

OFFICIAL RECORD OF PROCEEDINGS

Saturday, 7 June 1997

The Council met at half-past Nine o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN, J.P.

THE HONOURABLE WONG SIU-YEE

THE HONOURABLE JAMES TIEN PEI-CHUN, J.P.

THE HONOURABLE EDWARD HO SING-TIN, J.P.

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

THE HONOURABLE NG LEUNG-SING

PROF THE HONOURABLE NG CHING-FAI

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

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

THE HONOURABLE LEE KAI-MING

THE HONOURABLE ALLEN LEE, J.P.

THE HONOURABLE MRS ELSIE TU

THE HONOURABLE MRS SELINA CHOW, J.P.

THE HONOURABLE MRS PEGGY LAM, J.P.

THE HONOURABLE HENRY WU

THE HONOURABLE NGAI SHIU-KIT, J.P.

THE HONOURABLE HENRY TANG YING-YEN, J.P.

THE HONOURABLE RONALD ARCULLI, J.P.

THE HONOURABLE YUEN MO

THE HONOURABLE MA FUNG-KWOK

THE HONOURABLE CHEUNG HON-CHUNG

DR THE HONOURABLE MRS TSO WONG MAN-YIN

DR THE HONOURABLE LEONG CHE-HUNG, J.P.

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

THE HONOURABLE HUI YIN-FAT, J.P.

THE HONOURABLE CHAN CHOI-HI

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE CHAN WING-CHAN

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE TSANG YOK-SING

THE HONOURABLE FREDERICK FUNG KIN-KEE

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

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE KENNEDY WONG YING-HO

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE CHARLES YEUNG CHUN-KAM

THE HONOURABLE YEUNG YIU-CHUNG

THE HONOURABLE IP KWOK-HIM

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE BRUCE LIU SING-LEE

THE HONOURABLE LAU KONG-WAH

THE HONOURABLE LAU WONG-FAT, J.P.

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

THE HONOURABLE AMBROSE LAU HON-CHUEN, J.P.

THE HONOURABLE CHOY KAN-PUI, J.P.

THE HONOURABLE PAUL CHENG MING-FUN, J.P.

THE HONOURABLE CHENG YIU-TONG

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

THE HONOURABLE TIMOTHY FOK TSUN-TING

THE HONOURABLE KAN FOOK-YEE

THE HONOURABLE NGAN KAM-CHUEN

THE HONOURABLE LO SUK-CHING

DR THE HONOURABLE LAW CHEUNG-KWOK

THE HONOURABLE MS MARIA TAM WAI-CHU, J.P.

THE HONOURABLE TAM YIU-CHUNG, J.P.

MEMBERS ABSENT:

THE HONOURABLE DAVID CHU YU-LIN

THE HONOURABLE HO SAI-CHU, J.P.

THE HONOURABLE LEUNG CHUN-YING, J.P.

THE HONOURABLE MOK YING-FAN

THE HONOURABLE CHENG KAI-NAM

CLERK IN ATTENDANCE:

MS PAULINE NG MAN-WAH,
CLERK TO THE PROVISIONAL LEGISLATIVE COUNCIL

ADDRESSES

PRESIDENT (in Cantonese): Honourable Members, good morning. The Council will now begin its meeting with two addresses.

According to Rule 21(5) of the Rules of Procedure, no debate may arise on any address. However, I may exercise my discretion and allow Members to raise short questions for the purpose of elucidating the content of the addresses.

The first item is an address by Mr CHAN Kam-lam on the Report of the Bills Committee on the Urban Council (Amendment) Bill 1997, Regional Council (Amendment) Bill 1997 and District Boards (Amendment) Bill 1997 tabled by him.

MR CHAN KAM-LAM (in Cantonese): Madam President, Provisional Legislative Council Paper No. 352/96-97 reports on the deliberations of the Bills Committee on the Urban Council (Amendment) Bill 1997, Regional Council (Amendment) Bill 1997 and District Boards (Amendment) Bill 1997. The main findings and deliberations of the Committee are set out in that report. I have only three points to add.

First, I would like to thank Members for finding time from their tight schedule to attend the four meetings of the Bills Committee. We also have to thank the various representatives from district organizations who came from Hong Kong to Shenzhen. They gave us much valuable advice, one of which led the Bills Committee to move a Committee stage amendment to the Bill so that property vested in the relevant district organization and identified as belonging to its predecessor will be taken as belonging to it without the need to change any identification or marking. This amendment will save the Hong Kong Special Administrative Region (SAR) Government unnecessary expenses.

Second, the Bill stipulates the ceiling of the number of members of the district organization concerned and that members should be appointed by the Chief Executive, while the chairman and vice-chairman will be elected. While most members of the Bills Committee expressed support for this arrangement, individual members held different views on the ceiling of the number of members and the arrangement for the election of the chairman and vice-chairman. They will move Committee stage amendments later on.

Third, members of the Bills Committee have expressed their support for other provisions of the Bill and certain technical amendments they proposed have also been accepted by the Chief Executive's Office, which has also agreed to move Committee stage amendments regarding these proposals.

I hope that Honourable colleagues will adopt this report.

Madam President, I so submit. Thank you.

PRESIDENT (in Cantonese): The second item is an address by Mr Ronald ARCULLI on the Report of the Finance Committee on the Examination of the Transitional Budget for 1997-98 tabled by him. Mr Ronald ARCULLI.

MR RONALD ARCULLI: Madam President, on behalf of the Finance Committee, I present the Report of the Finance Committee on the examination of the transitional budget for 1997-98. The Report has been distributed to Members before this meeting.

The Director of the Chief Executive's Office moved a motion at the meeting of the Provisional Legislative Council on 3 May 1997 to seek the support of the Council to the transitional budget for 1997-98. The Council decided that the debate on the motion be adjourned and that the transitional budget be referred to the Finance Committee for examination.

The Finance Committee scheduled a public meeting for this purpose on 24 May 1997. To facilitate the smooth transfer and conduct of business, a briefing session was convened on 3 May 1997 to explain to Members the purpose of the exercise and the logistical arrangements. Members were reminded that the purpose of the examination of the transitional budget was to ensure that no provision than necessary was provided for the execution of the relevant policies. Guidelines were provided to Members on the logistical arrangements particularly for the submission of written questions. A total of 149 written questions were received from Members. Written replies to these questions were provided by the Chief Executive's Office and were distributed to Members before the meeting.

A meeting was held on 24 May 1997 in this Hall and 25 Members including myself attended the meeting. The meeting started with a short briefing by the Deputy Director of the Chief Executive's Office and Members were invited to raise questions on the replies to Members' written questions as well as on the list of major improvements in services to be introduced in 1997-98 and tabled at the meeting. Following the meeting, six supplementary questions were submitted to the Chief Executive's Office to seek clarification on certain issues raised at the meeting.

PRESIDENT (in Cantonese): Sorry, Mr ARCULLI. Did Mr CHAN Kam-lam raise his hand? No? I beg your pardon, Mr ARCULLI, for having interrupted your speech. Please continue.

MR RONALD ARCULLI: Written replies to these supplementary questions were forwarded to Members after the meeting.

Having examined the different policy areas like education, health and welfare, housing, environmental protection and capital works in the transitional budget, the Committee decided that a report on the examination of the transitional budget should be tabled in the Council on 7 June 1997 and the Director of the Chief Executive's Office be informed that the debate on her motion on the transitional budget could be resumed at the same meeting. The Committee considers that Members' views expressed at the budget debate should serve as useful reference points for the drawing up of the budget for 1998-99.

Madam President, I submit the Report. Thank you.

BILLS

First Reading of Bills

IMMIGRATION (AMENDMENT) (NO. 3) BILL 1997

HONG KONG COURT OF FINAL APPEAL (AMENDMENT) BILL 1997

JUDICIAL SERVICE COMMISSION (AMENDMENT) BILL 1997

CLERK (in Cantonese): Immigration (Amendment) (No. 3) Bill 1997

Hong Kong Court of Final Appeal (Amendment) Bill
1997

Judicial Service Commission (Amendment) Bill 1997

Bills read the First time and ordered to be set down for Second Reading pursuant to Rule No. 53(3) of the Rules of Procedure.

Second Reading of Bills

IMMIGRATION (AMENDMENT) (NO. 3) BILL 1997

HONG KONG COURT OF FINAL APPEAL (AMENDMENT) BILL 1997

JUDICIAL SERVICE COMMISSION (AMENDMENT) BILL 1997

PRESIDENT (in Cantonese): Second Reading of Bills. Secretary for Justice.

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I move that the Immigration (Amendment) (No. 3) Bill 1997 be read a Second time. The Bill seeks to provide for the status of a permanent resident together with the right of abode in the Hong Kong Special Administrative Region (SAR).

Article 24 of the Basic Law provides that there are six categories of permanent residents who have the right of abode in the SAR. The six categories are:

- (1) Chinese citizens born in Hong Kong before or after the establishment of the SAR;

- (2) Chinese citizens who have ordinarily resided in Hong Kong for a continuous period of not less than seven years before or after the establishment of the SAR;
- (3) persons of Chinese nationality born outside Hong Kong of those residents listed in categories (1) and (2);
- (4) persons not of Chinese nationality who have entered Hong Kong with valid travel documents, have ordinarily resided in Hong Kong for a continuous period of not less than seven years and have taken Hong Kong as their place of permanent residence before or after the establishment of the SAR;
- (5) persons under 21 years of age born in Hong Kong of those residents listed in category (4) before or after the establishment of the SAR; and
- (6) persons other than those residents listed in categories (1) to (5), who, before the establishment of the SAR had the right of abode in Hong Kong only.

The Basic Law only provides for the basic principles and policies of the SAR and must be implemented by making detailed provisions in SAR laws. If we say that we may not make additions or amendments which are not provided under the Basic Law, are we saying that we can dispense with all Hong Kong laws and just hold on to the Basic Law? The Nationality Law of the People's Republic of China is a national law which appears on Annex III to the Basic Law and applies to the SAR. It is closely related to the right of abode. On 15 July 1996 the Preparatory Committee for the Hong Kong Special Administrative Region issued a policy statement by way of a Decision on the principles relating to the permanent residents of the SAR. The Sino-British Joint Liaison Group (JLG) also reached a consensus on a number of issues relevant to the right of abode and such agreement was reflected in the booklet "The Right of Abode in the Hong Kong Special Administrative Region" published by the Hong Kong Immigration Department in April 1997. On the basis of the Decision issued by the Preparatory Committee and the consensus arrived at by the JLG, the Chief Executive's Office of the SAR has now prepared the Immigration (Amendment) (No. 3) Bill 1997 and introduced it into the Provisional Legislative Council for scrutiny.

The major amendments introduced by the Bill include the following aspects:

- (1) to provide for the various categories of the permanent resident of the SAR and the procedure of implementation;
- (2) to provide for the circumstances in which the right of abode may be lost and the right to land in Hong Kong after the loss of such right;
- (3) to provide for the transitional arrangements for those who are not of Chinese nationality but are permanent residents of Hong Kong before 1 July 1997; and
- (4) to provide for the definitions (or their amendments) of certain expressions in the Bill such as:
 - ordinarily resident in Hong Kong
 - parent and child relationship
 - abandoned new born infant found within Hong Kong
 - adopted children
 - computation of time in respect of the residence in and the absence from Hong Kong.

For details please refer to the Brief for the Provisional Legislative Council.

The Bill does not provide for those who claim to enjoy the right of abode in the SAR but have entered or sought to enter Hong Kong unlawfully. The issue which has been a matter of public concern is complex. It involves legal and policy considerations. The problem cannot be effectively and humanely resolved except through a more elaborate study, long-term planning, appropriate allocation of resources and the proper arrangements to be made with the relevant authorities in the Mainland in order to avoid potential conflicts between local inhabitants and the new immigrants and a crisis in the demand and supply of our resources such as housing, education and services. The special task force set

up under the auspices of the Chief Executive's Office has now undertaken to examine the issue. It is expected that in the not too distant future, the task force will make recommendations on the ways to tackle the problem, including legislation and other means.

I firmly believe that there is a pressing need to have the Bill enacted before 1 July 1997 by this Council after examination. The Bill on the right of abode, which is an important task of the SAR Government, affects practically each and every resident in the SAR. Early legislation can allay people's concern.

Incidentally, I would like to mention the Immigration (Amendment) Bill 1997 which seeks to bring the immigration status of the resident British citizens and the resident United Kingdom belongers into line with those citizens of other countries. The Bill is now before the Hong Kong Legislative Council. Should the Bill not be enacted before 1 July 1997, the SAR Government will seek to amend the Immigration Ordinance again to achieve the purpose.

Madam President, I move that the Immigration (Amendment) (No. 3) Bill 1997 be read a Second time. Thank you.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Immigration (Amendment) (No. 3) Bill 1997 be read the Second time. In accordance with Rule 54(4) of the Rules of Procedure, the debate is now adjourned and the Bill referred to the House Committee. Secretary for Justice.

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I move that the Hong Kong Court of Final Appeal (Amendment) Bill 1997 be read a Second time.

Articles 88 to 90 of the Basic Law contain provisions on the appointment of the Judges of the Hong Kong Court of Final Appeal. While the substance of Articles 88 and 89 has already been reflected in the relevant provisions of the Hong Kong Court of Final Appeal Ordinance enacted in 1995, the essence of Article 90 is missing from that Ordinance. This Article provides that:

"The Chief Justice of the Court of Final Appeal and the Chief Judge of the High Court of the Hong Kong Special Administrative Region shall be Chinese citizens who are permanent residents of the Region with no right of abode in any foreign country.

"In the case of the appointment or removal of judges of the Court of Final Appeal and the Chief Judge of the High Court of the Hong Kong Special Administrative Region, the Chief Executive shall, in addition to following the procedures prescribed in Articles 88 and 89 of this Law, obtain the endorsement of the Legislative Council and report such appointment or removal to the Standing Committee of the National People's Congress for the record."

The main purpose of moving the present Hong Kong Court of Final Appeal (Amendment) Bill 1997 is to include the provision of Article 90 of the Basic Law in the Hong Kong Court of Final Appeal Ordinance. The relevant amendment is in clause 7 of the Amendment Bill.

The rest of the Amendment Bill pertains to technical amendments, adapting those words or phrases which will no longer be applicable after 30 June. However, I should emphasize that the Hong Kong Court of Final Appeal Ordinance (and in particular its Schedule) involves many other laws. In the limited time available, it is not possible for us to have the entire Ordinance adapted in an exhaustive manner. Hence, the present adaptation exercise is a limited one, confined to those aspects directly relevant to the appointment of Judges of the Court of Final Appeal. Other necessary adaptation will be made after 1 July.

Madam President, with this statement, I hereby move that the Hong Kong Court of Final Appeal (Amendment) Bill 1997 be read a Second time.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Hong Kong Court of Final Appeal (Amendment) Bill 1997 be read a Second time. In accordance with Rule 54(4) of the Rules of Procedure, the debate is now adjourned and the Bill referred to the House Committee. Secretary for Justice.

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I move that the Judicial Service Commission (Amendment) Bill 1997 be read a Second time. The purpose of this Bill is to facilitate the appointment of the first Judges of the SAR.

Article 88 of the Basic Law provides that "Judges of the courts of the Hong Kong Special Administrative Region shall be appointed by the Chief Executive on the recommendation of an independent commission composed of local judges, persons from the legal profession and eminent persons from other sectors". The Court of Final Appeal Ordinance (Cap. 484) provides that this commission shall be known as the Judicial Officers Recommendation Commission (JORC). The Commission will be established on 1 July 1997 and will replace the existing Judicial Service Commission. The Judicial Service Commission Ordinance (Cap. 92) will also be re-titled the Judicial Officers Recommendation Commission Ordinance on 1 July.

Although the JORC Ordinance will be effective only on 1 July 1997, in order to make the necessary preparation for the setting up of the Judiciary of the SAR, the Chief Executive has already appointed a JORC. The JORC has in turn recommended to the Chief Executive who the Chief Justice of the Court of Final Appeal should be. Last month, in the context of a debate on a motion that I moved in this Council, Members have indicated their initial support for the candidature of the Chief Justice (Designate) of the Court of Final Appeal.

At its meeting last month, the SAR Preparatory Committee decided on the details regarding the SAR Government Inauguration and Swearing-in Ceremony on 1 July. Its decision was that permanent Judges of the Court of Final Appeal and Judges of the High Court should take their oaths immediately after the Chief Executive, the principal officials, Members of the Executive Council and Members of the Provisional Legislative Council. We support this decision of the Preparatory Committee: the swearing-in of the executive, the legislative and the judicial bodies on the same occasion can signify the establishment *en bloc* of the SAR Government.

Section 7 of the Judicial Service Commission Ordinance imposes an oath taking requirement on members on their first appointment. Legally speaking, members of the JORC should have taken their oaths before making recommendations on the appointment of judges; and these two steps should precede oath taking by Judges at the inauguration ceremony of the SAR

Government. However, due to time constraints, this arrangement is not possible on 1 July.

Therefore, we propose that we should amend the law and add a transitional provision to ensure that the recommendations on the appointment of judges made by the JORC could not be challenged simply because the members have not taken their oaths prior to making the recommendations. The proposed amendment is in clause 5 of the Amendment Bill.

All other aspects of the Amendment Bill pertain to the adaptation of words that will no longer be applicable after 30 June.

Madam President, with this statement, I hereby move that the Judicial Service Commission (Amendment) Bill 1997 be read a Second time.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Judicial Service Commission (Amendment) Bill 1997 be read a Second time. In accordance with Rule 54(4) of the Rules of Procedure, the debate is now adjourned and the Bill referred to the House Committee.

We will now resume the Second Reading of four Bills. First, the Urban Council (Amendment) Bill 1997.

Does any Member wish to speak? Mr CHAN Wing-chan.

MR CHAN WING-CHAN (in Cantonese): Madam President, I am a member of the Bills Committee on the Urban Council (Amendment) Bill 1997, Regional Council (Amendment) Bill 1997 and District Boards (Amendment) Bill 1997. Since these three Bills are considered together, my speech will cover the three Bills mentioned above.

During the course of our scrutiny of the Bills, I was very pleased to see that the persons concerned, including the Chairman of the Urban Council and 12 representatives from district boards, among whom seven were district board chairmen, had come to Shenzhen to express their views to the Bills Committee.

The majority of those who attended the Bills Committee meetings spoke to express their support for the proposal in the Bill to expand the membership of the provisional district organizations by an 25% appointment element and to make new appointments for the balance of the seats.

In my opinion, by expanding the membership of the provisional district organizations by an 25% appointment element, more professionals and enthusiastic persons will be recruited to participate in district work and contribute their expertise and views to serve Hong Kong people. This deserves our support.

