themselves and for their families, and eventually they had broken away from poverty.

Today, our society is more affluent. We are also more capable of helping others. As a common saying goes, "It is more blessed to give than to receive." And we are becoming more willing to do so. But I hope this generosity from kind-hearted people will not be abused to such an extent as promoting the undesirable reliance mentality among certain people. Even if we put aside the issue of one's due share of social responsibility, a mentality of reliance runs counter to the values on which we have built our success, namely, perseverance, determination, innovation and enterprising spirit. Such values have enabled Hong Kong to make one economic miracle after another.

Therefore, I hope we can set further goals in our work of alleviating poverty. Not only should we eliminate poverty that is visible to us, but we should also help these people to build up their strength, to climb up the social ladder in future, and give them a chance to achieve self-fulfillment and enable them to take pride in themselves.

With regard to inter-generational poverty, I fully support that more educational measures and a better learning environment should be provided to children through different channels in order to give them the opportunity to compete with others in society on an equal footing in future. Children will be the pillars of society in future, and the upcoming generations will face even more fierce competition from a global perspective. Therefore, apart from the Head Start Programme on Child Development as proposed in the policy address, I believe children should also be trained to face adversities. A correct and positive attitude should be instilled in the children in their young age and their ways of thinking should be changed through active participation. This will reduce the chances of many social problems arising in future, thereby promoting harmony in society. I am aware that only the Secretary for Health, Welfare and Food is present in this Chamber today, and I hope the Secretary will convey this message to the Executive Council and share this idea with other Secretaries.

Madam President, economic development has brought about rapid changes in the roles and social status of women. In a harmonious society, each and every person should be given a foothold on which he or she may start working towards a balancing point for attaining personal development, so as to earn respect and recognition from others in society. The women of Hong Kong have successfully made their first step in this process.

As the Chairperson of the Women's Commission, I have frequently submitted proposals to the Government on behalf of the Commission, including those that have been accepted by the Government and are being implemented, such as the gender mainstreaming programme, empowerment of women, incorporating more women members into various advisory bodies, launching public education and eliminating domestic violence, and so on. Nevertheless, many members are of the view that still a lot more that can be done, particularly as an increasing number of women are coming to Hong Kong for resettlement. We need to provide a smooth transition for these women to facilitate their integration into society and the local culture, sweep away the many obstacles that they may face in integrating into the local community, building up interpersonal relationships, and securing employment in society. Furthermore, some of the initiatives which have already commenced should be intensified, the details of which are available through the Commission. Therefore, I am not going to repeat them here. However, given the constraints in social and human resources, it will still take quite some time before these initiatives can materialize one after the other.

I hope the Government can provide greater support to the Commission through internal deployment of resources, so as to improve the well-being of women and build up caring families and a caring society.

Lastly, the policy address has proposed new measures of support for the elderly and the disabled. Although such measures may not be able to achieve too much substantive assistance, I do agree to this approach. I hope that through the \$200 million Partnership Fund for the Disadvantaged, more support can be provided through the combined strengths of the Government, the business sector and the various sectors of the community, eventually really bringing about public-private partnership or co-operation among the three parties. In this way, we can make them feel that our society is full of love and care.

Madam President, I so submit.

MR LI KWOK-YING (in Cantonese): Madam President, on the issue of health care financing, the Chief Executive said in his policy address that in the remaining two years or so of his term of office, the Government would mainly undertake studies and there was no hurry to put forward any new financing proposals. So members of the public were led to believe that no major adjustment would be made to the charging scheme of public medical service for at least the next two to three years. Yet, in less than 10 days' time, the Secretary for Health, Welfare and Food told the media that the Government was considering the possibility of introducing substantial increases to service charges for in-patient service and accident and emergency service provided by the public medical system. The service charge for general in-patient service may increase eightfold. It was kind of "foul play" by the Government as it hastened to inform the media of a horrendous rate hike without even explaining why a rate hike was necessary or what is the rationale behind it. The move was unacceptable to both Members of this Council and the general public. The Democratic Alliance for Betterment of Hong Kong (DAB) hopes that when the Government officially proposes the charge adjustment, convincing justifications can be provided and the public can be consulted. More importantly, the affordability of the people has to be taken into consideration, and at the same time, efforts must be made to strengthen the existing medical fees exemption and concession schemes for the poor and the chronically ill, so as not to affect these groups of people.

On the other hand, the utilization frequency of the public medical service, particularly the gynaecology service, by non-subsidized people has kept increasing. According to government statistics, 28% of the babies born in Hong Kong last year were delivered by pregnant women from the Mainland. Although people from the non-subsidized groups are charged \$3,300 per day for in-patient service under the current policy, this is just the average cost recovery charge. Based on the calculation that the medical costs for giving birth to a baby is approximately \$12,000 on the day the baby is delivered, taxpayers still have to provide a large amount of subsidy to such people of the non-subsidized groups. Furthermore, last year the amount of default medical payment by mainland pregnant women was over \$8 million, yet the Hospital Authority (HA) had not been able to retrieve these default payments, resulting in public fund being spent in vain. If the HA fails to come up with effective measures to retrieve these default payments, the people will find it hard to accede to its requests for additional fund allocation.