Apart from speaking in support of the appointed seats, individual District Board Chairmen also expressed the hope that the Chief Executive of the SAR will appoint the district board chairmen as well, for they feared that if the existing district board chairmen could not be re-elected, it might create a "political risk" and be used as an "excuse" for claiming that people who are disliked by the Chinese side are being "squeezed out", thus affecting the smooth transition of Hong Kong.

While the Bills Committee understood the speakers' concern, we should realize that "Hong Kong affairs will be handled in the Hong Kong way" and we should not be too worried. In the course of deliberation by the Bills Committee, I pointed out that should any "political risks" arise, they would not be caused by the "election of the chairmen" as provided elected under the Bill, but by someone else.

Madam President, due to the absence of a "through-train", the National People's Congress declared on 23 February 1997 that the above-mentioned district organizations shall cease to function on 30 June 1997.

To fill the vacuum in the existing district organizations, the best way is for the Chief Executive of the SAR to make new appointments to fill the seats of these organizations. Under the present circumstances, it might be the only alternative.

However, if these appointments by the Chief Executive include the chairmen of the district boards, would this not be used as another "excuse" to magnify the matter and criticize the case as a "retrogression"?

It is appropriate that the Bill should propose the election of district board chairmen. It is also fair to give the newly appointed Members the right to which they are entitled. An elected chairman will certainly have greater credibility, which is beneficial to the operation of the district boards.

More importantly, Madam President, I consider that this Bill follows the present trend for "election". On behalf of the Hong Kong Federation of Trade Unions, I support the three Bills mentioned above.

Madam President, these are my remarks.

PRESIDENT (in Cantonese): Mrs Elsie TU.

MRS ELSIE TU: Madam Chairman, I support the report made by Mr CHAN Kam-lam. My remarks on these three Bills will be based mainly on my experience for 32 years in the Urban Council, but I believe that what I say applies equally to the Regional Council and the district boards.

Until 1973, the Urban Council was directed mainly by the six official Members, one of whom was the Chairman. The unofficial Members consisted of equal numbers of appointed and elected Members. It was by no means democratic at that time.

In 1973, the Council became financially autonomous and the officials were dropped, leaving equal numbers of appointed and elected Members. The situation improved because the appointed Members no longer felt constrained by officials, and the work of the Council forged ahead in building libraries, markets, swimming pools, games halls and other facilities for the public. Matters outside the jurisdiction of the Council were strictly prohibited, except in the annual debate when, by convention, Members were free to voice their opinions on any other subjects they wished.

In 1991, the Council was increased by the addition of 10 district board Members indirectly elected by the district boards. That increased the elected element from 50% to over 60%.

When further changes were discussed, Members of the Urban Council unanimously agreed that there should be a step by step approach to a fully elected Council. Most of the elected Members were teachers or social workers, while the appointed Members were selected for their expertise in public health, culture, sports, art, museums, accountancy, architecture and so on. These experts were prepared to give their time and talent as Members, but were not prepared to spend their time participating as elected politicians.

This was the situation when Governor PATTEN arrived in 1992. As the representative of the Urban Council on the Legislative Council, I was questioned by Mr PATTEN as to how I would react if the Urban Council, the Regional Council and the district boards were to be fully elected and he wanted to know what the Council's idea would be on that. I advised the Governor then, in July 1992, that he should consult the Regional Council and the district boards because I was not authorized to speak for them, but as far as the Urban Council was concerned, Members had already unanimously agreed that appointed Members were necessary for their expertise. Mr PATTEN was not happy with my answer, but he did send an official to all these bodies, not to consult them, but to explain what he had obviously made up his mind to do, no matter what anyone said.

I then surveyed these bodies myself and found that apart from one district board, all the Councils and Boards preferred to retain the appointed Members because of their wide experience and expertise.

In fact the Governor claimed to have consulted the public, and he received two volumes of proposals for amendments to his political package. Yet, when the bill was put before the Legislative Council he had not changed one word of his original proposals.

The proposals on the Municipal Councils and District Boards were in breach of the Basic Law (Article 97). When put into effect they all became organs of political power. I will not repeat how the political reform bill was put through the Legislative Council in June 1994, except to say that there was a great deal of pressure on and even intimidation of the Members.

These three Bills before us now will hopefully put the Municipal Councils back on track in their useful and positive role of enriching city and rural life, and the District Boards in their necessary role of advising the Administration on district affairs.

The Preparatory Committee was wise, in my opinion, not to call for fresh elections at this transitional period, but to balance the Councils and the Boards by appointing additional Members.

Mrs Peggy LAM has expressed her wish to join me in supporting the three Bills. As to Mr LAW's proposed amendments, if I may mention at this point to save time later, I find that those amendments simply confirm the Government's breach of Article 97 of the Basic Law and if accepted they would render this Bill meaningless. Therefore I cannot support Mr LAW's amendments.

Thank you, Madam Chairman.

PRESIDENT (in Cantonese): Mr CHAN Choi-hi.

MR CHAN CHOI-HI (in Cantonese): Thank you, Madam President. I consider the addition of an 25% appointed element in the membership a major step backward in terms of democracy. Basically, from my personal experience in the district board and the Urban Council, I find that these bodies have functioned normally and quite well since they have Members returned by election last year. From my experience in the Urban Council, I noticed that Members raised many more questions and there were many more debates last year than before. The biggest difference is that we used to have appointed Members who basically need not be answerable to the voters. This is the biggest difference. How would a rich appointed Member living in Repulse Bay or the Peak know about the conditions in public housing estates or the old districts? Since we have such a proven and effective system of councils strongly supported by public opinion, I very much object to abolishing them in such a brutal manner.

PRESIDENT (in Cantonese): Mr YEUNG Yiu-chung.

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, as we all know, the political reforms carried out unilaterally by the British Hong Kong Government in 1993 put an end to the Sino-British talks on the political system, destroyed the transition of the political system and contravened the principle

stipulated in the Basic Law that democracy should be developed on a step by step basis. On 23 February 1997, the Standing Committee of the National People's Congress declared that the electoral provisions in the existing Urban Council Ordinance, Regional Council Ordinance and District Boards Ordinance will not be adopted as SAR laws. Thus the current session of the Urban Council, the Regional Council and the district boards will cease on June 30 this year. In order to fill up the resultant legal and operational vacuum, it is necessary for the SAR Government to amend the relevant Ordinances and set up provisional district organizations.

Since it is impossible to hold elections to elect all members of the provisional district organizations in a short time, the appointment of those members by the Chief Executive is the only feasible alternative.

At the same time, in order to implement the principle stipulated by the Basic Law of a step by step development of democracy, maintaining a small number of appointed members in the non-political bodies is a good way to retain capable people, rather than a retrogressive step.

Most appointed members are professionals or pragmatics with a long record of social service. They can balance the interests of various classes, groups and political parties in the councils, as well as study policies and measures related to the relevant districts from the perspective of the SAR as a whole. This is actually a useful arrangement under the electoral system.

However, some "fans of election" hold the simplistic view that even a small number of appointed seats is undemocratic, falling victims to extremist views and theorization. Taking extremist views means that they cannot see a problem from different perspectives, that is, being "pigheaded". Theorization means that they cannot look at a problem according to the actual circumstances. As a result, they come to biased conclusions.

Actually, district organizations are different from the legislature. Their function is to provide cultural, recreational and municipal services to the public, or help monitor the work and policies of the various government departments at the district level. Thus they need the participation of people with expertise who are keen on district services. Therefore, maintaining a small number of appointed seats is of great advantage to the work of district organizations. It also suits the actual circumstances in Hong Kong and is in the overall interest of Hong Kong.

With these remarks, I support the amendments to the three Ordinances proposed by the Chief Executive's Office. Thank you, Madam President.

PRESIDENT (in Cantonese): Mr James TIEN.

MR JAMES TIEN (in Cantonese): Madam President, at the level of District Boards, the Urban Council or Regional Council, district issues are mainly discussed. The Honourable CHAN Choi-hi said just now that appointed Members do not understand much about district issues. During my six years as an appointed Member on the Kwai Tsing District Board from 1985 to 1991, the Kwai Tsing District had several hundred thousand residents and many factories were located in the district. If the voices (not opposing voices) of the factory owners were not heard in the District Board, we would not be able to raise questions on issues such as environmental pollution, traffic congestion, more job opportunities and so on which are very helpful to the local residents. If these appointed Members are shut out, is it possible for us factory owners to participate in an election in Kwai Tsing? You may ask why it is not possible. The reason is simply because I only work in that district during the day but I do not live there. How can I get to know the residents of the district then? How can I canvass their votes? However, if there is a small number of appointed members, say 25%, this is absolutely not retrogression on democracy or confrontation. The views of the industrial sector are helpful to the residents of Kwai Chung and provide them with better job opportunities, an improved environment and improved traffic conditions. As to other districts such as Central, it is certainly not justified for people from the industrial sector to be appointed as Members of that particular District Board. However, there are banking, insurance and commercial activities in the district, and people from these sectors can be appointed, so that they can give advice and co-operate with members of the public, and this is absolutely not provoking confrontation. Thus I consider it appropriate to have a small number of appointed seats. District organizations are not the same as the Legislative Council, and an alternative suggestion is that we can do away with the appointed seats. But should we consider whether or not workers' bodies should be represented on the district boards? If so, the situation will become very complicated. I may well propose the introduction of an industrial functional constituency in Kwai Chung

and a banking constituency in Central. But instead of making the situation so complicated, I would prefer the introduction of some appointed seats and I think this is feasible. Thank you, Madam President.

PRESIDENT (in Cantonese): Dr LAW Cheung-kwok.

DR LAW CHEUNG-KWOK (in Cantonese): Madam President, at its eighth plenary meeting on 1 February 1997, the Preparatory Committee decided to set up Provisional District Boards, the Provisional Urban Council and the Provisional Regional Council to fill up the vacuum during the period before the first district organizations of the SAR are formed in 1998, so that disruption to the operation of the original district organizations would be kept to the minimum. The Hong Kong Association for Democracy and People's Livelihood (ADPL) basically agrees to this arrangement. However, it strongly opposes the proposal of additional appointed seats in the district organizations. The ADPL and I consider this a breach of China's pledge that Hong Kong would remain unchanged for 50 years and a retrogression of the democratic political system. It also increases the doubts of many Hong Kong people about the principles of "one country, two systems, Hong Kong people ruling Hong Kong and a high degree of autonomy". The Honourable Frederick FUNG of the ADPL has already stated this stand at the meeting of the Preparatory Committee. Unfortunately, it was not accepted. Now, the ADPL wishes to reiterate its stand at the Provisional Legislative Council meeting by moving amendments to the Urban Council Ordinance, the Regional Council Ordinance and the District Boards Ordinance.

The chief purpose of the amendments that I will move later on is to ensure that all incumbent Urban Council, Regional Council and district board Members will ride the through-train and become Members of the Provisional Urban Council, Regional Council and district boards after 1997, so that there would be as little change to the status quo as possible, including the Members and the number of Members. The main spirit of our amendments is that there will be "no change except a change of name".

The ADPL opposes the addition of appointed seats on the basis of the three main reasons below:

First, in the elections of the district organizations in 1994-95, all seats were returned by direct election and the appointment system was abolished. Hong Kong people have already got used to this electoral system. If appointed seats are re-introduced after 1997, it would mean ignoring Hong Kong people's demand for strengthening the democratic political system and a retrogression in the development of democracy in Hong Kong. Furthermore, it would mean a lack of continuity in the composition of the Municipal Councils and the district boards before and after 1997 — a thing we do not wish to see.

Second, as everyone knows, the system of direct election can increase the direct accountability of Members to voters and enhance the representativeness of Members. The operation of elections has become more and more sophisticated over the years. The diverse background of elected Members and different candidates reflects the interests of different members of the public. Re-introducing appointed seats to balance different interests in the districts is an obsolete practice. The claim that there are not enough professionals in the present district organizations is also blatantly disregarding the facts. There are plenty of lawyers, engineers, doctors, accountants, academics, representatives of the commercial and industrial sector, factory owners and bankers in the present district organizations who have successfully been elected through direct election to serve Hong Kong people, and their achievements are obvious to all. This clearly proves that they are professionals who are determined to serve Hong Kong people. Far from being an obstacle, the system of direct election will only enable them to better represent the interests of Hong Kong people and contribute their professional expertise.

In addition, if new Members join these tiers of government, they would need time to learn and the old and new Members would need time to mutually familiarize. Even though the term of office of the Provisional Regional Council, Urban Council and district boards is not too long, they still have a heavy workload and the important task of stabilizing the SAR. Material changes should not be made at this time indeed.

Madam President, with these remarks, I hope that Members will support the amendments the ADPL and I proposed, support that the Chief Executive of the SAR should only appoint the incumbent Members, and oppose the creation of new appointed seats. Thank you, Madam President.

PRESIDENT (in Cantonese): Mr Howard YOUNG.

MR HOWARD YOUNG (in Cantonese): Madam President, I am a member of the Bills Committee on the Urban Council (Amendment) Bill 1997, Regional Council (Amendment) Bill 1997 and District Boards (Amendment) Bill 1997. Just now many Members mentioned that we had heard the views of District Board Chairmen and Members, as well as the Chairman and representatives of the Urban Council at our meetings. I will not repeat what they said. On behalf of the Liberal Party, I state that the Liberal Party supports the passage of these three Bills and the various technical amendments proposed by the Secretary for Policy Co-ordination. However, we the Liberal Party hold a different view regarding the relevant amendments to these Bills. First, we notice that the amendments proposed by Dr LAW Cheung-kwok, mainly pertaining to clause 7 of the Urban Council (Amendment) Bill 1997, clause 7 of the Regional Council (Amendment) Bill 1997 and clause 8(1) of the District Boards (Amendment) Bill 1997, restrict that the Members to be appointed can only be the Members of the councils and boards immediately before 1 July 1997. Actually, Dr LAW Cheung Kwok and the Honourable CHAN Choi-hi who supports the amendments have already stated the purpose of the amendments. They oppose the addition of the appointed seats by 25%. I will not go into the pros and cons of having appointed Members. What I would like to point out is that all Members of the new provisional district organizations will be appointed and there is no delineation of 75% of them being elected Members and 25% appointed Members. Just like the Provisional Legislative Council which is now holding meetings, all Members were elected by the 400-member Selection Committee. All Members are equal and we have not been classified as Members from the functional constituencies or appointed members. Thus I do not think I can support the amendments proposed by Dr LAW Cheung-kwok. However, I would like to point out that the Basic Law already stipulates that future district organizations will be prescribed by the future SAR Government.

At present, the Urban Council and the Regional Council are in charge of almost all cultural, recreational and sports venues and all restaurant licensing in Hong Kong, while the district boards are involved to a large extent in the transport issues in the districts and even in the determination of the locations of taxi stands and bus stops. However, I notice that under the present mechanism, there is no means to ensure that these kinds of Members can contribute their professional expertise to the councils just like what will be done in the future

first Legislative Council. As regards the situation in the future, when the term of office of the appointed Members of the three-tier government comes to an end, perhaps consideration can be given to, for instance, setting aside some seats of the Urban Council for direct participation by the representatives of the food business or cultural and sports sectors. While such a consideration is advisable, it does not fall within the scope of the Ordinances to be amended today.

As for the amendments proposed by Mr CHAN Choi-hi, they concern mainly clause 12 and the relevant clauses of the Urban Council (Amendment) Bill 1997, clause 14 of the Regional Council (Amendment) Bill 1997 and clause 13 of the District Boards (Amendment) Bill 1997. Their main thrust is that instead of being elected by and from among Members, the Chairmen should be appointed. Since some Members have just put forward arguments in support of election by and from among Members, I would not repeat them here. However, when we met with the Chairmen and Members of the district boards and the Urban Council, I had the impression that the majority of them, and even the Chairmen expressed that they are willing to contend and be elected by and from among Members. Some feel that if the Chairmen are to be elected by and from among Members, the addition of appointed seats may be used as an excuse to discriminate against people from a certain camp, the democratic camp in the district boards or even members of the Democratic Party. I do not think we should hold such a view. Rather, I hope that when the 100% appointed Members elect their Chairmen, they will understand Hong Kong people's wish for continuity as far as possible and cast their votes wisely. If all the Chairmen can be re-elected, I would welcome this very much.

In view of this, we the Liberal Party opposes the amendments proposed by Mr CHAN Choi-hi and the amendments proposed by Dr LAW Cheung-kwok on behalf of the ADPL today. Thank you, Madam President.

PRESIDENT (in Cantonese): Dr Raymond HO.

DR RAYMOND HO (in Cantonese): Madam President, for the past 10 years or so, I have paid close attention to the operation of district organizations and I have also had frequent contacts with many Members of these district organizations. I will speak on the three Bills on the Provisional Urban Council, Provisional Regional Council and Provisional District Boards in one go. One

of the major changes to be made to the existing Ordinances by the three Bills is the creation of an additional 25% appointed seats in these district organizations, limiting the number of Members of the Municipal Councils to 50 and the number of district board Members to 40. In my opinion, these proposals are reasonable. Based on past experience, the combination of a few appointed Members with a majority of elected Members in the district organizations gives it sufficient representativeness, while achieving the desirable results of balance and efficient operation. As for whom should be appointed, more professionals should be appointed since their expertise and experience are extremely useful to the work carried out by the various district organizations and will enable them to continue to perform their important functions.

I also agree with another amendment, which provides for the Chairmen and Vice-Chairmen of the Provisional Urban Council and the Provisional Regional Council, as well as the Chairmen of the Provisional District Boards to be elected by and from among Members. This is because when the new councils and boards are constituted, there will be an additional 25% newly appointed Members. In order to achieve full representativeness and taking account of the overall operation, the election of the Chairmen again is an appropriate step, especially since the new Members in each district organization have the rights to choose the person who is an ideal candidate for chairmanship.

In addition, I support the amendment which provides for the appointment of all Members of the provisional district organizations by the Chief Executive. This proposal obviates the necessity of carrying out several elections within a short time. I believe that all Members who are willing to remain in office will be appointed, which will contribute to a smooth transition, and this is absolutely not a major retrogression in democracy. Regarding the composition of the future SAR district organizations, for the same reason, I suggest that 25% of the seats should continue to be appointed ones while the rest should be returned by election.

With these remarks, Madam President, I support the three Bills introduced by the Chief Executive's Office. Thank you.

PRESIDENT (in Cantonese): Mr WONG Siu-ye.

MR WONG SIU-YEE (in Cantonese): Madam President, I would like to make four points in response to the speeches by Dr LAW Cheung-kwok and Mr CHAN Choi-hi.

First, I would like to point out that one cannot simply equate elections with democracy. Actually, democracy has many other aspects. Second, Mr CHAN Choi-hi spoke of a "proven" system. Members might still recall that the well-tried system in the Urban Council was the appointment system which had been practised for almost a hundred years. The district boards have also adopted an appointment system since 1982 and it was abolished only from the year 1994-95 onwards. Thus the well-tried system is in fact the appointment system rather than full direct election. I am sure we are all clear about this. Third, I would like to talk about the basis of popular support. I remember that when the political reform package which sought to abolish appointed seats was first introduced, 154 district board Members jointly signed a declaration to support the restoration of the appointment system. We also met the Governor, Mr Chris PATTEN about this, but he was totally unresponsive to the views we expressed. However, we did have the support of public opinions. With regard to the Urban Council, Mrs Elsie TU earlier mentioned that the Urban Council was in favour of the appointment system, while various sectors also expressed their support. Thus I consider that there is sufficient public sentiment supporting the restoration of the appointment system. Fourth, I would like to point out that we cannot assume that appointed Members will not serve the Hong Kong public. This is certainly a wrong assumption. Thank you, Madam President.

PRESIDENT (in Cantonese): Mrs Peggy LAM.

MRS PEGGY LAM (in Cantonese): Thank you, Madam President. Originally, I did not intend to speak today since I have already asked Mrs Elsie TU to convey my views. However, having listened to the speeches by the two Members, I feel obliged to make some responses as I disagree with what they said.

District organizations have existed in Hong Kong for quite some time and their composition has changed from fully appointed to partially appointed and partially elected, culminating in the recent full direct election. In 1992, the

Legislative Council debated whether or not to adopt full direct elections or partial appointment and partial direct elections. I recall that many Members had reservations about full direct elections then. At that time, I said that retaining the appointed seats had its merits. I would like to reiterate the reasons that I gave them. Since there are no functional constituency seats in the district organizations, the appointment system can ensure that the interests of different sectors are reflected and balanced in the district organizations, so that they would not take heed only of the one-sided views of certain sectors, certain classes or interest groups. This is especially true with district boards which are consultative bodies. We must establish a bridge between the Government and the public and this bridge must have wide representativeness. In addition, we feel that the appointment system can serve the purpose of selecting and appointing capable people and recruiting members with different expertise, knowledge and experience, so that many talented persons interested in district administration can serve our society through different channels. Third, appointed members can work in the councils and boards independent of voters' pressure and consider different issues with the overall and long-term interests of society in mind. As we all know, in the district boards, Members work in obscurity without the chance of media exposure. Appointed Members can afford to work in obscurity, without the need for window-dressing to gain votes from members of the public. I share Mr WONG Siu-yee's view on one point and that is, does direct election mean democracy? I doubt it. Direct election does not necessarily mean democracy while the absence of direct election does not necessarily mean that there is no democracy. I think that democracy should not be interpreted this way. On the question of whether the Chairmen of district boards and the Chairmen and Vice-Chairmen of the provisional district organizations should be newly elected, being an incumbent district board Chairman myself, I think they should be newly elected. This is because they are new councils and boards under the Hong Kong Special Administrative Region Government, no longer under the British Hong Kong Government. There is also an additional 25% new Members. Thus the chairman should be elected by and from among Members. The proposal by the Honourable CHAN Choi-hi seems to be of advantage to me for which I owe him my thanks since I could still be the Chairman without running in a new election. If new elections are held, I am not sure whether I would be elected Chairman again. However, I do not think that I should support Mr CHAN Choi-hi's amendment out of self-interest. Therefore, Madam President, I support the three Bills introduced by the Chief Executive's Office, but cannot support the amendments proposed by Dr LAW Cheung-kwok and Mr CHAN Choi-hi. Thank you.

PRESIDENT (in Cantonese): Mr LAU Kong-wah.

MR LAU KONG-WAH (in Cantonese): Madam President, I am also a member of the Bills Committee and I have expressed some views during our scrutiny of the Bills. Today, I want to talk about three issues and make three points.

First, during the course of discussion, we pointed out a problem that might arise in future. With regard to the present structure and system, the three-tier structure in Hong Kong comprises inter-linked components. If all Members are appointed in future, there would be a lack of representativeness. When we were discussing whether a Member could be returned by indirect elections to the Municipal Councils, we pointed out this problem. If there were no indirect elections, it might result in double standards. Now that the chairman can be elected, why can Members not be returned by indirect elections to the Municipal Councils? What is worse, the lack of representativeness also means that something is missing in the structure. This is what I would like to point out. Second, when all the democratically elected Members become appointed Members, a problem of accountability might arise. If I were elected by a certain constituency, I would have a very clear idea that I would have to be accountable to that constituency, and the voters of that constituency would have a very clear idea as to which Member they should turn to voice opinions on their behalf. However, in future, there would be a state of confusion. The lack of clarity in terms of accountability will result in the absence of accountability. With a fault in the structure and dislocation in accountability, it is certainly a retrogression in democracy. No doubts about it. If the Bills are passed, I will suggest that the Administration and the Chief Executive should formulate directives, which need not be set out explicitly in our legislation, as to how Members of a certain geographical constituency and the representatives of a certain Council should continue to be accountable to the voters of that constituency and that Council, so as to maintain a link in terms of accountability. I think the Chief Executive's Office should think about this and issue clear directives before 1 July, and these directives should be formulated in appropriate wordings at an appropriate time.

The second point relates to the appointment system. All Members of the district boards and the Municipal Councils have been baptised by full elections.

However, we will soon be under a system of full appointment. During this period of adaptation, we have to make some adjustments. Of course, I disagree with the view that all appointed Members are incompetent, incapable or that they are not answerable to the public. Having observed this for more than 10 years, I have not seen such cases. On the contrary, I have seen that many responsible appointed Members who served the districts to the best of their ability. I think this should be recognized. On the other hand, I have seen some elected Members who, after being elected, did not necessarily serve their constituencies and did not necessarily perform their duties. This is also undeniable. Thus one cannot judge the ability and accountability of Members according to whether they are appointed or elected. I have rather ambivalent feelings about the appointment system, since I consider that it should eventually be abolished. However, the various public opinion polls show that the public seems to give more support to the appointment system in the district boards and the two-tier structure, different from that of the legislature. This is also a fact, but what are the reasons? I think we might try to find these out in the future. I suggest that the Chief Executive's Office should formulate clear policies as to how many appointed seats will there be and when all appointment systems will be abolished before the forming of the first Provisional Municipal Councils. I think this should be clearly specified as soon as possible.

Lastly, when I arrived at this venue today, some members of the press asked me whether the appointment of so many members would be to the disadvantage of the democrats. I answered right away that after the establishment of the SAR Government, the delineating line between "pro-China" groups and the "democrats" will become very blurred. "Pro-China" means a nationalist stand. Would anyone not be "pro-China"? As for the term "democrats", once a person offers himself to the electoral system, he is supporting the democratic system. I used to find such labels too confrontational but actually, both are necessary. Thus I appeal to the public not to attach such extreme labels to Members of the two-tier structures and dwell on their differences if they are really to be appointed. Thank you, Madam President.

PRESIDENT (in Cantonese): Dr TANG Siu-tong.

DR TANG SIU-TONG (in Cantonese): Madam President, I am also a member of the Bills Committee. Just now, the Chairman of the Bills Committee, the Honourable CHAN Kam-lam, has given a detailed report on the work of the Bills Committee. Members of the Hong Kong Progressive Alliance (HKPA) and I endorse the views and proposals of the Bills Committee and consider that the addition of a few appointed seats would be of great help to the Regional Council, the Urban Council and the district boards. Regarding the question of accountability mentioned by Mr LAU Kong-wah just now, actually, the problem will be solved if the Government can appoint the incumbent Members to the Provisional Regional Council, Urban Council and district boards. More appointed Members and thus more views would help improve the operation of these councils and boards. However, we would like to give some views on the tenure of office of district board Members who are chairmen of rural committees. In our view, if the chairmen of the rural committees appointed by the Chief Executive to the relevant Provisional District Boards have to step down due to re-election upon expiry of their tenure of office or other reasons between 1 July 1997 and 31 December 1999, theoretically speaking, the newly elected chairmen of the rural committees should be appointed to the relevant Provisional District Board in place of the previous chairmen. However, since the existing system is an appointment system and the term of office of the previous chairman appointed will last until 31 December 1999, I hope that when the rural committees have newly elected chairmen, the Administration can consider appointing them to the district boards in order to maintain the community link until the expiry of the term of the Provisional District Boards on 31 December 1999.

PRESIDENT (in Cantonese): Does any other Member wish to speak? Mr Frederick FUNG.

MR FREDERICK FUNG (in Cantonese): Thank you, Madam President. I will make four points with regard to these Bills. The first point is that I support Dr LAW Cheung-kwok's amendments since they carry a very strong message, that is, they put forward an alternative through-train proposal for the two-tier district organizations. Looking back on the Sino-British talks in 1984, I am sure we all recall that the results of the talks showed that China pursued the policies of "one country, two systems", "Hong Kong people ruling Hong Kong" and "no change for 50 years". Actually, the ultimate goal and the best arrangement was the through train. Now that we cannot have the through train,

what is the closest alternative to the through train? In my view, if the policies of "one country, two systems", "Hong Kong people ruling Hong Kong" and "no change for 50 years" are the most important state policies as I said, the best alternative would be one that is closest to the through-train proposal. Now, since the three-tier structure cannot ride the through train in 1997, the Provisional Urban Council, Provisional Regional Council and Provisional District Boards are brought into being as a result of a legal vacuum. To me, the method almost identical with the through train is the appointment of only the existing Members of the Urban Council, the Regional Council or the various district boards. The effect would be no different from that of the through train. This is the ultimate ideal of the concepts of "one country, two systems", "Hong Kong people ruling Hong Kong" and "no change for 50 years" developed in 1984, and this arrangement is aimed at achieving this ideal. Based on this reason, I consider Dr LAW Cheung-kwok's amendments reasonable, appropriate and consistent with our state policies.

The second point I would like to make concerns the question of election and appointment. Just now, many Members talked about whether election or appointment is better. Since Hong Kong has become an international city, I cannot see how we can do without elections and democracy, since they are generally a necessary step in the development of a metropolis. I agree that democracy means more than elections, but without elections, there will definitely be no democracy. Thus election is an essential but not the only component of democracy. When appointed seats are introduced on top of the 100% elected seats of the Municipal Councils and district organizations, we are diluting democratic election from 100% to 75%. From this point of view, I consider that this arrangement represents a retrogression in democracy. As to the question of whether appointed Members are accountable, when I was a Member of the Urban Council from 1983 to 1995, I noticed that appointed Members were very hard-working and they gave a lot of professional advice in the Urban Council. However, they were obviously not much interested in district affairs. Many appointed Members were sent to the district boards but their attendance rate was low and they did not speak much. Apart from giving advice on the overall policy of the Urban Council, they seldom gave advice on district problems, for instance, the environmental problems of Sham Shui Po and the Central and Western District. While appointed Members do not have to be directly answerable to the voters, elected Members have to be accountable to the public, otherwise they will not be re-elected next time. This is a very important distinction between appointed and elected Members.

The third point I would like to make is about the nature of the two-tier structure. According to Article 97 of the Basic Law, "district organizations which are not organs of political power may be established in the Hong Kong Special Administrative Region, to be consulted by the government of the Region on district administration and other affairs, or to be responsible for providing services in such fields as culture, recreation and environmental sanitation." Obviously, the main work of the Municipal Councils is to provide cultural and sanitation services, while the district boards are advisory bodies which only give advice. From this point of view, since these organizations are non-political and not organs of political power involved in the territory-wide administration of Hong Kong, I consider it inappropriate not to tolerate the appointment of only those Members who were elected. Second, the present Members are mostly professionals, including bankers, lawyers (the majority), accountants and doctors. Of course there are also teachers and social workers, but the proportion of teachers and social workers is relatively small. If the rationale for adding appointed Members is to bring in more professionals, and if professionals mean those from the above sectors, there are already quite a large number of them. Does it mean that there are still not enough professionals and more still have to be added? If so, I would find the proportion too large. Since these are advisory bodies, we precisely need elected representatives to reflect the views of the public on the boards. But does that mean professionals cannot reflect the views of the public? Earlier Mr James TIEN said that, as an industrialist, he would not have a chance to give his views if he were not appointed as a member in Tsuen Wan. This is not the case in Sham Shui Po. I am not sure about the case in Tsuen Wan. However, in Sham Shui Po, there is a Sham Shui Po Commercial and Industrial Liaison Committee and industrialists are appointed to it to give advice on industrial and other issues in the district. Of course people might ask what about the Urban Council? I used to be a Member of the Urban Council for 12 years. Actually, there is an appointment system in the Urban Council. Only that those people are not called Urban Councillors, but advisors, professional advisors. Museums have museum advisors and the Culture Select Committee has its own voluntary or paid advisors on theatre, dance, movie and so on. If these professionals wish to provide services in these aspects, there are certainly channels for them to do so now. There are certainly channels for professionals to give advice to the Urban Council or on district management.

The fourth point I would like to make concerns arrangement. In this connection, some Honourable colleagues pointed out that they had conducted

surveys and distributed many questionnaires. Also, at the time the Governor PATTEN's package was introduced, many people signed to support the appointment system. However, there were also people who signed to oppose the appointed seats, and they included those from the Hong Kong Association for Democracy and People's Livelihood (ADPL), the Sham Shui Po District Board and some elected district board Members. There were views both for and against the idea. I agree that whether there should be appointed members is a very controversial issue but the present system has been operating for more than two years. During these two years or so, were there any problems? Did anything go wrong? Someone mentioned that the proven system is the appointment system and not the democratically elected councils or boards. If the appointed councils have been so effective, theoretically speaking, the Home Affairs Branch need not have set up democratically elected district boards in 1982 (the Secretary for Home Affairs would know this very well). Later on in the 1983 election, the Urban Council was restructured as a council returned by geographical direct elections. The Council has undergone further development in line with the policy of the present Hong Kong Government. Even the Basic Law mentions that the ultimate aim is the election of all Members of the Legislative Council by universal suffrage. Thus full elections are the aim of the future SAR Government as well as the present Hong Kong Government. If many people still cling to the appointment system, saying that appointment is good and effective, their views are extreme. I find this totally unacceptable as it reduces the elected element of the Regional Council, Urban Council or district boards from 100%, developed over a decade, to 75%.

With these remarks, Madam President, I support Dr LAW Cheung-
kwok's amendment.

PRESIDENT (in Cantonese): Does any other Member wish to speak? Mr CHAN Kam-lam.

MR CHAN KAM-LAM (in Cantonese): Madam President, while the appointment system has a positive value, it has been severely criticized by activists demanding democratic elections as being undemocratic and depriving the public of their rights.

However, the discussion of the passage of the Bills on the provisional district organizations today has made our eyes wide open in that the voices for and against the appointment system should come from the same radical camp in society.

During our scrutiny of the Bills, we heard the views of district organizations. Some representatives proposed that the chairmen of the provisional district organizations should be appointed. Some even pointed out that previous elections had inevitably led to a chasm between people of different political views in the districts, which could not be bridged within a few years. If the chairmen are appointed, it would bring about stability and prevent a split in the districts once again. Otherwise, there will be an extremely high political risk. After hearing such views, I am sure it had become quite clear to all that the reason why they demanded appointment was they wanted to maintain the status quo. They hoped that the Chief Executive would re-appoint the original chairmen so that they could ride the through train. Since they had strongly criticized the appointment system in the past, the proposers must have realized that their devious plan was obvious to all. Surprisingly, after the meeting, they added that it might not be necessary to appoint all chairmen.

The question of whether to appoint the existing chairmen is already a controversial one. I absolutely agree that elections would bring about a chasm which cannot be bridged in a few years' time and lead to a split in the district as well as political risks. A too hasty introduction of the electoral system will really pound at our society. If the community thinks that the democratic system should be developed gradually, then we should introduce it step by step and allow it to develop gradually on the basis of the overall needs of society. We have never disputed this point.

Regrettably, in 1993, by rallying the radical camp in the Legislative Council supporting a rapid pace of democratic development, Mr PATTEN wilfully destroyed the original timetable of democratic development and introduced the "three-violation" political reform package. In order to support Mr PATTEN, the radical camp strongly opposed the through-train arrangement, describing it as a "worthless red pig-cage wagon". Having destroyed the through train, in collaboration with Mr PATTEN, they insisted that their term of office must last until 1999. They were even prepared to occupy the Legislative Council Building on 1 July, so as to create a false picture of being expelled by those in power before the international media and smear the image of the SAR

Government. Besides, they intend to continue to oppose the various arrangements for the establishment of the SAR Government and misuse public funds to challenge the legal status of the Provisional Legislative Council. I am sure all this will come to no avail and Hong Kong people know even more clearly who is trying to destroy the smooth transition.

Madam President, when we pass the three Bills amending the Ordinances on district organizations today, it will be a further sign of the end of the Chris PATTEN era. I hope that in order to ensure a smooth transition, the radicals will act pragmatically by endorsing this stop-gap arrangement for the provisional district organizations and by accepting the future appointments.

Madam President, these are my remarks.

PRESIDENT (in Cantonese): Does any other Member wish to speak? Secretary for Policy Co-ordination, do you wish to reply?

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam President, first, I would like to thank the Honourable CHAN Kam-lam and members of the Bills Committee for their detailed, careful and reasonable consideration during the past few weeks of this Bill and the other two related Bills, that is, the Regional Council (Amendment) Bill 1997 and the District Boards (Amendment) Bill 1997. After discussing with the Bills Committee, the Chief Executive's Office has decided to move Committee stage amendments in order to address certain issues of concern to the Bills Committee and to make certain technical and textual amendments for greater clarity. I will explain them at the Committee stage.

Madam President, when I introduced this Bill to this Council on 17 May, I already explained in detail the background, the rationale and the main content of the Bill. I believe I need not repeat them here. However, I would like to emphasize that the most important spirit of this Bill and the other two related Bills is:

- (1) to ensure a smooth transition;
- (2) to ensure a high degree of continuity of the work of the present Urban Council, Regional Council and district boards;
- (3) to enable more professionals and people who can contribute to the development of the districts to participate in district work and the work of district organizations; and
- (4) to ensure that the method and procedures of appointment are simple and clear.

Madam President, during the course of deliberation by the Bills Committee, some Members raised the question of how to deal with the problem of "representative members" of the rural committees in the district boards, "ex-officio members" of the Heung Yee Kuk in the district boards and "representative members" of the district boards in the Urban Council and Regional Council. I would like to reiterate that the Members of the Provisional Urban Council, the Provisional Regional Council and the provisional district organizations are selected in a totally different manner, that is, all members must be appointed by the Chief Executive. Thus the problem of "representative members" and "ex-officio members" does not exist. The tenure of office of the Members of the provisional district organizations will not exceed 31 December 1999.