Madam President, the DAB believes that no fee increases or financing scheme can address the crux of the problems confronting the medical system currently. In the past, the Government kept providing the HA with massive amounts of resources, but the resources for the public medical system was heavily tilted towards the in-patient services, to the neglect of the importance of preventive and primary health care. As a result, the in-patient service of the public medical system is under enormous stress. During the past few years, the Government finally begins to realize the problem and tries to rectify the tilted policy. The Government began to place emphasis on the training of specialists in family medicine, improve the overall environmental hygiene of Hong Kong and establish the Centre for Health Protection to better prevent and monitor the spread of infectious diseases. However, the resources committed to preventive and primary health care continue to lag behind by a large margin than those devoted to the HA. The Government has to enhance the development of preventive and primary health care and to improve the quality of living of the general public. When members of the public stay healthy, the demand for in-patient service will diminish.

Apart from that, over the past few years, the Government has gradually come up with a new positioning for public medical service. Earlier this year when the Secretary gave members of the panel a briefing on the policy agenda, he set out four development goals for public medical service where priority is given, including accident and emergency services, service for people from the low-income groups and the socially disadvantaged groups, commitment on diseases which are costly and which require advanced technologies and multi-disciplinary specialty, and training for professional health care personnel. The DAB welcomes the Government's move to put forward a new positioning for public medical service, but when it comes to how it should be positioned, the Government should not make the decisions behind closed doors. Since public medical service has a direct bearing on the well-being of the general public, the community should be consulted to reach a consensus on the development of a widely accepted public medical service model, upon which more meaningful discussions could take place on the issue of health care financing in future.

Madam President, the DAB believes that Chinese medicine and Chinese medical practitioners will become an indispensable element in the future development of Hong Kong's medical service, in both the private and public sectors. Initiatives should be taken to incorporate Chinese medicine into the public medical and public health system in order to bring the strengths of

Chinese medicine into play and to improve the health quality of the people. For this reason, we moved a motion in December last year for a discussion on the overall development of Chinese medicine. This year's policy address has put forward some measures to promote the development of Chinese medicine, but, as I bluntly pointed out, the measures proposed by the Government did not add any substantive meaning to the development of Chinese medicine as a profession. To start with, the policy address stated that no less than six public Chinese medicine out-patient clinics would be set up within this year. However, this is still less than one third of the number of Chinese medicine clinics the Government had proposed to set up in the policy address of 2001 which had set a target of setting up 13 Chinese medicine clinics by 2005. The Government has failed to honour its "post-dated cheque". As a result, not only needy citizens are deprived of opportunities to receive public Chinese medicine service, an even bigger problem is that local graduates of Chinese medicine are unable to work in the profession and therefore unable to gain practical clinical experience. The DAB hopes that in the next two years, that is, in his remaining term of office, Mr TUNG will implement the plan and set up the outstanding 12 public Chinese medicine clinics in order to further integrate Chinese medicine into the public medical system.

Apart from that, the Government is still relatively resistant to the idea of setting up Chinese medicine in-patient services and a Chinese medicine hospital. The Secretary once said in a panel meeting that at present the Chinese medicine service was mainly provided in the form of out-patient service, whereas there was not much demand for in-patient service. As such, there was no pressing need for a Chinese medicine hospital. However, the DAB holds a different view. The DAB has always held the view that a Chinese medicine in-patient department and a Chinese medicine hospital will not only serve to satisfy the basic needs of the general public, but they are also an important base for clinical study for the development of new medical skills and new medicines. We believe that the Secretary is also aware that the young people in Hong Kong who are enthusiastic about the Chinese medicine profession have to go all the way to Chinese hospitals in the Mainland in order to gain clinical experience there. Furthermore, they are subjected to many restrictions as well. The medical skills they have learned cannot be fully applied in Hong Kong. They even have difficulties in finding employment in the profession. A Chinese medicine hospital can not only address their needs, but also provide an important piece of hardware for the development of the Chinese medicine industry as a whole. We hope that the Government will take the matter seriously to identify the missing

link in the development of the Chinese medicine industry. Furthermore, Chinese medicine practitioners should be given a clear status too.

Madam President, not long ago the Government submitted a proposal to a panel for further implementing a smoking ban in indoor public places, and I believe the Government has listened to the views expressed by Members of this Council. I would like to add just one point though, that a smoking ban is only part of the entire anti-smoking campaign. What is more important is the prevention of smoking and the assistance provided to smokers in quitting smoking. I have pointed out on several occasions that there is an acute shortage of smoking cessation services in society. The services of the smoking cessation health centres under the HA are only available to patients with smoking-induced chronic illnesses. Its "nine to five" service hours also fail to address the need of general wage earners. Of the four smoking cessation centres operated by the Department of Health, only one is open to the public. In addition to a smoke ban in indoor public places, more smoking cessation services should be provided to solve the problem at root if the Government is determined to make Hong Kong a smoke-free city.

A focal point of this year's policy address is the formation of a commission to alleviate poverty, which has the full support of the DAB. Earlier when this Council passed the motion on "alleviating the disparity between the rich and the poor", the DAB made it clear that we support the formation of an interdepartmental committee to alleviate poverty to be headed by the Secretary to facilitate the formulation of a poverty alleviation policy through the co-operation of various government departments and different sectors in society.

The policy address stopped short of outlining the specifics of the commission to alleviate poverty, but a clear positioning of the commission, including its composition, structure, operation and jurisdiction will have a direct bearing on whether the commission can fulfil its duty effectively. In order to enable the commission to exercise its functions effectively in alleviating poverty, I would like to put forward some of my expectations and suggestions here.

In fact, the task of alleviating poverty is a long and tough one, which calls for a high degree of persistence. In order to achieve its objective, the Government must lay down a poverty alleviation policy with clear and specific goals and missions. Whether there will be a common goal depends largely on the nature of the commission. First of all, if the commission is to be a

consultative organization, its members must come from different sectors of society, with representatives from both the commercial sector and the general public, so that different views can be consolidated on the issue of poverty alleviation. However, as members have vastly different backgrounds, hence different points of view, the commission may become a platform where heated arguments can arise, and this will directly affect the effective operation of the commission.