Madam President, lastly, I would like to briefly state the position of the Chief Executive's Office on the Committee stage amendments to be moved by Dr LAW Cheung-kwok and Mr CHAN Choi-hi. Dr LAW's amendments totally reject our proposal to expand the membership size of all district organizations by 25% and also run counter to the views of the majority of existing district organizations and members of the public. Thus I hope Members will vote against them. Mr CHAN Choi-hi's amendments will change the long-standing practice of electing the Chairmen by and from among Members and replace it with direct appointment by the Chief Executive of the Chairmen of all district organizations. This view was discussed in the Bills Committee but did not receive any support. The Chief Executive's Office is also against it. Thus I hope Members will vote against it.

With these remarks, Madam President, I recommend that the Urban Council (Amendment) Bill 1997 be passed by this Council.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Urban Council (Amendment) Bill 1997 be read the Second time. Will those in favour please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Urban Council (Amendment) Bill 1997.

PRESIDENT (in Cantonese): Regional Council (Amendment) Bill 1997. Does any Member wish to speak?

I now put the question to you and that is: That the Regional Council (Amendment) Bill 1997 be read the Second time. Will those in favour please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Regional Council (Amendment) Bill 1997.

PRESIDENT (in Cantonese): District Boards (Amendment) Bill 1997. Does any Member wish to speak? I now put the question to you and that is: That the District Boards (Amendment) Bill 1997 be read the Second time. Will those in favour please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): District Boards (Amendment) Bill 1997.

PRESIDENT (in Cantonese): Legislative Council Commission (Amendment) Bill 1997. Does any Member wish to speak? Mr Paul CHENG.

MR CHENG MING-FUN: Madam President, the Legislative Council Commission (Amendment) Bill 1997 is primarily an adaptation exercise with minor technical amendments. Nevertheless, I would like to, as a member of the Commission both before and after 1 July 1997, make a couple of brief comments. First, by increasing the number of members of the Commission would, I hope, improve representation. Second, I would like to take this opportunity to thank the dedicated staff who have ably supported many of us over the years. I am delighted that they are able to ride on a through train.

With these comments, I support the Bill.

PRESIDENT (in Cantonese): Does any other Member wish to speak? Secretary for Policy Co-ordination, I do not think you have to respond.

I now put the question to you and that is: That the Legislative Council Commission (Amendment) Bill 1997 be read the Second time. Will those in favour please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Legislative Council Commission (Amendment) Bill 1997.

(Council is now in Committee)

BILLS

Committee Stage

CHAIRMAN (in Cantonese): Bills: Committee stage. Council is now in Committee. Urban Council (Amendment) Bill 1997.

I now propose the question to you and that is: That the following clauses stand part of the Bill.

CLERK (in Cantonese): Clauses 1 to 3, 6, 9, 11, 13, 15, 17 to 19, and 22 to 24.

CHAIRMAN (in Cantonese): Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 4.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 4 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 4 (See Annex I)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 4 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 4 as amended.

CHAIRMAN (in Cantonese): Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 5.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 5 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 5 (See Annex I)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 5 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 5 as amended.

CHAIRMAN (in Cantonese): Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "No".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 7.

CHAIRMAN (in Cantonese): Dr LAW Cheung-kwok.

DR LAW CHEUNG-KWOK (in Cantonese): Madam Chairman, I move that clause 7 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 7 (See Annex I)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 7 as moved by Dr LAW Cheung-kwok be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

MR FREDERICK FUNG (in Cantonese): Madam Chairman, I claim a division.

CHAIRMAN (in Cantonese): Well, Mr Frederick FUNG claimed a division. I now declare that the Committee will proceed to a division. The division bell will ring for three minutes. The division bell will now be rung. While Members are waiting for the division bell to ring for three minutes, I will brief Members again on the division procedure using the electronic voting machine. Each Member will find a voting machine on their desk, and Members can select the suitable button according to their voting intents. The green button signifies "Aye", the red "No" while the white "Abstention". When I later declare that voting shall begin, the red light on the voting machine will keep on flashing, and Members have to make a final decision within 30 seconds. Within these 30

seconds, a Member can change his vote but the final button he pressed indicates his final vote. After 30 seconds, the voting machine will be turned off and Members cannot change their decisions by then.

I now declare that the division shall begin. Please press once on according to your voting intents. As I fear that your signals were not received just now, please press once again.

Members are now called upon to vote on the question that Dr LAW Cheung-kwok's amendment to clause 7 be approved.

Dr LEONG Che-hung, Mr CHAN Choi-hi, Mr Frederick FUNG, Mr Bruce LIU, Dr LAW Cheung-kwok voted for the amendment, Mr WONG Siu-ye, Mr James TIEN, Mr Edward HO, Dr Raymond HO, Mr NG Leung-sing, Prof NG Ching-fai, Mr Eric LI, Mr LEE Kai-ming, Mr Allen LEE, Mrs Elsie TU, Mrs Selina CHOW, Mrs Peggy LAM, Mr Henry WU, Mr NGAI Shui-kit, Mr Henry TANG, Mr Ronald ARCULLI, Mr YUEN Mo, Mr MA Fung-kwok, Dr TSO WONG Man-yin, Mrs Sophie LEUNG, Mr HUI Yin-fat, Miss CHAN Yuen-han, Mr CHAN Wing-chan, Mr CHAN Kam-lam, Mr TSANG Yok-sing, Dr Philip WONG, Mr Howard YOUNG, Dr Charles YEUNG, Mr YEUNG Yiu-chung, Mr IP Kwok-him, Mr CHIM Pui-chung, Mr LAU Kong-wah, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Ambrose LAU, Mr CHOY Kan-pui, Mr Paul CHENG, Mr CHENG Yiu-tong, Dr TANG Siu-tong, Mr Timothy FOK, Mr KAN Fook-ye, Mr NGAN Kam-chuen, Mr LO Suk-ching, Ms Maria TAM and Mr TAM Yiu-chung voted against the amendment and Mr Kennedy WONG abstained.

I now declare that there were five votes in favour of the amendment, 45 votes against it and one abstention. I declare that "noes" have it and that the amendment was negatived. Dr LEONG Che-hung.

DR LEONG CHE-HUNG (in Cantonese): Madam Chairman, I seek your leave to move a motion without notice so that when the Committee holds further divisions on this Bill, the period during which the division bell is rung can be shortened to one minute.

CHAIRMAN (in Cantonese): You have my leave.

DR LEONG CHE-HUNG (in Cantonese): Madam Chairman, I move that when a Member claims a division on this Bill, the Chairman can order that the relevant division be held forthwith immediately after the division bell has rung for one minute.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That when a Member claims a division on this Bill, the Chairman can order that the relevant division be held forthwith immediately after the division bell has been rung for one minute. Does any Member wish to speak?

I now put the question to you as stated, will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

Secretary for Policy Co-ordination, I understand you wish to move an amendment to clause 7?

Under such circumstance, I now declare that the Committee will resume after a five-minute break.

(Committee has a five-minute break)

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 7 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 7 (See Annex I)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 7 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 7 as amended.

CHAIRMAN (in Cantonese): Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 8.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 8 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 8 (See Annex I)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 8 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 8 as amended.

CHAIRMAN (in Cantonese): Clause 8 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 10.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 10 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 10 (See Annex I)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 10 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 10 as amended.

CHAIRMAN (in Cantonese): Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 12.

CHAIRMAN (in Cantonese): Mr CHAN Choi-hi.

MR CHAN CHOI-HI (in Cantonese): Madam Chairman, I move that clause 12 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 12 (See Annex I)

CHAIRMAN (in Cantonese): Does any Member wish to speak? Mr LAU Kong-wah.

MR LAU KONG-WAH (in Cantonese): Madam Chairman, I would like to know more about this amendment. On the one hand, this amendment is against full appointment, but proposes an appointment system for the post of chairman. Looking back at the history of the district boards or the Municipal Councils over the years, I find that, in respect of the New Territories, from the era of the district office to that of the district officer and then the indirectly elected Chairman, officials had never appointed an ordinary member of the public as the President. Why is there such a difference or double standard? I wish to know more about this, thank you.

CHAIRMAN (in Cantonese): In regard to this question, I believe Mr CHAN Choi-hi will give you an answer when he replies. Does any other Member wish to speak? If not, I would call upon Mr CHAN Choi-hi to reply.

MR CHAN CHOI-HI (in Cantonese): Thank you, Madam Chairman. In fact, my stand is very clear and that is I oppose the addition of 25% appointed seats. As to why I have to support or propose this amendment, and request the Chief Executive of the SAR to appoint the present Chairmen and Vice-Chairmen, looking back at the speech just delivered by the Secretary, Mr SUEN, I find that he also mentioned maintaining the highest degree of continuity. Let us look at the present Chairmen again, is there anything wrong? The present Chairmen have basically been democratically elected, they are experienced and supported both by the public and colleagues. Thirdly, I do not think that there is any significant problem with the existing operation which calls for the incumbent Chairmen to step down. Moreover, we find that the incumbent Chairmen are

very good and suitable bodies. While we wish such a good tradition to continue, why must we smash what we have? If the present elected Chairmen can continue to aptly carry out the work of district organizations, I think that they should remain in office. As regards time, there is only slightly more than a year to go, if we expend time on electing new Chairmen and then on re-election later, this will certainly affect the operation of the district organizations, or even as some Members just said, in the course of election, unnecessary antagonism or arguments will arise. Therefore, for the reasons above, I find it necessary to propose this amendment.

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 12 as moved by Mr CHAN Choi-hi be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): Mr CHAN Choi-hi claimed a division. I now declare that the Committee will proceed to a division. As we have just approved Dr LEONG Che-hung's motion, the division bell will now ring for one minute.

The division will now be held.

Mr CHAN Choi-hi voted for the amendment, Mr WONG Siu-yee, Mr James TIEN, Mr Edward HO, Dr Raymond HO, Mr NG Leung-sing, Prof NG Ching-fai, Mr Eric LI, Mr LEE Kai-ming, Mr Allen LEE, Mrs Elsie TU, Mrs Selina CHOW, Mrs Peggy LAM, Mr Henry WU, Mr NGAI Shui-kit, Mr Henry TANG, Mr Ronald ARCULLI, Mr YUEN Mo, Mr MA Fung-kwok, Mr CHEUNG Hon-chung, Dr TSO WONG Man-yin, Dr LEONG Che-hung, Mrs Sophie LEUNG, Mr HUI Yin-fat, Mr CHAN Wing-chan, Mr CHAN Kam-lam, Mr TSANG Yok-sing, Mr Frederick FUNG, Dr Philip WONG, Mr Kennedy

WONG, Mr Howard YOUNG, Dr Charles YEUNG, Mr YEUNG Yiu-chung, Mr IP Kwok-him, Mr CHIM Pui-chung, Mr Bruce LIU, Mr LAU Kong-wah, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Ambrose LAU, Mr CHOY Kan-pui, Mr Paul CHENG, Mr CHENG Yiu-tong, Dr TANG Siu-tong, Mr Timothy FOK, Mr KAN Fook-ye, Mr NGAN Kam-chuen, Mr LO Suk-ching, Dr LAW Cheung-kwok, Ms Maria TAM and Mr TAM Yiu-chung voted against the amendment.

I now declare that there are one vote for the amendment, and 50 votes against it. I now declare that the "noes" have it and the amendment was negatived.

CHAIRMAN (in Cantonese): As Mr CHAN Choi-hi's amendment has been negatived, I now put the question to you and that is: That the original clause 12 stands part of the Bill.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CHAIRMAN (in Cantonese): Mr CHAN Choi-hi, as the Committee has negatived the amendment you moved to clause 12, the contents of the amendments you have given notice to move to clauses 16 and 20 will be inconsistent with the decision already made by the Committee. Therefore, in accordance with Rule 57(4) of the Rules of Procedure, I will not allow you to move your amendments to clauses 16 and 20.

CLERK (in Cantonese): Clause 14.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 14 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 14 (See Annex I)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 14 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 14 as amended.

CHAIRMAN (in Cantonese): Clause 14 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 16.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 16 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 16 (See Annex I)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 16 as moved by the Secretary for Policy Co-ordination be approved.

Will Members please proceed to vote?

CHAIRMAN (in Cantonese): Mr LAU Kong-wah.

MR LAU KONG-WAH (in Cantonese): Thank you, Madam Chairman. In relation to the amendment to clause 16(h), we pointed out during our group discussion that using the word "Provisional" might cause certain problems. It was true that the Chief Executive's Office had readily accepted good advice and has already added certain provisions. However, I pointed out at that time that although some provisions were added, it is not the end of the matter as it might bring about chaos. For instance, if there is written correspondence between the Government and the Provisional Urban Council, the Government will certainly address it to "the Provisional Urban Council", but if the Urban Council has not replaced its stationery and kept on using the stationery of the Urban Council for replies to the Government, there will then be the Provisional Urban Council on the one hand and the Urban Council on the other. I think that this would cause worries among the public and I wish to call upon the Chief Executive's Office to be consistent in actual practice in order not to cause worries among the public. Thank you, Madam Chairman.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination, do you wish to respond? Well, I now put the question to you again and that is: That the amendment to clause 16 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 16 as amended.

CHAIRMAN (in Cantonese): Clause 16 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 20.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 20 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 20 (See Annex I)

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

CHAIRMAN (in Cantonese): If no Member wishes to speak, then I put the question to you and that is: That the amendment to clause 20 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 20 as amended.

CHAIRMAN (in Cantonese): Clause 20 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 21.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 21 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 21 (See Annex I)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 21 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 21 as amended.

CHAIRMAN (in Cantonese): Clause 21 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CHAIRMAN (in Cantonese): Regional Council (Amendment) Bill 1997. I now propose the question to you and that is: That the following clauses stand part of the Bill.

CLERK (in Cantonese): Clauses 1 to 3, 6, 8, 10, 11, 13, 15 to 17, 21, 22, 24 and 25.

CHAIRMAN (in Cantonese): Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 4.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 4 be amended as set out under my name in the paper circularized to Members.

*Proposed amendment***Clause 4 (See Annex II)**

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 4 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 4 as amended.

CHAIRMAN (in Cantonese): Clause 4 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 5.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 5 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 5 (See Annex II)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 5 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 5 as amended.

CHAIRMAN (in Cantonese): Clause 5 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 7.

CHAIRMAN (in Cantonese): Dr LAW Cheung-kwok.

DR LAW CHEUNG-KWOK (in Cantonese): Madam Chairman, I move that clause 7 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 7 (See Annex II)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 7 as moved by Dr LAW Cheung-kwok be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

MR FREDERICK FUNG (in Cantonese): Madam Chairman, I claim a division.

CHAIRMAN (in Cantonese): Mr Frederick FUNG claimed a division. I now declare that a division shall be held, and the division bell will ring for three minutes. While the bell is ringing, I would explain to Members that the Rules of Procedure provides that the bell for the first division on each motion must be rung for three minutes. As to the second division, a Member can propose a motion without notice to change the time during which the division bell is rung to one minute. If Members have any views on this arrangement, they can reflect their views to the Working Group on the Rules of Procedure.

I declare that the division will now be held.

Dr LEONG Che-hung, Mr CHAN Choi-hi, Mr Frederick FUNG, Mr Bruce LIU, Dr LAW Cheung-kwok voted for the amendment, Mr James TIEN, Mr Edward HO, Dr Raymond HO, Mr NG Leung-sing, Prof NG Ching-fai, Mr Eric LI, Mr LEE Kai-ming, Mr Allen LEE, Mrs Elsie TU, Mrs Selina CHOW, Mrs Peggy LAM, Mr Henry WU, Mr NGAI Shui-kit, Mr Henry TANG, Mr YUEN Mo, Mr MA Fung-kwok, Mr CHEUNG Hon-chung, Dr TSO WONG Man-yin, Mrs Sophie LEUNG, Mr HUI Yin-fat, Miss CHAN Yuen-han, Mr CHAN Wing-chan, Mr CHAN Kam-lam, Dr Philip WONG, Mr Howard YOUNG, Dr Charles YEUNG, Mr YEUNG Yiu-chung, Mr CHIM Pui-chung, Mr LAU Kong-wah, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Ambrose LAU, Mr CHOY Kan-pui, Mr Paul CHENG, Mr CHENG Yiu-tong, Dr TANG Siu-

tong, Mr Timothy FOK, Mr KAN Fook-ye, Mr NGAN Kam-chuen, Mr LO Suk-ching, Ms Maria TAM and Mr TAM Yiu-chung voted against the amendment and Mr Kennedy WONG abstained.

I now declare that there were five votes in favour of the amendment, 42 votes against it and one abstention. I declare that the "noes" have it and the amendment is negated. Dr LEONG Che-hung.

DR LEONG CHE-HUNG (in Cantonese): Madam Chairman, I seek your leave once again to give me leave to move a motion without notice so order that when the Committee holds further divisions on this Bill, the period during which the division bell is rung can be shortened to one minute.

CHAIRMAN (in Cantonese): You have my leave.

DR LEONG CHE-HUNG (in Cantonese): Madam Chairman, I move that when a Member claims a division on this Bill, the Chairman can order that the relevant division be held forthwith immediately after the division bell has been rung for one minute.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That when a Member claims a division on this Bill, the Chairman can order that the relevant division be held forthwith immediately after the division bell has rung for one minute. Quiet please. Does any Member wish to speak? I now put the question to you as stated.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. I declare that the motion is carried. In other words, for any divisions held after this motion, the division bell will ring for one minute.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 7 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 7 (See Annex II)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 7 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 7 as amended.

CHAIRMAN (in Cantonese): Clause 7 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 9.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 9 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 9 (See Annex II)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 9 as moved by the Secretary for Policy Co-ordination be approved.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 9 as amended.

CHAIRMAN (in Cantonese): Clause 9 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 12.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 12 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 12 (See Annex II)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 12 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 12 as amended.

CHAIRMAN (in Cantonese): Clause 12 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 14.

CHAIRMAN (in Cantonese): Mr CHAN Choi-hi.

MR CHAN CHOI-HI (in Cantonese): Madam Chairman, I move that clause 14 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 14 (See Annex II)

CHAIRMAN (in Cantonese): Does any Member wish to speak? Secretary for Policy Co-ordination, do you wish to speak?

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 14 as moved by Mr CHAN Choi-hi be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): Mr CHAN Choi-hi, do you wish to claim a division? Council will proceed to a division. The division bell will ring for one minute.

Will Members please proceed to vote?