In order to prevent the commission from becoming a platform of arguments filled with squabbles and empty talks but devoid of substantive actions for aiding the poor, the Government must come up with a poverty policy with specific working goals and programme outlines, so that members of the commission can reach a consensus for working towards a common goal. Working with a consensus will enable the commission to identify a proposal for tackling the poverty problem, and such a proposal can then be used by the Government as reference in the process of policy formulation.

Apart from that, the commission should have a clear understanding of certain concepts underlining the work of alleviating poverty, such as what is poverty, who are the targets of the work of alleviating poverty, and what methods the Government can employ in helping the poor people to get rid of poverty. In this regard, the Government should tackle the issue systematically by establishing a poverty line which will set an objective criterion for the commission to define poverty and to identify the targets of the work of alleviating poverty. Meanwhile, to facilitate the formulation of a focused policy for alleviating poverty, a more in-depth study on the issue of poverty should be carried out to identify the needs of various impoverished groups. The data collated from the study should be used as a yardstick for monitoring the poverty trend and the living conditions of people from the low-income groups.

In the operational aspect, the commission can be charged with the responsibility of co-ordinating the implementation of government measures for alleviating poverty in such areas as education, medical and health care and employment, and so on, so that the policy for aiding the poor could integrate smoothly with other social policies. Naturally, the work of aiding the poor is not just the provision of welfare assistance. Instead, such work can be complemented by promoting economic development, creating more job opportunities and providing education, and so on.

Besides, the commission must have a focus in its own policies, so as to establish the spirit of "helping the poor to achieve self-reliance". Simply put, those who are old, weak and disabled should be well taken care of, while adequate measures should be put in place to strengthen the working ability of those who are unemployed just temporarily, so that they can get rid of poverty in the real sense of the word. Take the low-income groups as an example. Although the economy is beginning to pick up again, these people cannot be benefited, as their salaries have not been adjusted in line with the inflation rate. Their meagre incomes make them lead a very tough life because they cannot afford the high prices of goods, and this is known as "working poverty". With regard to those who receive unemployment assistance under the Comprehensive Social Security Assistance Scheme, the welfare system alone cannot extricate them from the predicament of unemployment and poverty, and they have to continue to lead a difficult life.

In this regard, the Government can reform the unemployment assistance under the CSSA Scheme to achieve the goal of "workfare", such as lifting the maximum wage waiver from the current \$2,500 to \$3,500. Employment retraining courses lasting from three months to one year should be provided to displaced workers under the scheme to increase the market competitiveness of people with lower academic qualifications.

Meanwhile, the Government could create more employment opportunities through promoting economic development, such as developing the border industrial zone, promoting creative industries and assisting the environmental industries, and so on. By doing so, the work of aiding the poor can go hand in hand with economic development.

At present, people from different sectors of the community hold different views on the work of aiding the poor. Some people are even of the view that aiding the poor is tantamount to robbing the rich to help the poor. This extreme polarization is in fact detrimental to the work of aiding the poor. Since members of the Commission on Poverty come from different sectors of society, they should encourage co-operation between the Government, the business sector and non-government organizations. The work of aiding the poor should be extended to the districts so as to extensively absorb public opinions and to foster a consensus in society.

The Commission on Poverty may consider formulating a mechanism, so as to ensure that the various public policies can truly help the poor to get rid of poverty. As regards the issue of solving inter-generational poverty, the Chief Executive advocated in the policy address that this should be achieved through education, so that children from poor families could acquire various abilities in different disciplines, thereby enhancing their competitiveness in society in future. Education and participation in extracurricular activities are closely related to the work of eliminating poverty. In order to enable children to access additional learning opportunities through their own efforts, given the limited resources of the Government and for the sake of making the relevant policies more acceptable to the general public, a mechanism should be set up to allocate resources more effectively. Besides, the correct notion of self-reliance instead of enjoying gains without making any effort should be instilled into the general public, the children in particular.

In short, the Government has a long way to go in its work of aiding the poor. Hopefully the formation of the Commission on Poverty is not just an attempt to answer the political demand of the people, but a move to convert views collected into actions, thereby making Hong Kong a harmonious society for people from all walks of life.

Madam President, I so submit.

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

MR ALBERT CHENG (in Cantonese): Madam President, on the issue of health care financing, the policy address merely says that studies will be undertaken in the next two and a half years. In other words, the state of affairs for health care financing and expenditure on public medical service will remain by and large unchanged during the second term of office of the Chief Executive. In the meantime, however, as many Members have mentioned just now, the Secretary for Health, Welfare and Food, Dr York CHOW, remarked recently that the Government was considering the possibility of introducing increases to a series of medical charges, including a substantial increase in the charges for using the accident and emergency service and in-patient service. Not only will this move bring about an extra burden to the socially disadvantaged groups, but more importantly, it will aggravate the burden of the middle class in meeting their

medical expenses. As a matter of fact, people of the middle class do not have too much welfare benefit in Hong Kong. They often complain that, while having the obligation of paying tax, they simply cannot enjoy any welfare benefits at all. The Government has always allocated more resources to the socially disadvantaged groups. This is one of the factors causing division in society. Imagine if the in-patient charge has to be substantially increased to \$500, it is very likely that people belonging to the socially disadvantaged groups will get a fee waiver, but it would be out of the question for the middle-class people to get such a waiver. By then the community will be even more divided, and I am afraid this is not a scenario the Government would like to see.