Mr CHAN Choi-hi voted for the amendment, Mr WONG Siu-ye, Mr James TIEN, Mr Edward HO, Dr Raymond HO, Mr NG Leung-sing, Prof NG Ching-fai, Mr Eric LI, Mr LEE Kai-ming, Mr Allen LEE, Mrs Elsie TU, Mrs Selina CHOW, Mrs Peggy LAM, Mr Henry WU, Mr NGAI Shiu-kit, Mr Henry TANG, Mr Ronald ARCULLI, Mr YUEN Mo, Mr MA Fung-kwok, Mr CHEUNG Hon-chung, Dr TSO WONG Man-yin, Dr LEONG Che-hung, Mrs

Sophie LEUNG, Mr HUI Yin-fat, Miss CHAN Yuen-han, Mr CHAN Wing-chan, Mr CHAN Kam-lam, Mr Frederick FUNG, Dr Philip WONG, Mr Kennedy WONG, Mr Howard YOUNG, Dr Charles YEUNG, Mr YEUNG Yiu-chung, Mr IP Kwok-him, Mr CHIM Pui-chung, Mr Bruce LIU, Mr LAU Kong-wah, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Ambrose LAU, Mr CHOY Kan-pui, Mr Paul CHENG, Mr CHENG Yiu-tong, Dr TANG Siu-tong, Mr Timothy FOK, Mr KAN Fook-ye, Mr NGAN Kam-chuen, Dr LAW Cheung-kwok, Ms Maria TAM and Mr TAM Yiu-chung voted against the amendment.

I declare that there are one vote in favour of the amendment and 49 votes against it. I declare that the "noes" have it.

I declare that the amendment is negated.

CHAIRMAN (in Cantonese): As Mr CHAN Choi-hi's amendment has been negated, I now put the question to you and that is: That the original clause 14 stands part of the Bill.

Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CHAIRMAN (in Cantonese): Mr CHAN Choi-hi, as your amendment to clause 14 has been negated, the amendments to clauses 19 and 20 on which you have given notice are inconsistent with the decision already made. Therefore, in accordance with Rule 57(4) of the Rules of Procedure, I will not allow you to move amendments to clauses 19 and 20.

CLERK (in Cantonese): Clause 18.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 18 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 18 (See Annex II)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 18 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 18 as amended.

CHAIRMAN (in Cantonese): Clause 18 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 19.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 19 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 19 (See Annex II)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 19 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 19 as amended.

CHAIRMAN (in Cantonese): Clause 19 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 20.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 20 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 20 (See Annex II)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 20 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 20 as amended.

CHAIRMAN (in Cantonese): Clause 20 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 23.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 23 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 23 (See Annex II)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 23 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 23 as amended.

CHAIRMAN (in Cantonese): Clause 23 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CHAIRMAN (in Cantonese): District Boards (Amendment) Bill 1997. I now propose the question to you and that is: That the following clauses stand part of the Bill.

CLERK (in Cantonese): Clauses 1 to 3, 5 to 7, 10 to 12, 14, 19 and 21 to 24.

CHAIRMAN (in Cantonese): Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 4.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 4 be amended as set out under my name in the paper circularized to Members.

*Proposed amendment***Clause 4 (See Annex III)**

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 4 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 4 as amended.

CHAIRMAN (in Cantonese): Clause 4 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 8.

CHAIRMAN (in Cantonese): Dr LAW Cheung-kwok.

DR LAW CHEUNG-KWOK (in Cantonese): Madam Chairman, I move that clause 8 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 8 (See Annex III)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 8 as moved by Dr LAW Cheung-kwok be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): Council will proceed to a division at the request of Mr Frederick FUNG. The division bell will ring for three minutes.

Will Members please proceed to vote?

Dr LEONG Che-hung, Mr CHAN Choi-hi, Mr Frederick FUNG, Mr Bruce LIU and Dr LAW Cheung-kwok voted for the amendment, Mr WONG Siu-ye, Mr James TIEN, Mr Edward HO, Dr Raymond HO, Mr NG Leung-sing, Prof NG Ching-fai, Mr Eric LI, Mr LEE Kai-ming, Mr Allen LEE, Mrs

Elsie TU, Mrs Selina CHOW, Mrs Peggy LAM, Mr Henry WU, Mr NGAI Shiu-kit, Mr Henry TANG, Mr YUEN Mo, Mr MA Fung-kuok, Mr CHEUNG Hon-chung, Dr TSO WONG Man-yin, Mrs Sophie LEUNG, Mr HUI Yin-fat, Miss CHAN Yuen-han, Mr CHAN Wing-chan, Mr CHAN Kam-lam, Dr Philip WONG, Mr Howard YOUNG, Dr Charles YEUNG, Mr YEUNG Yiu-chung, Mr IP Kwok-him, Mr CHIM Pui-chung, Mr LAU Kong-wah, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Ambrose LAU, Mr CHOY Kan-pui, Mr Paul CHENG, Mr CHENG Yiu-tong, Dr TANG Siu-tong, Mr Timothy FOK, Mr KAN Fook-ye, Mr NGAN Kam-chuen, Mr LO Suk-ching, Ms Maria TAM and Mr TAM Yiu-chung voted against the amendment and Mr Kennedy WONG abstained.

I now declare that there are five votes in favour of the amendment, 44 votes against it and one abstention. I declare that the amendment is negated.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 8 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 8 (See Annex III)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 8 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 8 as amended.

CHAIRMAN (in Cantonese): Clause 8 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 9.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 9 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 9 (See Annex III)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 9 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 9 as amended.

CHAIRMAN (in Cantonese): Clause 9 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 13.

CHAIRMAN (in Cantonese): Mr CHAN Choi-hi.

MR CHAN CHOI-HI (in Cantonese): Madam Chairman, I move that clause 13 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 13 (See Annex III)

CHAIRMAN (in Cantonese): Does any Member wish to speak? Mr CHAN Choi-hi, do you wish to speak again? Mr CHAN Choi-hi.

MR CHAN CHOI-HI (in Cantonese): Madam Chairman, I very much hope that those who have supported this proposal will make known their stance today. A few days ago, I read in the newspapers that Mr TSANG Yok-sing had the same views as mine. I do not know why he should vote against it today, going against the stance he himself had yesterday. I find this very strange and hope that he can give me his support.

CHAIRMAN (in Cantonese): Does any other Member wish to speak? I now put the question to you and that is: That the amendment to clause 13 as moved by Mr CHAN Choi-hi be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): Mr CHAN Choi-hi has claimed a division. I wonder if Dr LEONG Che-hung wants to say anything. Council will proceed to a division. The division bell will ring for three minutes.

Will Members please proceed to vote?

Mr CHAN Choi-hi voted for the amendment, Mr WONG Siu-ye, Mr James TIEN, Mr Edward HO, Dr Raymond HO, Mr NG Leung-sing, Prof NG Ching-fai, Mr Eric LI, Mr LEE Kai-ming, Mr Allen LEE, Mrs Elsie TU, Mrs Selina CHOW, Mrs Peggy LAM, Mr Henry WU, Mr NGAI Shiu-kit, Mr Henry TANG, Mr YUEN Mo, Mr MA Fung-kwok, Mr CHEUNG Hon-chung, Dr TSO WONG Man-yin, Dr LEONG Che-hung, Mrs Sophie LEUNG, Mr HUI Yin-fat, Miss CHAN Yuen-han, Mr CHAN Wing-chan, Mr CHAN Kam-lam, Mr TSANG Yok-sing, Mr Frederick FUNG, Dr Philip WONG, Mr Kennedy WONG, Mr Howard YOUNG, Dr Charles YEUNG, Mr YEUNG Yiu-chung, Mr IP Kwok-him, Mr CHIM Pui-chung, Mr Bruce LIU, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Ambrose LAU, Mr CHOY Kan-pui, Mr Paul CHENG, Mr CHENG Yiu-tong, Dr TANG Siu-tong, Mr Timothy FOK, Mr KAN Fook-ye, Mr NGAN Kam-chuen, Mr LO Suk-ching, Dr LAW Cheung-kwok, Ms Maria TAM and Mr TAM Yiu-chung voted against the amendment.

I declare that there are one vote in favour of the amendment and 49 votes against it. I declare that the amendment is negatived. As Mr CHAN Choi-hi's amendment has been negatived, I now put the question to you and that is: That the original clause 13 stands part of the Bill.

CHAIRMAN (in Cantonese): Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CHAIRMAN (in Cantonese): Mr CHAN Choi-hi, as your amendment to clause 13 has been negatived, the amendments to clauses 17 and 18 on which you have given notice are inconsistent with the decision already made. In accordance with Rule 57(4) of the Rules of Procedure, I will not allow you to move your amendments to clauses 17 and 18.

CLERK (in Cantonese): Clause 15.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 15 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 15 (See Annex III)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 15 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 15 as amended.

CHAIRMAN (in Cantonese): Clause 15 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 16.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 16 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 16 (See Annex III)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 16 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 16 as amended.

CHAIRMAN (in Cantonese): Clause 16 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 17.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 17 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 17 (See Annex III)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 17 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 17 as amended.

CHAIRMAN (in Cantonese): Clause 17 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 18.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 18 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 18 (See Annex III)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 18 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 18 as amended.

CHAIRMAN (in Cantonese): Clause 18 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 20.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 20 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 20 (See Annex III)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 20 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 20 as amended.

CHAIRMAN (in Cantonese): Clause 20 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CHAIRMAN (in Cantonese): Legislative Council Commission (Amendment) Bill 1997. I now propose the question to you and that is: That the following clauses stand part of the Bill.

CLERK (in Cantonese): Clauses 1, 3, 4, 7, 8, 9, 11 and 12.

CHAIRMAN (in Cantonese): Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 2.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 2 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 2 (See Annex IV)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 2 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 2 as amended.

CHAIRMAN (in Cantonese): Clause 2 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 5.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 5 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 5 (See Annex IV)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 5 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 5 as amended.

CHAIRMAN (in Cantonese): Clause 5 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 6.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 6 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 6 (See Annex IV)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 6 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 6 as amended.

CHAIRMAN (in Cantonese): Clause 6 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 10.

CHAIRMAN (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam Chairman, I move that clause 10 be amended as set out under my name in the paper circularized to Members.

Proposed amendment

Clause 10 (See Annex IV)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment to clause 10 as moved by the Secretary for Policy Co-ordination be approved. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Clause 10 as amended.

CHAIRMAN (in Cantonese): Clause 10 as amended. Will those in favour please say "aye"?

(Members responded)

CHAIRMAN (in Cantonese): Those against please say "no".

(Members responded)

CHAIRMAN (in Cantonese): I think the "ayes" have it. The "ayes" have it.

(Council then resumed)

Third Reading of Bills

PRESIDENT (in Cantonese): The Council will now resume.

Bills: Third Reading.

Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam President, the Urban Council (Amendment) Bill 1997 has passed through Committee with amendments. I move that the Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Urban Council (Amendment) Bill 1997 be read the Third time and do pass.

I now put the question to you as stated. Will those in favour please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Urban Council (Amendment) Bill 1997.

PRESIDENT(in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam President, the Regional Council (Amendment) Bill 1997 has passed through Committee with amendments. I move that the Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Regional Council (Amendment) Bill 1997 be read the Third time and do pass.

I now put the question to you as stated. Will those in favour please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Regional Council (Amendment) Bill 1997.

PRESIDENT (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam President, the District Boards (Amendment) Bill 1997 has passed through Committee with amendments. I move that the Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the District Boards (Amendment) Bill 1997 be read the Third time and do pass.

I now put the question to you as stated. Will those in favour please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): District Boards (Amendment) Bill 1997.

PRESIDENT (in Cantonese): Secretary for Policy Co-ordination.

SECRETARY FOR POLICY CO-ORDINATION (in Cantonese): Madam President, the Legislative Council Commission (Amendment) Bill 1997 has passed through Committee with amendments. I move that the Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Legislative Council Commission (Amendment) Bill 1997 be read the Third time and do pass.

I now put the question to you as stated. Will those in favour please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

CLERK (in Cantonese): Legislative Council Commission (Amendment) Bill 1997.

PRESIDENT (in Cantonese): Honourable Members, I announce that the meeting will now be suspended and be resumed at 2 o'clock in the afternoon.

(The Provisional Legislative Council meeting was suspended)

MOTION

Resumption of debate

TRANSITIONAL BUDGET 1997-98

PRESIDENT (in Cantonese): Motion: Debate on the Transitional Budget for 1997-98 now resumes.

Honourable Members, you have all received a notice that Mr Frederick FUNG will move an amendment to this motion while Mr CHAN Choi-hi has also given notice that he will further amend Mr Frederick FUNG's amendment.

But I have just received an oral notice from Mr Frederick FUNG that he is prepared not to move his amendment. As he has withdrawn his amendment, Mr CHAN Choi-hi will not move an amendment to Mr FUNG's amendment either. So we will now debate on the original motion. In regard to the time limits on speeches, I have accepted the recommendations of the House Committee that each Member will have seven minutes to make his speech.

Under Rule 37 of the Rules of Procedure, I shall direct any Member speaking in excess of seven minutes to discontinue his speech. Does any Member wish to speak?

Mr Frederick FUNG.

MR FREDERICK FUNG (in Cantonese): Thank you, Madam President. I originally intended to move an amendment to the motion when the motion debate on the Budget resumes. But now I would like to withdraw it. I apologize for any inconvenience caused to the President and all Members during the process. Why did I withdraw my amendment? In my opinion, the Honourable CHAN Choi-hi's amendment to my amendment is unnecessary. There are two reasons. Firstly, the Hong Kong Government has now appointed Prof Nelson CHOW to study a programme aimed at helping the poor. At the same time, the Chief Executive (Designate) of the Hong Kong Special Administrative Region (SAR) has also appointed the Honourable TAM Yiu-chung to study the issue of welfare for the elderly. Both the present Hong Kong Government and the future SAR Government have started to study this issue. Therefore, it is not necessary for us to propose amendments urging the SAR Government to study this issue. Secondly, the poverty problem is an issue which should be studied by the Government. It is not an issue calling for additional funding by the Government in the Budget. I therefore find Mr CHAN Choi-hi's amendment to my amendment unnecessary. After consideration, I think that instead of complicating the Budget debate, and bearing in mind that if Mr CHAN's amendment is passed, the amended motion will even become a motion which is not directly related to an increase in funding and an improvement in the living standards of the elderly, I would rather withdraw my amendment.

Madam President, I would like to express some views on this Budget. Some Members from the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I have spoken in the Budget debate of the present Legislative Council, so I will not repeat what we have said in order to save time. In our opinion, there is much improvement and advancement in this year's Budget as compared with those in the previous years. These include a bigger increase in personal allowance, which is fixed at exactly \$100,000, as recommended by the ADPL. In addition, there are also increases in dependent parent allowance, child allowance, dependent brother/sister allowance and

concession for training expenses. I believe Hong Kong people will support these increases. However, the most serious problem with this Budget is, as the Chinese saying goes, "Inequality rather than want is the cause of trouble". In other words, there are improvements in all aspects and people from all circles who need tax reduction by the Government have been granted help in this Budget. However, only the elderly, especially those aged Comprehensive Social Security Assistance (CSSA) recipients, have not been granted help in this Budget because they are not taxpayers. On the contrary, the elderly CSSA recipients or the elderly with low income have not been granted help in this Budget because the Government only mentioned that CSSA payments will be adjusted according to the inflation rates. I would now like to quote some figures to illustrate a problem which the ADPL is more concerned about and which made us vote against the motion during the Budget debate. Hong Kong lacks a comprehensive retirement protection system and only a minority of the workforce have participated in private provident fund schemes. Meanwhile, the privately-run compulsory provident fund system the Government plans to implement cannot solve the problem of post-retirement living of the elderly. As a result, some elderly are living in abject poverty. Let me quote some figures:

1. From April 1996 onwards, the CSSA payment for the elderly has remained at the same level. However, the number of elderly CSSA recipients has increased from 85 523 in April 1996 to 96 700 in February 1997, representing an increase of 13.1% in less than a year. From these figures, we can see that there is a surge of elderly people who are urgently in need of assistance. In my opinion, effective measures should be adopted as soon as possible after the establishment of the SAR in order to make such an unreasonable phenomenon disappear.

2. The Health and Welfare Branch has recently emphasized that needy old people could receive over \$3,000 as CSSA payment which was sufficient to meet their needs. But according to the data collected, the average monthly payments, including all kinds of special allowances, received by a single CSSA recipient is only \$2,829, less than \$3,000. Members please note that rent allowance has been included.

At present, the CSSA payment for the elderly is far too little and the recipients have fallen into abject poverty, unable to maintain their living. According to a survey conducted by the S.K.H. Kei Oi Social Service Center

last year, the food taken by 70% of the aged CSSA recipients who are living alone contained less than 852 calories while old people on average need a minimum of 1 200 calories a day. The survey also found that more than 80% of the elderly have consumed insufficient vegetables and fruits. From these figures, we can see that elderly CSSA recipients have to reduce their expenditures on food and clothing to a certain extent, resulting in malnutrition.

Even worse, some elderly people, who have not applied for CSSA for whatever reasons, are living in more straitened circumstances than those of the CSSA recipients. In 1995, the average monthly expenditure of 150 000 non-CSSA recipient elderly in the lowest income group was \$1,598, \$300 less than the standard CSSA payment of \$1,810 for a single elderly person.

In my opinion, the Government should increase funding as soon as possible in order to give various kinds of assistance to the elderly who cannot maintain their living, especially those who are eligible for CSSA, so as to improve their living. The most effective way is to improve the present CSSA scheme. The ADPL urges the Government to stipulate in this year's Budget that CSSA payments will be increased by \$300 as soon as the SAR has been established. In the long run, I hope that the CSSA payments can be increased to 31% of the median wage. We oppose this Budget because, as I have said at the beginning, "Inequality rather than want is the cause of trouble". If the Government does not undertake to increase its expenditure in its respect, the ADPL will still vote against the motion. Thank you, Madam President.

PRESIDENT(in Cantonese): Mrs Selina CHOW.

MRS SELINA CHOW (in Cantonese): Madam President, I support the motion on behalf of all Members of the Liberal Party.

As Members of the Liberal Party in this Council are all incumbent Legislative Council Members, they have already expressed their views and made recommendations concerning the Budget. Other Members of this Council may have heard our views and we have also voted for this Budget. So I am not going to waste Members' valuable time and repeat in detail our points again.

Generally speaking, the Liberal Party accepts this Budget. But we are of the opinion that an adjustment in resource allocation for the forward-looking policies of the Government is needed. This certainly includes an increase in welfare for the elderly which we have emphasized time and again. Besides, there are other social services, in respect of education and infrastructure, which should be given top priority. As far as other aspects are concerned, the tax regime, in particular, is unfair to the middle class and the sandwich class for the tax net and tax bands are narrowed as a result of the higher-than-inflation rate of increase in personal allowances. In respect of the so-called "user pays" policy which is unfair to the industrial and commercial sector and the various kinds of investment to be made by the Government to strengthen the Hong Kong economy and our competitiveness in the international arena, the Hong Kong Government has not done enough. Of course, we understand that, due to the return of Hong Kong's sovereignty to China, the Hong Kong Government has to wait until the establishment of the SAR Government before it can make any decisions. We therefore reiterate here that we will discuss these extremely important items with the SAR Government as soon as possible.

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

PRESIDENT (in Cantonese): Mr WONG Siu-ye.