The public medical system of Hong Kong is first-class in the world. At present, the Government is just using fourth-class resources to provide this first-class service. Many people say that our medical expenditure is astounding, but this is in fact just alarmist talk. Let the figures speak for the facts. Our medical expenditure accounts for less than 5% of our income per capita, and the achievement of the Hospital Authority (HA) is evident to all. If you have the chance of watching some late-night old Cantonese movies over the television — I am not very sure whether they are still being shown these days — a recurring plot in such movies is like this: A person had fallen acutely ill, but he did not want to go to the public hospitals. This is because in the '50s and the '60s, there was a popular saying which goes like this: People seeking treatment in public hospitals are "going in vertically, but coming out horizontally". So very often those Cantonese movies share a common story line in which the characters would sign a lifelong contract to work for their masters, sell their blood, or even sell their children just for raising the money for getting treatment in private hospitals. However, with the establishment of the HA, I think members of the public now speak very highly of the achievement of the HA. Now some people are talking about the deficits of the HA. In fact such deficits do not exist at all. How did the HA incur its deficits? The deficits are caused by the reduction of health care expenditure by the Government. In the next few years, the Government will reduce the expenditure by 11% per annum. As such, the HA simply will not have enough money to pay for its expenditure. This being the case, I think before a health care financing system is in place, it would be irresponsible of the Government to increase the medical charges. I hope the Government can think twice before making any move in this regard.

Over the years, the services provided by the HA have also been severely criticized by members of the medical profession, who think that the better the HA runs its operation, the more of the business of the private hospitals would be taken away by it. That is a dangerous way of thinking. It is similar to "SUEN's Nine Strokes", with which the Government put a halt on the sale of units under the Home Ownership Scheme (HOS), thinking that this could push HOS flat buyers to the private property market. I am worried that the HA or the Government will come up with similar measures in formulating public health care policies. If it is thought that by pushing up the charges of public medical services and therefore adding to the burden of members of the public, patients can be pushed to the private medical system, I think this is a very dangerous way of thinking and it would be very difficult for this approach to work successfully.

In fact, it is most imperative for the Government to identify ways of opening new sources of revenue. Opening new sources of revenue does not necessarily mean adding to the burden of patients. I share the same view as Mr Vincent FANG who said a moment ago that there are many areas where charges have not been levied by the HA. The medical fees of many people admitted to hospitals due to traffic accidents, injuries at work or other causes should be covered by insurance companies. But to date, they are only charged the normal fees for public medical service, and such fees are subsidized by taxpayers. In other words, we are subsidizing the insurance companies. I think that before the HA should proceed to increase its charges, it should revise its fee structure, so as to levy the medical charges on patients with insurance coverage on a cost-recovery basis. It is imperative for the Government to do this.

Talking about private insurance policy, I have also received calls from insurance companies asking me to take out such policies. They told me in case of acute illness I could go to public hospitals at \$60 — or \$100 a day, but please do not increase it to \$500 a day. This would be cheaper than going to a private hospital, and we could split the money saved between us. This is an open secret. Such being the case, I believe the HA or the Government should revise the fee structure right away without any delay.

Insofar as the civil servants are concerned, I understand that this is a problem left over by history. When the HA was first incorporated, the Government made it responsible for the provision of free medical services to

civil servants. I think the first thing we should do is to privatize the free health care services provided to civil servants to the effect that the money always goes with the patients and the civil servants are allowed to choose whether they would like to go to a private practitioner or a private hospital to receive the services they want. I think this will also reduce the burden of the HA. Therefore, any hasty move to increase the charges without first tackling the problem of opening new sources of revenue will only make society further divided. I hope the Government can think twice before making any move in this regard.

Today, the Financial Secretary announced the establishment of the Commission on Poverty (the Commission). This is a correct move, and we welcome the Government making such a move. However, the problem is the disadvantages will emerge earlier than the advantages. Soon after the Government mentioned the establishment of the Commission, the middle class and the business community began to feel very frightened, saying that the Government was again "giving out free lunches". The media interviewed some CSSA recipients or single-parent families. All they had said was just their grievances, which included the inability of their children to attend tuition lessons or interest classes. However, the media or some public opinion leaders started to vilify them, saying that the Government's effort of aiding the poor is equivalent to paying money to them to hire personal tutors for their children and to enable their children to attend ballet classes. Some even said that the assistance was for enabling their children to learn to play golf, to buy updated models of mobile phones every several months, to pay for their overseas sight-seeing trips three times a year, and so on. In launching the initiatives of aiding the poor, the Government simply wants to help the poor people. Before the Government has formulated a programme of aiding the poor, the media have already conducted some interviews with certain recipient families and such interviews have triggered off some misunderstanding and some panic. Yet the Government has not taken the initiative of correcting such false views, thereby subjecting the poor people and the socially disadvantaged groups to discrimination. I think the Government should expeditiously formulate a proposal of aiding the poor, so as to rectify the misconceptions in society, thereby preventing further division between the middle class and the socially disadvantaged groups. This is indeed an urgent task.

I so submit. Thank you, Madam President.

MR BERNARD CHAN: Madam President, it is interesting that the better our economy performs, the more we can see the growing gap between the rich and the poor. It is also interesting that we do not have an objective analysis of the exact reasons for this trend.

We can be pretty sure that part of the problem is the rising number of old people retiring, with too few savings to live on. Another cause must be the decline of labour-intensive, low-value industries in Hong Kong. These are the major trends which we know about. We cannot reverse them. We have to adapt to them.