MR WONG SIU-YEE (in Cantonese): Madam President, "Continuity in a Time of Change" is the theme of the 1997-98 Budget. However, it gives us an overall impression of "maintaining continuity but dealing inadequately with change".

Hong Kong is now experiencing a rapid economic transformation in which the manufacturing sector is declining while the services sector is developing in a rapid way. At present, the services sector accounts for almost 90% of the GDP of Hong Kong while the manufacturing sector accounts for only 10%. But this does not mean that Hong Kong has successfully undergone an industrial transformation because a successful transformation must tally with our human resources and its rational re-allocation, as well as a substantial improvement in the people's quality of life. However, in recent years, the industrial transformation of Hong Kong has brought about an unceasing increase in the unemployment rate in the structural industries and a continuous rise in the costs

of doing business. As a result, the gap between the rich and the poor has been widening, leading to an ever increasing number of poor people, and the quality of life of the middle class has been declining. We cannot turn a blind eye to these problems.

The industrial transformation of Hong Kong has been difficult and unsuccessful because of our failure in building up a strong industrial base of high technology and high value-addedness at the an appropriate time when the traditional manufacturing industries were moved to the north and declining rapidly. At present, the Hong Kong economy is entirely relying on the services sector and it depends heavily on the external factors and economic environment. In case there is any change in the external factors, the Hong Kong economy will be badly hit.

This year's Budget contains the proposals to begin the works on Phase I of the Science Park project, to establish a second industrial technology centre and to study whether a site in Tuen Mun can be used to establish the fourth industrial estate. However, the above plans are just like a drop in the bucket for the rapidly declining industries, and they cannot keep our industries in Hong Kong. A long-term and comprehensive industrial development plan has long been lacking in Hong Kong. So these proposals in the Budget are just made for the occasion.

Madam President, I would like to pinpoint that this year's Budget has presented a mirage for which the SAR Government and Hong Kong people should be well-prepared psychologically. Last year's surplus was \$15.1 billion and this year's budget surplus is as much as \$31.7 billion. Such a huge surplus made people from all sectors and all classes criticize the Government as a rich "miser" reluctant to allocate more resources or amend its policies to give the community a dividend. On careful analysis, however, we can see that the huge surplus in this year's Budget is only a false image which is different from the last year's true and real surplus of \$15.1 billion. The budget surplus for this year is false and we may even have a budget deficit because the Financial Secretary has pointed out in the Medium Range Forecast that the Government injected \$49 billion to the Airport Authority and the Mass Transit Railway Corporation in the past three years to help finance the construction of the new airport railway. From next year onwards, the SAR Government may have to provide a similar sum for the construction of the priority projects under the Railway Development Strategy. Against this background, the Financial Secretary said that the large

forecast surplus for 1997-98 is in fact a one-off surplus. In other words, if funds have to be reserved for large infrastructural projects such as the Western Corridor Railway, the Ma On Shan Extension and an extension of the Mass Transit Railway to Tseung Kwan O this year, the huge forecast surplus will most probably become a deficit. But the seriousness of the problem is that if the SAR Government has to inject \$50 billion into the Western Corridor Railway project and so on, will next year's expenditures on welfare, education and housing be reduced?

Madam President, one of the reasons why I say that this year's Budget maintains continuity but deals inadequately with change is that there is no provision in this year's Budget for the imminent construction of the Western Corridor Railway. As a result, there may be a false huge surplus. We still have \$15.1 billion surplus last year after the Government has injected a lot of money into the new airport and airport railway projects. However, as there is no provision for large infrastructural projects this year, the burden will be carried forward to next year. In other words, this year, we have maintained continuity very well but we have shifted the burden of dealing with change to next year. This will exert enormous pressure on the proposals for improving people's livelihood in next year's Budget.

On the other hand, Madam President, this year's Budget has been criticized as presenting a false picture of peace and prosperity. It is because alcohol duty on wine is reduced on the one hand but on the other hand, the Government is so unreasonably "miserly" that it is unwilling to increase the CSSA payment for the elderly by just \$300. The proposal to reduce wine duty sharply from 90% to 60% will cost government coffers \$110 million in 1997-98 and \$490 million up to 2000-01. Why does the Government not spend this money on those needy old people? In my view, reducing wine duty but not increasing the CSSA payment for the elderly by \$300 is presenting a false picture of peace, prosperity and luxury to cover up the problems of the elderly, poverty and unemployment. This part of the Budget most obviously reveals a lack of humanity and sympathy.

Madam President, that I have pointed out so many pessimistic problems in this Budget is meant to remind the SAR Government that it should make early preparations for tackling these problems.

Madam President, in view of the fact that this is the last Budget before 1997 and it is prepared on the basis of a consensus reached by the Chinese and British sides, this Budget emphasizes a lot on the maintenance of continuity but evades adopting measures to deal with various problems probably because of the need to secure a smooth transition. Rightly as the Financial Secretary has said, further planning has to be made by the SAR Government, this year's Budget must be very conservative. Owing to the above constraints, I find this year's Budget acceptable but that the attention of the SAR Government should be drawn early to the many problems in this Budget. With these remarks, Madam President, I support this Budget.

PRESIDENT (in Cantonese): Dr TANG Siu-tong.

DR TANG SIU-TONG (in Cantonese): Madam President, I would like to express the views of the Hong Kong Progressive Alliance (HKPA) on the welfare for the elderly and the housing problem. As everybody knows, the problem of the elderly in Hong Kong has been worsening in recent years and it has already aroused the extensive concern of the community. The HKPA has been keeping an interest in the elderly problem because we can see that the number of old people in Hong Kong has been constantly on the rise as our population ages gradually. At present, there are around 900 000 old people aged over 60 in Hong Kong, representing about 14% of our total population. However, the Government has not established a sound retirement system for Hong Kong people. As a result, the problem of welfare for the elderly has become more and more serious and has become an increasingly urgent problem to be solved by the SAR Government. As there is such a huge surplus in our Budget, we think that the first thing to be done to give a dividend to the community is to improve the welfare for the elderly.

In our opinion, the CSSA payments should be increased to one third of the median wage. In other words, an increase of \$300 a month will ensure that the poor old people who have no one to turn to can temporarily maintain the lowest standard of living. Meanwhile, the yearly government expenditure in this aspect will only be increased by about \$0.4 billion. With over \$300 billion fiscal reserves of the Government and the projected budget surplus of \$31.7 billion in 1997-98, we think that these payments are suitably affordable by the SAR Government.

On the other hand, as most elderly people are under the influence of a Chinese traditional belief of "storing up grain against famine", they regard their life-long savings as "money for their coffins", and they loath to spend it. At the same time, the Government has placed many restrictions on the applications by the elderly for social welfare or CSSA, such as age, income, total asset value and so on, rendering many of these old people ineligible for social welfare or CSSA, greatly affecting their quality of life. Therefore, we think that the SAR Government should lift the ceiling of the total assets of old people eligible for CSSA payments to \$100,000 for a singleton and \$150,000 for a couple.

Furthermore, quite a number of old people whose children are unable to take care of them have to live in homes for the aged. In 1995, there were over 13 000 old people waiting for admission to the care and attention homes and the number increases to over 17 000 this year. The average waiting time is 30 months. However, the Financial Secretary's budget proposal in Paragraph 61 of opening 30 new social, day care or multi-services centres, providing five new nursing homes with 1 200 beds for the frail elderly, and providing an extra 1 546 residential care places in other facilities is deemed to be utterly inadequate. Having fully considered the financial capacity of the SAR Government, we think that it can afford to allocate \$0.4 billion every year for the provision of 5 000 more residential care places, and set aside land for building various kinds of facilities for taking care of and accommodating these old people in places such as the New Territories where there are plenty of land in order to solve the problem of the elderly gradually.

On the other hand, as Hong Kong will soon be returned to China, the HKPA opines that the SAR Government can make good use of the resources in the Mainland such as land and manpower, and the SAR Government can provide funds to subsidize by various means some voluntary, charitable or even commercial organizations to establish some villages or homes for the aged in the Mainland to help solve the problem of the elderly in Hong Kong. However, it is worth noting that the relevant authorities in China and Hong Kong must strengthen their communication and co-operation in order to successfully solve the problem.

Although we hope that the SAR Government can adopt effective measures to mitigate the problem of the elderly as soon as possible, a thorough solution in

the long run is to promptly establish a sound retirement system and provide more resources for the welfare of the elderly. However, we would like to point out that Hong Kong has long been pursuing a low tax rate policy, therefore, our welfare policy for the elderly cannot adopt the standards of Western welfare states as the basis. It must take account of our actual situation and the pace of our economic development. We know that the Chief Executive (Designate) of the SAR has already appointed the Honourable TAM Yiu-chung, Member of the Executive Council, to lead a working group to study methods of improving the welfare for the elderly. I hope that we will soon hear some good news.

Besides, I would also like to talk about the housing problem. The fact that the Governors of Hong Kong over the past decade or so had not paid sufficient attention to this problem has affected housing development in Hong Kong and caused the problem to worsen. The aggravation has been obvious after Mr Chris PATTEN became the Governor, for he has paid all his attention at political reform and ignored the people's requests for improving their livelihood. According to the Long Term Housing Strategy Document published by the Housing Branch early this year, the annual demand for residential flats during the six years from 1995 to 2000 will be 85 000, of which 54 000 will be public housing and 31 000 private housing, and the total demand during these six years will be 510 000 flats. However, during 1995 and 1996, only 20 000 private housing units and 36 000 public housing units were built each year, accounting for a total shortfall of 60 000 units. If we were to meet the demand within the next three years, 110 000 flats would have to be built each year. Nevertheless, since the growth in real terms in housing expenditure is only 9.2%, it seems that this problem cannot be solved. While the demand for housing greatly outruns supply in Hong Kong, giving rise to a continuous surge in property prices, private developers also take advantage of the situation to slow down their pace of housing construction, thus further aggravating the problem.

Regarding land allocation, although it has been set out in the Budget that the Government will, over the next five years, allocate 327 hectares of land for public housing and 260 hectares for private housing, and that the amount of land to be allocated will be increased by 46% as compared with that during the past five years, a housing project will take five to six years, or even 10 years in some cases, from planning to completion. The Housing Authority has recently publicly complained that the Government has only allocated land for use before 2002. As a result, they cannot plan ahead for the construction projects to be

carried out in the next century which will affect the supply of public housing. In view of this, we think that the Government, having enormous fiscal reserves, should also appropriately increase the appropriation of funds, in addition to speeding up the supply of land for housing construction, in order to increase the production target to 110 000 flats a year, in the hope of solving the problem of an insufficient supply of flats in Hong Kong as soon as possible, and to ultimately improve people's livelihood for the benefit of social stability.

With these remarks, I support the motion.

PRESIDENT (in Cantonese): Mr TAM Yiu-chung.

MR TAM YIU-CHUNG (in Cantonese): Thank you, Madam President. The 1997-98 Budget presented by the Chief Executive's Office to this Council today is a transitional budget. This Budget was finalized and confirmed after nine months' consultation between the British and Chinese sides. As the SAR Government will have been established next year, next year's Budget will be formulated by the executive authority of the SAR direct, and examined and approved by its legislature, negating the need for consultation between the Chinese and British sides. From this year's Budget, we can see that the incumbent Government is financially stable and has a buoyant surplus. This surplus, which boosts the public's confidence in the SAR Government, has also aroused the public's concern about how it will be used. Therefore, Members are concerned about the welfare of the elderly and hope that the SAR Government, will allocate more resources to improve their welfare. This can be described as a common wish. Mr TUNG Chee-hwa, the Chief Executive of the SAR, is also very concerned about the problem of the elderly. At the end of March, he appointed me to study the policy of the SAR Government on the elderly so that once the SAR Government has been established, it can take measures to provide more assistance to the elderly as soon as possible. During the past two months, I have met almost 70 representatives of political parties, political organizations, voluntary organizations, professionals, and the elderly as well as Honourable Members in this Chamber. Members of the Hong Kong Association for Democracy and People's Livelihood (ADPL) and the Honourable CHAN Choi-hi have also told me their views. Later on, I will report to Mr TUNG about the views I have collected. Today I do not want to waste Members' time, nor am I prepared to discuss the views I have collected.

Tomorrow, I will give the media a general account of the views I have collected over the last two months. Of course, this account will not include any recommendations. I have just come back from my tour to Guangzhou, Zhongshan and Zhuhai, and in the past two days, I got to know about the medical problems, medical charges confronting Hong Kong people who want to settle down in the Mainland as well as the medical system in the Mainland. This is helpful to our attempt to provide assistance to some Hong Kong people who want to settle in the Mainland in the future, especially the elderly, and we will know how to solve the problems they may face when they are sick and hospitalized there.

Madam President, I think that the care and concern of Members about the elderly has been very helpful to my collection of views. Among the views I have collected, many of them are expressed by Members who proposed that the CSSA payments should be increased, while some other views are related to the various items for which assistance is required by the elderly as well as how the services for the elderly can be enhanced. These views have helped me a lot. I believe that after the SAR Government has been established on 1 July, it will certainly take better, more comprehensive and sounder care of the elderly. I support this Budget and believe that the problems Members wish to solve will certainly be solved. Further, I appreciate that the Honourable Frederick FUNG has voluntarily withdrawn his amendment and I think that he has made a wise decision. Thank you, Madam President.

PRESIDENT (in Cantonese): Mrs Peggy LAM.

MRS PEGGY LAM (in Cantonese): Madam President, I think this transitional budget for the year 1997-98 is generally worth our support. This Budget signifies the sincere tripartite co-operation among China, Britain and Hong Kong in making transitional arrangements, and in my opinion, this is even more commendable.

Obviously, this Budget has not made any forward-looking suggestions for the social and economic development of Hong Kong in the future. It has only proposed the basic financial arrangements for maintaining the Government's normal operations. The Budget is undoubtedly disappointing if we assess it in terms of improving public policies and their implementation. Let us look at the

Budget from another perspective and ask a question: what is the most important objective to be achieved by a transitional budget? The answer is obviously the "smooth transition" of Hong Kong. This Budget, jointly prepared by the Chinese and British sides and Hong Kong, has achieved the paramount objective of securing a "smooth transition".

In my opinion, such a budget which has to harmonize the appeals from all sectors cannot possibly make drastic reforms on various social problems. Nevertheless, positive and sincere responses should be made. On this count, the Budget is very disappointing as it has adopted an attitude of "avoiding the important and dwelling on the trivial" towards various social problems which urgently need to be improved.

Take welfare as an example. To our surprise, the Government, seeking to reduce the total expenditure on the books, has not allocated sufficient funds to meet the needs of the CSSA applications which are expected to increase tremendously this year. It is really puzzling. It is estimated in the Budget that the number of CSSA applications will increase by over 20% from 216 601 in 1996-97 to 261 500 in 1997-98. But at the same time, the allocation for social security only increases by 8.1%. How can an 8% increase in funding meet the needs of over 20% increase in the demand for CSSA? Even if a Social Welfare Department official's explanation that the approval procedure made the actual growth in demand fall below the expected 20% is true, such a big difference is still unreasonable. This naturally makes us think that the Hong Kong Government is trying to report a smaller number in order to make the present accounts appear acceptable. In case the funding for CSSA payments falls short of demand in the future, it can apply for supplementary appropriation with the Provisional Legislative Council.

All Members can see that the present social welfare services in Hong Kong are now facing a severe uphill battle. The inadequacies of the CSSA system leave many CSSA recipients still in extreme difficulties on the one hand, and the applications for CSSA are increasing significantly on the other. Owing to our economic transformation and the problem of single-parent families, people in the lower stratum find it increasingly difficult to make a living. As a result, the CSSA scheme has become very attractive despite its many flaws. In fact, our concern should lie not only in increasing the CSSA payments but also in a comprehensive review of the whole CSSA system. At the same time, an even more fundamental task is improving other social services, employment, and economic development. Therefore, it is obvious that social welfare is not only a single and separate problem, but is closely related to the development of society in other respects.

In addition, improvement of basic education is another issue which warrants our attention. The ratio of teachers to pupils in primary schools should be lowered to 20:1 or even lower as soon as possible in order to improve the quality of teaching and let every pupil get more attention. The Budget has only proposed that the ratio be slightly lowered from 23.2:1 last year to 22.8:1 when it was around 27:1 in 1989. The ratio has only been slightly lowered in nine years and the progress is unsatisfactory.

Moreover, while the Government has been promoting whole-day schooling in primary schools for many years, it has never provided sufficient resources for full implementation in all primary schools. Up to now, only around 16% primary school pupils in Hong Kong are receiving whole-day schooling. But instead of providing extra funding for increasing the relevant ratio in the coming year, the Budget has only slightly increased the proportion of whole-day public primary schools by two percentage points to 15.6%; while that of subsidized primary schools is slightly increased by four percentage points to 28.2%. While we can accept the Government's implementation of whole-day schooling in primary schools in stages, we can hardly tolerate such a measure of making no progress and shirking responsibilities.

Regarding taxation, I have been hoping that the Government can provide tax concessions for the mortgage repayments made by first-time home buyers. Every year I mention this point during the Budget debate of the Legislative Council. However, the Government seemed to have turned a deaf ear to my appeals for many years and no progress has been made so far. Although taxation has a bearing on government revenue, it is also a means of public administration. Given that the Government's policy has been to encourage people to buy their own homes and it has now a huge surplus, why does it refuse to provide tax concessions to the first-time home buyers from the middle class?

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

PRESIDENT (in Cantonese): Dr Raymond HO.

DR RAYMOND HO (in Cantonese): Madam President, I intend to speak on five areas of the Budget for 1997-98.

Infrastructure

In the 1997-98 Budget, the expenditure on infrastructure accounts for 11.3% of the total public expenditure. Although it is slightly higher than last year's 11.1%, it is far lower than the percentage four years ago. Over the four years from 1992 to 1996, the expenditure on infrastructure has been maintained at over 14% of the total public expenditure.

Infrastructure is very important to Hong Kong's economic development as well as to people's quality of life. Excessive suppression of such expenditure is not suitable. The authorities concerned explained that this was due to the gradual completion of the Airport Core Programme projects, and also the problems faced by our infrastructure at present and in the coming years. But these problems do not lie only in whether there are sufficient resources, but also in our ability of taking forward these projects, in particular, the time required for land resumption. Then, why does the Government not try its best to simplify the procedures and increase manpower in order to speed up land resumption? Why does the Government not allow more time for land resumption? In the coming few years, a lot of land has to be opened up for the mass production of housing. If housing projects are impeded by land resumption, the Government's housing construction plan will be seriously affected. I therefore suggest that the SAR Government should pay special attention to the efficiency of the relevant departments in promoting the progress of projects and land development.