But there are other possible causes of this problem. Some say that our domestic economy is too sluggish or inflexible, and it needs structural reform. Some say that our education system is simply failing to keep pace with a modern economy. Some say the same thing about migration patterns. Some say that low salaries are the cause of the problem. Others say that low pay is a symptom, not a cause.

Since we do not agree on what is causing this trend, we cannot really expect the Government to come up with a simple solution. But we can all agree that poverty should be a community-wide concern. Whatever the cause, it leads to health problems, crime problems and other social burdens. It creates financial and economic costs for everyone.

I do not believe that only the Government and the spending of more money can fix these problems. So, I am very glad to see that the Chief Executive has in his address encouraged the private sector to become more involved in helping the under-privileged.

Hopefully, the \$200 million Partnership Fund for the Disadvantaged will help encourage new links between the donors and the welfare agencies. I particularly welcome that part of the fund earmarked to support sustainable partnerships, especially between the business and the welfare sectors. There are many things the business community can do — often on a small scale — which will make a difference.

Many people are calling for an increase in CSSA payments. At the same time, other people believe that CSSA is too high. This is a good example of how we do not have a common understanding of this problem.

Different sorts of people are claiming social security. Many are elderly. For many of them, this is an expensive city, and it does not help anyone to force them to stay here if they do not want to. For that reason, I welcome the extension of portable CSSA to Fujian province. And I support the idea of allowing people to receive old age allowance and disability allowance while being absent from Hong Kong for up to 240 days.

Obviously, we need to administer these systems and make sure that people remain eligible for their benefits. But in other countries, it would be normal for people to retire to cheaper regions, and it should be the same for us.

Many CSSA recipients are able-bodied. For many of them, basic factors like where they live and the cost of transport can seriously reduce their employment opportunities. So, I also welcome the review of CSSA to help the able-bodied to help themselves. I look forward to seeing how that review works out.

The Chief Executive also announced measures to help the younger generation in poorer families, to give them a better chance in life as they grow up. This includes providing more resources so that such children can have access to music, art, computer and other activities.

I am sure that everyone would agree that this is a worthwhile aim. However, not everybody is happy. I have heard comments from quite a few middle-class people that they cannot afford such extras for their children. They do not expect the Government to give them hand-outs. But it is another reminder that we cannot depend simply on taxpayers' money to solve the problem of poverty.

I would like to mention several food safety and environmental hygiene measures which I think are very important.

I think it is essential that we all support the feasibility scheme on centralized chicken slaughtering. I find it amazing that there are people who oppose this initiative. We must separate humans and live poultry. It is a health issue. Potentially, it is an issue of life and death, and it is a clear example of a situation where the community must come before interest groups.

This may also be the case where food labelling is concerned. I agree that we should avoid placing more regulatory burdens on business — and extra food labels could be a burden. I also realize that the content of labels can become a political issue. But we are facing a growing problem in Hong Kong with things like obesity, heart disease, high blood pressure and other diet-related diseases.

I used to occasionally eat a particular brand of instant noodle here in Hong Kong. Then, when I was in the United States one time, I bought the same brand. It had a food label and I read it. You would not believe how many calories there are in those so-called "good noodles". I have not eaten them since then — which is too bad for the manufacturer. But the fact is people in Hong Kong need to make informed decisions about what they eat. I think better food labelling has an important part to play. Again, this is a health issue, and the interests of the community should come first.

The same applies to extending the ban on smoking in workplaces and public places. I hope this Council will support both those ideas. I would also like to add my support to the proposal of regulating health claims of orally consumed products. This is about dangerous advertizing. If people believe the claims made for these products, they might not seek proper medical advice when they need it. I believe this needs to be addressed.

Madam President, I believe that the development of a just and caring society is a fundamental responsibility shared by the Government, this Council and the community as a whole. I am happy to support the Administration's proposals.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If no Member wishes to speak, we originally will suspend the meeting at this stage, but with the agreement of the Secretary for Health, Welfare and Food, we will continue and will not suspend the meeting.

After the end of the third debate session, I will suspend the meeting. Members who intend to speak in the fourth debate session may do so tomorrow morning.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, Honourable Members, first of all, I would like to thank the 21 Members who have just now given me a lot of valuable advice. Actually, I have already responded to many of the issues raised in the panel meetings. Though not every Member was present at those meetings, I think that today is a very good opportunity for us to examine the work of the Health, Welfare and Food Bureau in the coming year. The Chief Executive has set out the highlights in this year's policy address, but it may be due to limited length that not every item is discussed in detail. So I will explain these in the following three parts.

First, on food safety and environmental hygiene. Our aim is to ensure food is supplied to Hong Kong safe and barrier-free. Most of the food comes to Hong Kong from other places and most of which is from the Mainland. We know there are many production units on the Mainland and through our close contact with the Mainland we hope to know clearly where these production units are. This will make it possible for us to send our staff there to inspect food production units and decide whether or not the food is acceptable. It is because of this reason that our communication with the Mainland has increased and that can ensure the safety of food exported to Hong Kong. Members may feel very concerned recently that our communication with the Mainland has not been adequate, but I can tell Members that such a mechanism does exist and it is improving all the time. As to the developments lately, we will send officers to Beijing in two days' time to talk with the Beijing Entry-Exit Inspection and Quarantine Bureau to discuss how the system can be made better.