Transfer of the Technology for Managing Large-scale Infrastructure Projects

Although the localization of the Civil Service has been an established recruitment policy of the Government, in recent years, large-scale infrastructure projects have been carried out by quasi-government corporations such as the Airport Authority, the Mass Transit Railway Corporation and the Kowloon Canton Railway Corporation (KCRC). As everybody knows, these corporations employ a large number of foreigners to manage the projects. The Western Corridor Railway Department of the KCRC has more than 200

employees now. The fact that most of its managerial staff are foreigners has tremendously increased its costs. Having had a quarter of a century's experience in constructing the Mass Transit Railway and the electrification of the Kowloon Canton Railway, does Hong Kong really not have professionals who know how to design and construct railways? Unfortunately the Government has not formulated any recruitment policy for these corporations to allow more local professionals to be recruited to work at the management level of these large-scale projects. Has this contravened the overriding principle of the localization of the Civil Service?

Land Development

In view of the fact that the serious shortage of land supply in Hong Kong has already existed for many years, the Territory Development Department as the major department responsible for land development should enlist more manpower to cope with the overall land development programme. But why has the establishment of the Territory Development Department been decreasing from 466 in 1994 to the projected 376 in 1998?

Regarding the question of how to increase land supply in Hong Kong, I suggest that we can carry out limited and selective reclamation in such areas as the Northeast New Territories, Northwest New Territories, Tolo Harbour and the areas near the Kai Tak Airport. However, all such works must observe the principle that the water quality and marine ecology shall not be adversely affected. Reclamation carried out in a suitable manner will avoid difficulties in land resumption and the creation of potential slope and environmental protection problems as a result of levelling mountains.

Western Corridor Railway

Residents living in the Northwest New Territories have long been tortured by traffic congestion when they travel to and from the urban areas. According to official statistics, the more than 700 000 population in the Northwest District will grow to 1.43 million by 2011.

Wisely accepting the advice from all sectors, the Government has shelved the KCRC proposal for a dual-purpose Western Corridor Railway in favour of first constructing a passenger railway line. I would like to remind the Government not to implement the original plan proposed by the KCRC on a piecemeal basis because this may waste resources and will not meet future needs. The Government should urge the KCRC to design a suitable passenger railway line and start its construction as soon as possible. When the need arises in the future, the Government can construct a cargo railway line running from the New Territories to CT10 and CT11 on the Lantau Island because the existing container terminals in Kwai Chung are already highly congested while there is more space on the Lantau Island.

I also suggest that the KCRC should re-evaluate the role played by the Light Rail Transit (LRT) when it develops the Western Corridor Railway for passengers. When necessary, it should expand the whole LRT network and provide better connection services to facilitate residents in the Northwest New Territories to switch to the Western Corridor Railway. Besides, if the KCRC should expand the LRT network, it should no longer allow the railway tracks to occupy the road surface but build overhead rails instead to avoid competition for road surface with other vehicles and pedestrians.

I strongly support that priority should be given to using railway systems for passenger transport because its high efficiency and environmental friendliness. Regarding other priority proposals suggested in the Railway Development Strategy such as the Tseung Kwan O Extension of the Mass Transit Railway, the Ma On Shan/Tai Wai railway and the extension of the KCR from Hung Hom to Tsim Sha Tsui, I urge the Administration to learn a lesson from the past and draw on its experience, to make detailed and comprehensive plans and to spare no efforts in striving for completing the construction of these urgently needed railways within the shortest time.

Traffic Problem

In order to solve the traffic congestion problem which seriously affect people's livelihood, the Government should speed up the construction of the planned trunk roads. At the same time, the Government should allocate more funds for the construction of car parks in busy districts, including underground

car parks, to relieve the shortage of parking spaces. Besides, it should also actively promote the idea of "park and ride" in order to encourage more people to give up using private cars for public transport.

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

PRESIDENT (in Cantonese): Mr HUI Yin-fat.

MR HUI YIN-FAT (in Cantonese): Madam President, I support the overall expenditures proposed in the transitional budget. However, seeing that the general growth rate in expenditure on social welfare is only 9.4% which is far lower than last year's 14.7%, I hope that the SAR Government can understand and sympathize with the needs of the people, especially those of the poor, and speed up the development of social welfare services so that Hong Kong can become a stable and harmonious society.

In the following part of my speech, I would like to further express my opinions on several social welfare expenditure items which are the focus of concern. In addition to the Comprehensive Social Security Assistance (CSSA) Scheme and the elderly problem which have been Members' constant concern, the social welfare sector thinks that family problems and student counselling are also social problems which deserve our attention.

With Hong Kong's development towards a metropolis and a large number of new immigrants from mainland China who have to adapt to a new way of life, family problems in Hong Kong have become more and more serious and complicated, hence greater demands for family services.

It is estimated in the Budget that family service cases will increase by 10% in the coming year. However, the respective manpower will only increase by 1% and obviously this will adversely affect the quality of the family services provided.

The social welfare sector and the Administration have all along reckoned that the standard of the services provided in respect of family cases should be one social worker to 50 cases. However, according to the proposal in this year's Budget, the ratio of social workers to cases will further be reduced from 1:68 last year to 1:73 which is far more distant from the original target. Facing an unceasing increase in divorce cases and more and more family tragedies such as wife battering, child abuse and extramarital affairs, I hope that the SAR Government can look squarely at these problems and improve the family services as soon as possible.

Moreover, the demand for student counselling service is also constantly on the rise. For years, the social welfare sector has been urging the Administration to put into practice the service standard of "one social worker in each school" or one social worker to 1 000 students. But the Budget has only proposed to increase the number of school social workers by 14 in the coming year, still failing to increase the ratio in all Band 5 schools to 1:1 000. Meanwhile, the ratio of social workers to students in the remaining 280 schools can only be maintained at 1:2 000. This is really disappointing. I hope that the SAR Government can allocate more resources to realize the service standard of one social worker to 1 000 students.

Development of the above services has come to a standstill because the Administration has linked the growth in public expenditure with our economic growth, hence, such development will inevitably be affected by the pace of economic development.

In fact, whenever the economy turns bad, the community's demand for welfare services will often become greater. But the expenditure on social welfare is suppressed at the same time. Therefore, since social welfare services have long been developing in such a discordant manner, many services have often failed to reach the levels originally planned by the Government.

The social welfare sector and I, therefore, suggest that the SAR Government should consider allocating \$20 billion out of its huge reserves to set up a "stable social welfare development fund" so that welfare services can develop in a stable way. In the long term, it will even help to reduce the Government's burden in respect of welfare expenditures when the economic environment is unfavourable.

Turning to the poverty problem, the number of CSSA cases has increased by one fold over the past four years, and is now growing by more than 20% a year. This situation is indeed worrying and it indicates that although our economy keeps on growing, the number of poor people is also increasing sharply and the polarization of the rich and the poor has aggravated.

Madam President, the establishment of the SAR Government is near at hand. Every citizen of Hong Kong wishes that in the future Hong Kong will be a comfortable place to live in. But we must have a sense of belonging towards Hong Kong before we can have the fervent initiative in making more contribution to our community.

However, in the long term, it seems that an increase in expenditure on the CSSA is only a stopgap measure rather than a radical solution to the problem. I hope that the SAR Government will be more active in relieving the poor and preventing people in the lower class from falling below the poverty line. Meanwhile, it should also speed up its study on the directions towards which our economy and industries should develop in order to create more job opportunities and alleviate the poverty problem in Hong Kong.

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

PRESIDENT (in Cantonese): Mr YEUNG Yiu-chung.

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, it is both necessary and meaningful for Members of the Provisional Legislative Council to debate the 1997-98 Budget today.

As this Budget has been agreed to by the Chinese and British sides, in line with the relevant provisions of the Basic Law and the realistic requirement during the transitional period that all affairs should be dealt with in a prudent and moderate manner while taking care of the interests of all sectors, it is worth our support.

However, that I support this Budget does not mean that it is perfect. There are still many areas open to question, the more prominent examples being the Comprehensive Social Security Assistance Scheme for the elderly, and the housing and education problems.

The Financial Secretary would rather reduce alcohol duty on wine which reduces the revenues of the Treasury by \$110 million than suitably increasing the CSSA payment for the elderly to a reasonable level. This is one single part of the Budget which has drawn the most flak.

As a Chinese saying goes, "The forerunners planted the trees while the later generations enjoy the cool in the shade". The success of Hong Kong today can be attributed to the contribution of old people who have worked hard throughout their lives. Our Government and community should treat them well and let them spend their twilight years in a reasonable way with dignity, such that as the Chinese saying goes, "the elderly will be taken care of and be happy".

Madam President, the Democratic Alliance for Betterment of Hong Kong (DAB) has urged that the CSSA payment for the elderly should be increased to one third of the median wage, that is, around \$2,700, so that the elderly can lead their lives in a reasonable way with dignity.

It is disappointing that the housing problem is sketchily discussed in the Budget. High property prices and fervent speculative activities in the property market made it impossible for the general public, and even teachers, to buy their own homes. Reluctant to look squarely at the speculation problem, the Administration has adopted ineffective measures to suppress property prices which have been rocketing as a result. The housing problem has become the principal enemy in people's lives for which the Government can hardly shirk its responsibility. People will only work happily when they are living in peace and contentment. The famous verses written by the great poet DU Fu more than 1 200 years ago — "How can there be thousands of mansions for sheltering all poor scholars who will then be delighted" — aptly voices Hong Kong people's aspirations today.

Unfortunately, the DAB's suggestion that tax concession on mortgage interests should be granted to first-time home buyers has not been accepted by the Financial Secretary.

Next I will focus on the education problem.

The pace of providing whole-day schooling in primary schools should be sped up. The Administration plans to convert 126 half-day primary schools to whole-day schools between 1997 and 2000. It is predicted that by 2000, there will be 306 whole-day primary schools, accounting for 40% of the 754 primary schools in Hong Kong. However, the number of whole-day primary school pupils will only account for 28.1% of the total pupil population in Hong Kong. It seems very unlikely that the Government will achieve its goal of converting 48% of all primary schools to whole-day schools by 2001. Moreover, it is unreasonable for the Government to use the ratio of the total number of whole-day primary schools to that of primary schools as the target, it would be more accurate and appropriate for the Government to evaluate the situation with the ratio of the number of whole-day primary school pupils to the total primary school pupil population.

The abolition of floating classes in secondary schools is still not realizable in the foreseeable future. The Government pledges to abolish floating classes in Form 1 to Form 5 step by step by 2000 at the latest. In fact, the number of floating classes in Form 1 to Form 5, which is about 359, only constitutes the minority. It is the floating classes in Form 6 and Form 7, which amounts to 1 086, that makes up the majority. However, the Government has no plans as to when floating classes in Form 6 and Form 7 will be abolished. The Government has indeed been irresponsible, avoiding the important and dwelling on the trivial.

The speed of increasing the number of graduate teachers in primary schools is very slow. Although the Government proposes to increase 350 posts for graduate teachers in primary schools in 1997, yet with this speed, it is almost impossible to realize the target of having 35% primary school teachers being graduates in 2007. Only by greatly increasing the proposed 350 posts of primary school graduate teachers to 600 can the target be achieved.

The biggest fault of the Government in respect of education lies in its negligence towards moral education. While the whole education system attaches far more importance to intelligence than morality, it stresses an examination-oriented education in which examinations take precedence over everything. The guidelines on moral education has not been amended for a long time and moral education in schools falls short of expectation. The

gradual deterioration of students' moral standards leads to the mushrooming of youth problems and the rampancy of youth gangs. The recent case of teenagers burning the corpse of a victim they killed is not accidental but the evil consequence of the Administration's long-term neglect of moral education.

Giving the matter its fair deal, Madam President, this Budget does have commendable aspects, for example, increasing personal allowance and revising the tax bands for the middle-income group, thus relieving the tax commitment of the middle class, and significant increase in the expenditure on basic education. The estimated expenditure on basic education in 1997-98 has been increased by as much as 10.3% in real terms — a record high, and it is the first time that it exceeds that of the expenditure on higher education in recent years. This helps to turn the tide of paying too much attention to higher education and it is a gratifying beginning. There are other policies and measures worthy of support such as the \$300 million funding for providing all government and subsidized primary schools with multi-media computers and setting up Information Technology Learning Centres in prevocational and technical schools over the next two years. Besides, in the area of higher education, the Administration will provide 11 000 additional hostel places in an effort to develop "campus universities".

A special year brings about a special Budget and the outcome is excusable.

I hope that after the Government of the Hong Kong Special Administrative Region has been established, it, with an enormous fiscal reserve of over \$360 billion, will review its policies as soon as possible, make good use of its resources, return wealth to the public and increase step by step its expenditure on the elderly's welfare, housing and education.

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

PRESIDENT (in Cantonese): Mr Henry WU.

MR HENRY WU (in Cantonese): Madam President, the 1997-98 Budget predicts that there will be a surplus of \$31.7 billion and the Financial Secretary acknowledges in his Budget papers that this is a huge sum. But he also says that this surplus, while constituting a greater financial protection, will help the

Administration to make better preparations for the future large-scale infrastructure developments like the Northwest Railway, the Mass Transit Railway (MTR) extension to Tseung Kwan O and the sewage disposal projects. Although it is estimated that on 31 March 1998 the future Government of the Hong Kong Special Administrative Region will have fiscal reserves of nearly \$360 billion, including the Land Fund, and it looks as if we have plenty to spare, yet in order to prevent the future infrastructure projects from falling prey to massive overspending as in such projects as the new airport at Chek Lap Kok and the Hong Kong University of Science and Technology, the Government should follow its consistent policy of financial prudence and strengthen its supervision of the corporations responsible for managing these projects, place strict restrictions on the construction schedule, design and manpower arrangements so as to ensure that all projects will be completed on time and unnecessary compensation or expenditure minimized.

The infrastructure projects in Hong Kong have long been the domains of certain well-known consultancy firms, international construction companies and professionals. It is the duty of all the non-governmental corporations in charge of infrastructure projects to fight for more economic benefits for Hong Kong. The SAR Government should pay more attention to such aspects as the staffing, salary levels, methods of tender assessments, changes in design and purchases of fittings of the upcoming Northwest Railway and Tseung Kwan O extension of the MTR, and tighten financial control so as to avoid wasting public funds.

Some people pointed out that, in order to avoid sudden economic turbulence at the early stage of the establishment of the SAR, it is essential to retain reserves as if storing up grain against a lean year. However, if we just store up huge reserves but refrain from using them, they will only be eroded continuously by inflation. From 1993 to 1996, the average rate of return of the fiscal reserves was only 4.8%, much less than the interbank rate of 5.86% or the prime rate of 7.86% during the same period, not to mention keeping up with an 7% inflation. Therefore, after the reunification when Hong Kong has achieved a smooth transition and both its economy and political situation are stabilized, the SAR Government should put adequate amounts of its surplus into infrastructure, housing and education so as to gradually improve people's livelihood and return wealth to the people. The Government should also try its best to assist in the long-term development of the industrial and commercial sector, in order to ensure that Hong Kong will maintain its position as a leading international financial and trade centre.

Madam President, although this tiny city has very robust fiscal reserves which we take pride in, we still have to fight for the property we are entitled to. The United Nations owes Hong Kong billions of dollars in respect of Vietnamese boat people, whereas the British Government has been staying aloof and shirking its responsibilities. This has brought unnecessary and unfair burdens to the SAR Government.

There are only 24 more days to go before Hong Kong reunites with China. I am afraid that the problem of more than a thousand Vietnamese refugees and boat people stranded in Hong Kong cannot be solved before 30 June. The British Government which leaves this burden to the SAR should of course be held responsible, but I also deeply regret that the Governor, Mr Chris PATTEN, has ignored the interests of Hong Kong people and has not tried actively to solve the problem of Vietnamese refugees and boat people for Hong Kong during his term of office.

As to the issue of new immigrants about which we are all concerned, it will have important and far-reaching impact on the development of the future SAR. In order to help the new immigrants integrate into our community as soon as possible, the Government should put in more resources and draw up a comprehensive new immigrant policy to give them adequate care and assistance so as to enable them to adapt to the new environment in the shortest time, after which they can contribute their effort and work together with Hong Kong people for the development of Hong Kong.

According to the statistics compiled by the Hong Kong Government earlier, the population of the territory will grow to more than 8 million in the coming 15 to 20 years and it will be ageing gradually. Various social problems caused by the growth and ageing of our population will also influence the long-term development of Hong Kong in the future. Fortunately, the Chief Executive of the SAR is very concerned with these long-term social problems and has already made thorough studies of them. I trust that the SAR Government will be able to draw up comprehensive and effective long-term policies in respect of allocation and utilization of resources, social welfare, education and housing.

In the area of financial affairs, especially in respect of the stock market, the reunification of Hong Kong with China will definitely bring about a new scene of the securities sector. With the economic development and the policy

of continued opening of China, it is believed that more Chinese enterprises with strength and of more diversified nature will vie for listing in the Hong Kong market in order to raise funds, making the Hong Kong market more diversified. In order to make the securities and financial sector of Hong Kong enjoy a higher international status, the future SAR Government should try its best to support such moves and allocate more resources when necessary. In the global securities market where competition is fierce, the SAR Government should, with its large surplus, reduce or exempt the stamp duty on stocks transaction charged at present with a view to enhancing the competitiveness of Hong Kong within a short period of time.

Madam President, the Hong Kong Progressive Alliance welcomes the many tax reduction proposals put forward in the Budget, in particular those in respect of the Salaries Tax payable by individuals, for which the basic allowance is raised to 11.1%, higher than the rate of inflation. The single parent allowance, disabled dependant allowance and deduction for training courses have even increased by as much as 70%, whereas the marginal tax band and marginal tax rate are also adjusted generously so that 210 000 people are no longer caught by the tax net. However, we should always be mindful of unstable tax revenues as a result of an excessively small tax net and excessively narrow tax base. Therefore, to ensure the long-term prosperity and stability of Hong Kong, the SAR Government should continue to pursue the policy of living within our means and managing our finances prudently.

With these remarks, I support the motion.

PRESIDENT (in Cantonese): Ms Maria TAM.

MS MARIA TAM (in Cantonese): Madam President, as we all know, the 1997-98 Budget is a budget with special meaning in the history of Hong Kong. First of all, it is the fruit of joint compilation by the British Hong Kong Government and the Chinese Government after 19 rounds of meeting. It covers a period of 12 months and will be implemented respectively by the British Hong Kong Government and the future SAR Government. It also secures the continuity and stability of various government financial arrangements before and after the transfer of sovereignty, while saving in advance sufficient reserves so that Hong Kong will have the confidence to cope with any financial and economic crisis that may emerge, big or small.