I would like to discuss the problem of red fire ants first. I believe this is a problem which Members are very much concerned about. Today I wear a red tie because I will go to inspect the red fire ants pest situation. More than 10 anthills of these red fire ants have been found in the Tin Shui Wai Wetland Park. Each of these anthills is a few inches tall. We know that this wetland park was built two years ago and most of the plants there were planted a few months ago. So this is a recent problem. But red fire ants are also found in other places in Yuen Long. I have sent people to carry out on-site inspections. Though we cannot ascertain now if the ants are red fire ants, we are treating the ants found as new varieties of ants to Hong Kong. I have sent staff to liaise with the mainland experts. Samples of the these ants found have been sent to laboratories in Japan and Britain for testing to determine if these are red fire ants from South America. For the time being, red fire ants have not caused any safety hazard. This is because it is only a new type of ants found in Hong Kong and these ants do not

carry any virus or other health hazards. It is different from infectious diseases. We do not know if these ants will affect the ecology of Hong Kong in the long run. The impact will have to be assessed by the experts. But in the short run, it may affect the business of the flower growers and the public incentive to buy flowers for the Chinese New Year.

I also went to Ta Kwu Ling earlier today. Flowers for the Chinese New Year will first be inspected there before they are sent to the farms and markets. People from the Agriculture, Fisheries and Conservation Department (AFCD) will spray insecticide on these plants. I can tell Members that these insecticides are harmless to the human body. But if we want to eat mandarin oranges, we must wash them thoroughly first. Besides, the AFCD will disseminate more information on this to the public.

Over the long run, we will study the problem of poultry supply. Mr WONG Yung-kan is not here now. He is very concerned about the development of agriculture in Hong Kong. We also think that agriculture in Hong Kong should be repositioned and it should develop in a new direction. Despite our many efforts made in the pig and chicken-raising trades, these trades carry some kind of potential hazards of infectious diseases. That is why we must do our best in controlling infectious diseases. On the other hand, we should help poultry farmers improve their poultry-raising techniques so that their products can compete with other products on the market. This is a somewhat more difficult task. I have told these farmers that if they want to develop agriculture in Hong Kong, they must develop farm products of a high quality or develop intensive farming with high yield on small plots of land. This will make them competitive. In fisheries, we hope to invest in more facilities so that fishermen will not only develop fishing in the local waters but can also go fishing off-shore or other deep water areas.

I have also mentioned the issue of centralized slaughtering caused by the outbreak of avian flu. I have answered questions raised on many occasions and in the panels in this regard. Members should know that avian flu does pose a latent threat to Hong Kong. Two years ago chickens in Hong Kong started to be inoculated with avian flu vaccine. Chickens imported from the Mainland have also been inoculated with avian flu vaccine. For the time being, the chickens are safe. During the past two years when avian flu broke out in many places, we were lucky that no avian flu cases were found here. This

achievement is possible because of the work we have done and the co-operation from the poultry farmers.

In addition, we have good arrangements in the wholesale markets and in the retail outlets to ensure that these places are safe and that the virus will not be present at dangerous levels. But we must not forget that the virus does not live in a stagnant ecological environment. It is mutating all the time. Its genetic sequence is always on the change. Therefore, we cannot be 100% sure that the vaccine will prevent a local outbreak of avian flu. In addition, the H5N1 virus for the avian flu discovered in many overseas places is becoming more and more lethal and the time it can stay alive in the air is getting longer and longer. I think this is certainly a danger for Hong Kong and the world. We must be vigilant and should avian flu really be imported from overseas, we can activate our contingency mechanism and put the disease under control. We have purchased some preventive medicine already. Even if avian flu breaks out in Hong Kong, the health care personnel and those who come into contact with the patients will have an adequate supply of medicine to provide against infection. This is what we will do.

On the issue of markets mentioned earlier, I undertake that I will keep a close watch of the markets to see how they can stay competitive and not be eliminated. There are many markets in Hong Kong, and some of them are quite old and dilapidated. In such circumstances, we will study if some of these markets can be combined or have some parts of them renovated so that the business environment is made better. However, all these can never be done without the consent of the trades concerned and some time is needed to study into how these plans can be taken forward.

Now I would like to turn to welfare issues. As Members are aware, the Commission on Poverty has been set up today. But I would like to point out that we should head towards an ideal welfare system. By an ideal welfare system I mean the following: First, we must care for those who are genuinely in need; second, we must have sustainable resources; third, we should train up social workers or related professionals with sufficient experience and abilities. These three aspects must work together in synergy. In addition, we must know that welfare matters should not be the concern of the Government or the social workers only. Welfare matters should be made an issue of community-wide concern and we should all work together to tackle all causes of poverty, inequality and discrimination before any work on welfare can be effective. I

hope we can all work hard on this. In the Commission on Poverty, I believe the suggestions raised by Members can be further discussed. However, I do not want to see no decision or no direction reached after discussions. I hope the Legislative Council Subcommittee to Study the Subject of Combating Poverty as well as the Commission on Poverty will co-operate. I know some Members are members of both. I hope they can play the role of a bridge between them. As for myself, I will gather views from Members and convey them to the Commission on Poverty. Our colleagues will also submit existing information and findings of relevant studies to the Commission on Poverty.

Some Members have mentioned not just the issue of a poverty line but society's views on poverty. I would like to point out that the Bureau all along holds the view that poverty is part of the process to be experienced by every family. It is something which everyone will face in his or her life. Some people may jump out of poverty while some may not. Some people even fall from a high social position to a low one and get stuck in poverty. That is there is no hard and fast rule as to what is poor and what is not. We should not discriminate against the poor people and we should help them, respect them, care for them and take care of them as much as possible. But we must not treat them with compassion. We must have a proper mentality and hope that the poor may someday become self-reliant. We should therefore raise their working abilities, develop their potentials so that they can survive in society and share every aspect of life in the community. The disabled are like the elderly, we must not look down upon them. We should strive to make the community fairer and safer in every aspect and in all our policies and measures. This will make everyone live a happy life.

I would also like to respond to the views held by some Members on initiatives for the elderly. We think what the elderly want the most are firstly, health and secondly, warmth from family. This means that they should be enabled to live through their twilight years at home. We notice that the trend in society is that more and more young people are abandoning the elderly and they do not want to take care of them at home. So we hope that it is only when a family cannot really take care of its elderly that the elderly person is sent to a home for the aged or an aged home. What we do is to treat aged homes, homes for the aged and infirmaries as similar institutions so that the elderly persons do not have to be sent to hospitals when their health deteriorates. This is because it is most important that the elderly can live in a place they know best. We also hope that these homes can be set up in different districts to make it more

convenient for their family members and relatives to visit them. If it is because a residential place is vacated in another district and an elderly person is to be transferred to an aged home in that district, but that district is far away from his or her family members, I do not think the elderly person will be happy to move to this aged home. For if no one visits that elderly person, he or she will only get even more depressed. That is why we must consider this point. As to why we do not extend the period of absence from Hong Kong to a maximum of 240 days for recipients of Old Age Allowance (OAA), it is because we have considered the number of elderly persons leaving Hong Kong and that 63% of the elderly persons aged 70 or above are now getting the OAA and the remaining proportion do not get any OAA. If we relax the maximum number of days a recipient of OAA can leave the territory to an excessive extent so that all elderly persons aged above 70 can get OAA, then government expenditure will increase by about \$360 million. Can we afford expenditure on this over the long term especially when the number of elderly persons keeps on growing? We must be careful about this. This must be done gradually and the most we can do is to extend the number of days of absence from the territory to 240 days.

Moreover, on the question of how poor children should be helped, I think I will do some explaining here. Given the present circumstances, the life of poor children during school time and after school may not be the same as that of the other children. We therefore hope to find out as early as possible those children in need of help and help them. We cannot target school children alone. We will make assessments at the time when children are born to identify their special needs. At present, maternal and child health centres do carry out some conventional assessments but nothing is done on family, parents or some other aspects. And these assessments may not extend over a long period of time. I hope such assessments can be extended to the time when the children enter a nursery, a kindergarten or a primary school. Then follow-up actions can be done. Often babies need education and parenting other than health care. It is important that their parents know how to take care of their children and problems which their children may come across as they grow, these are called developmental disorders. These may not be identified so readily. So professionals such as therapists and psychologists may have to be called in. We will launch this initiative in four districts initially and we will tell the people in other districts that they may think about how the initiative can be launched if they are interested in it. For Tung Chung, we will consider launching the initiative there. Our goal is to implement this in all the 18 districts within two years.

As for the schools, maybe Members have heard that we will make use of schools and youth centres to help these young people so that they can have a normal life after school. They can then mix with other students or their friends and they can join extra-curricular activities or attend tuition classes. Of course, we may never know how large is the demand for this and so it is only after the plan has been in force for a certain time that we can ascertain whether or not the amount of funding, that is, \$75 million, is sufficient. We will also know whether or not funding should be more flexible. In addition, we have increased the places for after-school care services so that children from single-parent families can be given proper care and that their parents can continue working. I think all the above areas are very important.

Next I wish to devote the rest of my speech to health care. Members may have heard that I plan to increase the medical charges. The whole society is asking why I should do so. Some friends of mine even called me on the telephone and asked me why I had proposed that. I therefore think today offers a good opportunity for me to explain issues about the health care system in Hong Kong. I do not know whether Members are aware that at the beginning of the 1990s we had a public health care system. The quality of health care rendered by this public health care system was not bad, but it was far from satisfactory in terms of the conditions and service quality. In the 1980s, this public health care system turned many people away from public hospitals to private hospitals. The only concern that mattered was money. At that time, the public health care system took care of about 85% of the patients. Now the public health care system takes care of 95% of the patients and most of the seriously ill and the chronically ill are taken care of by hospitals under the Hospital Authority (HA). So if the public health care system is made to bear this heavy burden, then the burden will only become heavier no matter how many additional resources are deployed to it. Members also know that of those people who go to the accident and emergency department, more than 70% do not really need emergency service; for those people who go to the specialist out-patient service for consultation, 60% should have otherwise consulted a family doctor. Patients who need a magnetic resonance imaging scanning or some special procedure may need to wait a long time for service in a hospital of the HA. Though under the present triage system, patients with genuine urgency may be accorded priority, for example, a cancer operation can be undertaken in two weeks, most patients will have to wait a long time for operation. Can this kind of burden be relieved by a constant input of resources? We know that 50% of the medical doctors are working in public hospitals while the other 50% are in private hospitals. Most

of the medical doctors in private hospitals still have room to provide service. In the 1980s and in the 1990s, these doctors were spoiled and they did not know to value the opportunities they were given and they did not have a good service attitude. There was not a high degree of transparency in the fees they charged and it was only when patients were discharged from hospital that they found out they had been charged exorbitantly. These are the reasons why the "business" of the HA had become better since that time. Now doctors in both public and private sectors are beginning to raise both their transparency and quality of service. I think now is the time to adjust the fees to narrow the gap between fees charged by the public and private sectors. Of course, the topic of medical fees and charges is not the subject of my speech today. This is something we should look carefully into before a reasonable level can be determined. On a person who is admitted into the accident and emergency department of a public hospital, the Government will spend close to \$5,000 on the first day on average. Now the fee charged is only \$100. If the patient has to undergo a major operation and needs to be hospitalized for one week, the Government will then have to pay some \$100,000 to \$200,000 while the patient only needs to pay \$700. Then is this a good system? The patient will of course agree. But can this system sustain? Therefore, I dare tell Members, and I have said it many times, that our health care system is in a pre-cancer stage. Though it is not yet cancer, it will become cancer sooner or later.

Of course, we may care nothing about that. It is like we know we are sick, but we do not seek medical consultation. As a doctor I would not be doing my duty if I, knowing that someone is sick, do not tell him he is sick. Of course, it would be another matter if the patient wants to consult a doctor. Later on I will make the data and other facts public and in the long run, I hope we can have better welfare and health care systems and ones which can tackle the problem of an ageing population in Hong Kong. But these would not be inexpensive. We have to know that no system in a community or a country can be agreed by everyone. No matter where you go, when you ask a local which system is better, everyone will say that the one in his or her country is no good. So we must be open about this and we must do something to make our system sustainable.

Maybe I can talk more about Madam President, do I still have a lot of time left?

PRESIDENT (in Cantonese): You have 45 minutes to speak.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): In addition, I would like to talk about developments with respect to health care personnel. Dr Joseph LEE has mentioned problems with nurses. Now there is a manpower shortage in nurses and this has just appeared due to the voluntary retirement scheme. But 530 student nurses will graduate this year and there will be a further 600 or so thereafter each year. In the public health care system, unless I really have to cut resources or there is no need to cut manpower because the system makes a lot of money, then there is a demand for about 400 to 500 nurses every year. If the private hospitals can take in some 100 nurses, then things will be fine. We also know that some private hospitals and aged homes need nurses. These places can suggest training up some enrolled nurses. If they think there is a need for it, then we will take the case to the Nursing Board to take action as appropriate. I hope what will be done eventually is not to think up the cheapest way to hire nurses, but how to train up nurses with genuine professional competency. It remains, of course, that the level of competency required may vary from one hospital to another.

I think what I have said are all important areas. Though Mr TUNG has made it clear in his policy address that a long-term health care financing scheme will not be devised during these two and a half years, I have made an undertaking to the Panel on Health Services that we will set up an advisory committee on health affairs in this quarter to be chaired by me to carry out long-term planning for health care financing. I hope a preliminary report can be released at the end of this year for reference by Members and the public. Consultation will also be undertaken by then. In this regard, we will spend a lot of time discussing and debating with Members in the hope that a consensus can be reached on the health care system that we want to see in the future. I think that in an ideal health care system there should first be a patient-centred approach. What is a patient-centred approach? First, we hope everyone can have a family doctor who will take good care of their medical history and they will build a very good relationship with that doctor based on trust. They and their family members can tell the doctor everything and he or she does not have to ask them some very unfamiliar questions. This is what people in any civilized society should have.

Second, if we have urgent medical needs, we can have proper and prompt treatment. In Hong Kong, this should not be too difficult. Therefore, I am really unhappy about the fact that a long waiting time is required in many of the services we provide.

Third, our health care system must be able to take care of the chronically ill and the disabled and no poor people will be deprived of necessary treatment. Though the Government has all along been saying that no people will be denied medical treatment for lack of means, the situation is somewhat like what is described as a guarantee by some of the practitioners of traditional Chinese medicine in the past. Their so-called guarantee does not mean that the patient will necessarily be cured or that a certain degree of recovery is assured. We hope that the health care system in Hong Kong can maintain a certain level of quality, though such a level is already very high nowadays. It would be important to maintain such a high quality and even a cutting-edge by international standards. These cannot hopefully be achieved under the existing financing system and resource allocation system. That is why long-term planning is a must.

In addition, I would like to mention in passing that there are just a few elements in financing. First, the amount to be paid by the Government; second, the amount to be paid by the individual and how should payment be made. A saving plan is a good idea, but I can say that no matter how much savings a person in Hong Kong has, a serious disease will make him bankrupt all the same if he does not get any help from others. That is why an effective insurance system is indispensable. The question is whether public money should be used to operate this insurance system or some other ways of financing should be adopted. If financing is adopted, then who should pay and how much should be paid? Where should the money be put and in what kind of services? I think that everyone has a responsibility to take care of his or her own health, so they should pay the expenses of consulting a family doctor or undertaking some common examinations. But if the person is to be hospitalized or if he or she suffers from an urgent or some uncommon disease and needs to pay for expensive medication, treatment or other kinds of testing, then I think help from other people or the Government should be sought.

It is also due to the same reason that we require the HA to have a Standard Drug Formulary. If it is due to our standards that we cannot tell the public clearly which drugs are expensive and which drugs are not, then there is no way

we can help the poor. If we require those who have means and those who can afford to pay for their own drugs, then we can spare more money to help patients who are poor. When Members talk about policies to help the poor, this is precisely a policy to help the poor. A policy to assist the poor is one which the Government will give more resources to those with special needs. I hope Members will understand why I am saying this and how I engage in dialogue with the community. Of course, I believe in such a short period as some three months, many people will not know very well how I think. I will need to work harder. I am grateful to Members for the advice they have given me. I will keep in close contact with the public and I hope Members can tell me what they think. If Members think there is anything I am in the wrong, please speak out freely. Please do let me know if I am right. Thank you, Members and Madam President.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): The third debate session now ends. I declare the meeting suspended until nine o'clock tomorrow.

Suspended accordingly at twenty minutes past Ten o'clock.