However, there is a fly in the ointment for right behind this scene of prosperity and riches, we witness at the same time 600 000 citizens living in abject poverty. Over 100 000 families have been waiting for years in the line for public housing and over a million people live frugally to save half of their income for mortgage payments; meanwhile we hear incessant complaints from local and foreign employers who say that the standards of Hong Kong graduates in both the English and Chinese languages are deteriorating, sighing that it is difficult to find people of ability nowadays. Certain industrialists also complain about the degenerating environment of doing business in Hong Kong now. In developing high technology enterprises, the Government's inadequate support to Hong Kong has made industrialists them lag far behind their competitors in neighbouring countries. Just now several Members from the Hong Kong Progressive Alliance (HKPA) have already spoken on housing, welfare for the elderly, Vietnamese refugees and how to strengthen Hong Kong as a stock market and financial centre. I know that other Members from the HKPA will also speak on education and industry. We cannot help asking: how will the Government react in the face of these long-existing social problems now that it is sitting on its huge fiscal surplus and reserves?

According to the Budget figures, in the last decade since 1987-88, other than in 1995-96 when there was a deficit budget because investments in the Airport Core Programme were at their peak, as the Government tended to underestimate the revenue and overestimate the expenditure, \$163 billion fiscal reserves have been accumulated. Moreover, after 1 July this year, the Land Fund which amounts to a total of \$163.5 billion will also be allocated to the Hong Kong SAR and the SAR Government will then possess over \$330 billion reserves, almost equal to the total annual public expenditure (for example, the total public expenditure of 1997-98 is \$243.8 billion). The amount of \$330 billion is one and a half times of \$243.8 billion and it will in fact effectively safeguard the financial situation of the SAR at the early stage of its establishment and will protect us against any impact which would be caused by sudden social or political turbulence, just like storing up grains against a lean year.

However, according to the forecast in the Budget, the budget surplus for 1997-98 will reach \$31.7 billion. Together with the surpluses of 1998-99 and 2000-21, the accumulative surpluses of the three consecutive financial years should amount to \$58 billion. Nevertheless, the Financial Secretary keeps on

reiterating that the huge forecast surplus of 1997-98 will only be a "one-off" and, from 1998 to 2001, the SAR Government may have to inject \$49 billion into the construction of the new airport and the airport railway development in order to carry out the priority programmes under the railway development strategy.

However, after simple addition and subtraction, that is, adding the forecast surpluses of the four financial years and then subtracting the \$50 billion for the railway project, a surplus of about \$40 billion will be left. If we divide the amount evenly among the four financial years, the surplus that can be used each year still amount to almost \$10 billion. The HKPA thinks that the Government should not hastily use the entirety of the fiscal reserves and the Land Fund and the present reserves should be kept for a rainy day or emergency. But can the "marginal" surplus of the coming year, that is, the surplus of \$10 billion a year I just mentioned, be used on other social welfare services which need urgent improvement or upgrading our overall competitiveness?

Madam President, according to our preliminary estimation, out of the \$10 billion surplus mentioned above, about 30% is accounted by recurrent revenue. After 1 July this year, Hong Kong does not have to pay for national defence and it will therefore save us almost \$500 million. Besides, as quoted in the newspapers, the Financial Secretary states that since the number of retiring civil servants has been stabilizing gradually, it is estimated that there will not be a big growth in the relevant expenses in the coming year and more than \$1 billion will be saved. Moreover, in accordance with Article 121 of the Basic Law, about 900 000 property owners will have to pay an annual land rent equivalent to 3% of the rateable value of their properties after 1 July and the revenue concerned will be hundreds of millions of dollars. The balance of the surplus certainly comes from non-recurrent revenues such as land sales and certain duties. We also take note of the government figure that the Inland Revenue Department has examined 1 740 cases from which overdue taxes and fines of nearly \$2 billion were collected during the period from April 1996 to February 1997. Madam President, I have listed these figures to show that we do have enough marginal surplus and the Government can consider the proposals put forward by Members from the HKPA. I support the motion. Thank you, Madam President.

PRESIDENT (in Cantonese): Mr LAU Kong-wah.

MR LAU KONG-WAH (in Cantonese): Madam President, at this moment when the Government of the Hong Kong Special Administrative Region is going to be established soon, other than discussing certain individual aspects of the Budget, I think it is more worthwhile to look back on the attitude and direction adopted by the Hong Kong Government for financial management and economic development in these last few years of the later stage of the transition, so that we can look forward at the problems which the future SAR Government has to face, and try to properly figure out a philosophy of financial management in the new epoch.

If we say that the budgeting approach of the Hamish MACLEOD age exhibited "swinging" financial management methods, the most obvious example would be his assertion in the 1993-94 Budget that, "I do not believe either this Council or the community would have welcomed a larger increase in our forecast reserves", but then he said in the 1995-96 Budget that, "more than ever we need strong reserves". Such rocking arguments leave people feeling puzzled. When it comes to the Donald TSANG age, the budget is the product of "combined" budget processing, in which the materials come from different political parties and interest groups. Ultimately, the budget is a patchwork which satisfies their demands but induces criticisms such as "putting red wine before the elderly". If "consensus capitalism" is a characteristic of the Hamish MACLEOD age, the Donald TSANG age is promoting "consensus budgets". The greatest success of this year's Budget lies in its ability to embrace the consensus of China and the United Kingdom and to balance the demands of different interest groups.

As for the budgets of the future SAR Government, I hope that other than keeping up certain fine traditions of the past, it is necessary to gradually extricate the budgets from the "swinging" and "combined" ideas, and to come up with some long-term strategies and blueprints. There are three concrete ways of doing so:

1. *Enhance international competitiveness*

In this year's Budget, the Financial Secretary states that, "we wanted to draw up a Budget which would strengthen Hong Kong's financial and economic

prospects for the future". While it is most imperative that how these prospects could be "strengthened" should be explained, it has not been fully elaborated in the Budget. Paragraph 16 reads, "attracting as large a share as possible of the world's trade and investment transactions", yet there is no concrete proposals how this can be achieved. Therefore, I hope that the future SAR Government will tell Hong Kong people how the overall competitiveness of Hong Kong in the international market can be enhanced. While "continuity in a time of change" is used as the title of this year's Budget, we should uphold the spirit of "exploration in a time of change" next year.

2. *Establish the role of the Government*

Heading into the so-called consensus capitalism from an age of positive non-interventionism, facing severe international competitions and the continued widening of an extremely big gap between the rich and the poor, the future SAR Government should establish its clear role as a government which will not shirk its responsibilities, otherwise Hong Kong will suffer the pains of both "domestic troubles" and "foreign invasion" in the future.

3. *Strengthen the co-operation with the Mainland*

The economic growth of Hong Kong in the last 10 years or so has been closely linked with the reforms and "open door" policies of the Chinese Government. Paragraph 26 of the Budget also points out that, "A major reason we have almost doubled our GDP in real terms since 1984 is the momentum of economic development in the mainland of China over this period". Obviously, economic development is mutually beneficial. It is essential that the future SAR Government works out mechanisms and plans for economic co-operation with the Mainland at different levels and in different aspects in order to realize Mr TUNG Chee-hwa's conviction that "if China is good, Hong Kong would be better".

While I fully support giving support to the elderly and people in abject poverty, we have to keep ourselves clear-headed. Lately, citizens from various social strata, including the upper, middle and lower classes, have told me that they were concerned about the qualifications for receiving Comprehensive Social Security Assistance (CSSA). Some people point out that, if a new immigrant family of four moves to Hong Kong, it would be very easy for them to receive an amount of CSSA payment that is more than the salary of a

university graduate, or the wage of a worker who has been living in Hong Kong for decades. The Government has to be on the alert for this. Mr Donald TSANG says that, in order to protect the economic system and the prosperity of Hong Kong, there have to be four pillars: the spirit of the rule of law, fair competition, a corruption-free government and the free flow of information. While these four pillars are very important, they also remind me of the four pillars of national injury depicted by a Harvard academic Paul KENNEDY. In his book "The Rise and Fall of the Great Powers" published in 1995, he talks about four of the factors that lead to the decline of certain strong economic systems, especially that of the United Kingdom: First, over radical labour unions; second, a swinging economic policy; third, poor management; fourth, an attitude that loves comfort, hates work and does not seek improvement. I find debating the last point at this time of economic prosperity particularly enlightening and noteworthy. More interesting still, the official name of these four factors is "the British disease". At this juncture when the British colony is reaching its close, our SAR Government has to take precautions against this kind of contagious disease. With these remarks, I support the motion.

PRESIDENT (in Cantonese): Mr CHAN Wing-chan.

MR CHAN WING-CHAN (in Cantonese): Thank you, Madam President. I would like to talk briefly about the problem of welfare for the elderly. The most controversial part of this transitional Budget is the steep fall in expenditure on social welfare which has made the whole community disappointed (especially those in need of help).

The problem of welfare for the elderly in Hong Kong has long been severely criticized. The expenditure on social welfare in the 1997-98 Budget is increased by a mere 9.4% as compared with that in the 1996-97 Budget, and this rate of increase is less than all those in the past. In the last five years, the number of CSSA cases and the relevant expenditures have been increasing sharply. As a result, the elderly who rely on the scanty CSSA payments for a living cannot improve their present living standard by way of enhanced CSSA payments.

On the other hand, the Government encourages the elderly CSSA recipients to return to and live in the Mainland by slackening the restriction on

the number of days they can stay away from Hong Kong. The Hong Kong Federation of Trade Unions (FTU) thinks that the future SAR Government must solve the problem of medical services for the elderly when it implements the policy so as to ensure that the elderly will get subvention for medical charges or medical insurance and spend their retired lives peacefully in their hometowns.

Madam President, after the publication of this transitional Budget, a lot of criticisms were aroused in Hong Kong and there were incessant appeals to the Government for an augmentation in the CSSA payments. The FTU has always been advocating that the CSSA payment should be increased to one third of the median wage to bring it to a more reasonable level, in order to practically put an end to the extreme difficulties encountered by the families in poverty and especially those of the elderly in their daily life. The Democratic Alliance for Betterment of Hong Kong also hopes that the Government will conduct a comprehensive review of the elderly policy and services, and proposes that \$15 billion be set aside from the fiscal reserves to establish an "elderly quality of life fund" whereby profits generated by the investments made with the fund will be distributed to the elderly CSSA recipients in the form of a monthly allowance of \$500 with a view to improving their living standard. I hope that the Chief Executive of the SAR and the government officials concerned will listen to our views seriously and I also believe that the future SAR Government will be able to make further pledges to improve the welfare for the elderly. I wish that our efforts could bear fruit.

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

PRESIDENT (in Cantonese): Mr TSANG Yok-sing.

MR TSANG YOK-SING (in Cantonese): Madam President, negative views on the 1997-98 transitional budget concentrate mainly on the care for the elderly. The CSSA level prescribed in the Budget falls short of the demands of the community by a big margin. With regard to the problem of welfare for the elderly, other than insisting that the CSSA payment for the elderly should be increased to one third of the median wage, the Democratic Alliance for Betterment of Hong Kong (DAB) has also put forward many proposals concerning a comprehensive policy on care for the elderly. It is because we believe that, besides taking care of them financially, the living standards of the

elderly should be improved in all other aspects, and we should look after their various needs such as medical services, housing, community services and even social activities so that the elderly can really be looked after properly and their living standard improved on all counts. The Budget commitment to caring for the elderly falls short of the DAB's expectation and we are really disappointed. In fact, we also have a lot of opinions on the other areas of the Budget and these views have already been expressed by Honourable colleagues on other occasions. Madam President, we cannot say that this Budget is good enough to win the hail and applause of all strata, but we understand that this is a transitional budget straddling the transfer of sovereignty. We are aware that with constraints coming from various sides in the drafting process, the hamstrung Budget cannot possibly introduce any bold measures. We think that we should let the Budget pass smoothly to facilitate a smooth transition and the peaceable establishment and operation of the SAR Government, so as to avoid the introduction of more uncertainties during the transfer of sovereignty. At the same time, we would like to point out that accepting the Budget does not mean giving up our long-term fight for better social services. We have also noticed that the Chief Executive is very concerned with quite many livelihood issues, including welfare for the elderly, housing and education, on which he has focused his studies and intended to propose improvement measures. We believe that this Budget will not hinder the SAR Government's work in bringing about improvements in various aspects of society. Madam President, I support the motion on behalf of the DAB.

PRESIDENT (in Cantonese): Mr MA Fung-kwok.

MR MA FUNG-KWOK (in Cantonese): Madam President, I feel that this transitional budget has displayed extreme prudence and caution which complies strictly with the financial management principle of "living within our means". Viewed merely as a transitional budget, it is acceptable.

However, in keeping with the overriding principle of "a smooth transition", the Budget impresses with its parochialism as it has focused only on the two main directions of "meeting economic needs" and "meeting the community's needs", without focusing on other aspects. In the past, in respect of cultural development, the Hong Kong Government gave people an impression that "no policy is the policy". The establishment of the Hong Kong Special

Administrative Region (SAR) may well have offered a good opportunity for reviewing and examining once again the future cultural policy of Hong Kong, yet unfortunately, it is disappointing to see that there is no funding at all in the Budget for studying and developing the local cultural policy in the future.

Although the training of human resources is included in the Budget, it aims simply at improving the language skills of Hong Kong's younger generation and reviewing the roles of the Employees Retraining Board and the Vocational Training Council. However, in reality, the formulation of a long-term cultural policy, an enhancement of people's cultural cultivation and cultural vision, and an improvement to the average quality of the population with a view to enhancing the creativity and competitiveness of Hong Kong in the future are matters worthy of more of our attention.

The allocation for the Hong Kong Arts Development Council (ADC), the only one of its kind, amounts merely to \$82.3 million in 1997-98. Although there is already an 40% increase, it is only because the bases of appropriation over the past years were too low. Taking a look at this amount and the total sums mentioned in the Budget, or just comparing it with the Budget surplus, I find it a ridiculous proportion. With only \$80 million allocated to cope with hundreds of applications from organizations and for various projects, the eventual allocation would likely to make many art groups directly subsidized by the ADC short of funds and they would have to cut certain performances or change the venues of performance to relatively smaller ones. Even the directly-subsidized groups do not have enough money, not to mention other art groups which are not subsidized directly. How can they have a share of the very limited resources of the ADC? It would be even more impossible for other cultural and artistic activities such as policy study, artistic critique and so on, to obtain any assistance. At the same time, we also notice that graduates of the Academy for Performing Arts, who have been trained with enormous resources, have had a hard time finding jobs.

Under such circumstances, how can we expect the ADC to achieve the goal of raising the professional standards of artistic activities and promoting the popularization of arts? No wonder another major working objective of the ADC in the year 1997-98 is to "continue to make efforts to look for other non-governmental subsidies for the development of arts". Here, I hope that the future SAR Government could allocate more resources to assisting in the development of cultural activities of a more diversified nature.

For a long time, Madam President, representatives from many different artistic fields have asked the Government to give more assistance to the development of the relevant fields, but it seems that the Government has not faced these demands squarely. Among them, the demand for the setting up of a film development council is a good example. For decades, Hong Kong movies have amply helped to promote the international image of Hong Kong, develop our economy, help our culture flourish and provide the community with entertainment. However, in the '90s, the industry not only found itself threatened by gang violence, short of shooting venues and restricted by government regulations, but also faced the problems of severe copyright infringements in Hong Kong and overseas due to inadequate protection of intellectual property. The movie industry of Hong Kong has thus been at a low ebb. People from the industry and those who are concerned have consistently asked the Government to set up a film development council in order to aid this cultural industry uniquely Hong Kong, but unfortunately the stance of the Government changed again and again and it eventually shelved the case. I hope that the future SAR Government will address this problem squarely. We only need a small amount of funding, just a few million dollars a year, to assist in and promote the development of the movie industry. I also hope that the SAR Government will again consider the establishment of a film development council, otherwise, the decline of this industry is going to be an irrevocable loss for Hong Kong culture.

Madam President, widening Hong Kong people's cultural vision and enhancing their cultural cultivation and creativity certainly form an important component in the training of human resources. It has been reiterated many times in the Budget that the quality of education should be raised. While I agree that this is a correct direction, I also believe that the training of human resources cannot be solely undertaken by those in the field of education. The co-ordination of cultural and artistic policies with the educational policy is equally important. In the next century, Hong Kong will be facing competitions not only in the economic and political terms, but also competition among people, especially competition in the quality of people.

Aside from increasing the resources for education, in order to train the next generation to be one that can accept and respect different cultures, are well cultivated culturally and have adequate creativity and vision, we have to put in more resources as soon as possible to embark on studying a long-term cultural strategy. At the same time, we should also put aside sufficient resources for the implementation of such policies so as to cope with the needs of the next century.

Madam President, while Hong Kong is entering the "new epoch", I earnestly hope that the future SAR Government will establish a clear and definite long-term cultural policy. With these remarks, I support the motion.

PRESIDENT (in Cantonese): Prof NG Ching-fai.

PROF NG CHING-FAI (in Cantonese): Madam President, I agree heartily to several sentences in the speech of the Financial Secretary: "1997 is a very special year for Hong Kong. The eyes of the world will be upon us as we set out on our historic journey." And, "for most of the period covered by this Budget, we will be a Special Administrative Region of the People's Republic of China. This is a defining moment in our history."

I would like to advance some views here on the basic policies of education and technology-intensive high value-added industry. I think the Budget has reflected that the Hong Kong Government has not made any reform in policies so far regarding education and industry. It is true that the Government's past economic policies have brought Hong Kong economic prosperity and deserve our positive comments. However, at this juncture of entering a historical new epoch, the Government should grasp the opportunity to comprehensively review our educational and industrial policies and make relevant modifications.

First of all, I would like to talk about education. It has been repeated for many times in the Financial Secretary's budget speech that a good quality of education must be maintained. In fact, it is an issue of how we can stop the quality of students from declining continuously. We can see that a crisis is existing in the educational system of Hong Kong: as shown in the Budget, the government resources allocated for education, especially secondary and primary education, are still inadequate. The small increase in funding this year can only serve to do some patchy mending, there are still a lot of "education debts" to be repaid. A more important point is that, although in the last few years, the Government has more or less increased the expenditure on education in each fiscal year, the intellectual and moral quality of students has not been obviously improved, nor the morale of teachers boosted. It demonstrates all very clearly that the declining quality of education is not only caused by inadequate resources but by the problematic education system as a whole. The crux of the problem is lies in the fundamental goal of education in Hong Kong, and this problem has not been solved.

An unclear and indefinite goal of education naturally makes people feel that education has been largely economic-led. In Hong Kong, education tends to look at matters from the angle of "human resources", rather than that of "educating people" and it often puts quantity before quality. The departments responsible for education are more concerned about how many students can receive nine-year free education as scheduled, rather than whether they have reached certain academic standards. As a result, we sometimes witness some horrible cases caused by compulsory promotion: some Form Two or Form Three students cannot even memorize the 26 English alphabets or do simple arithmetic.

With an unclear goal, naturally less emphasis would be placed on the moral education of students, and even lesser on civil education. Therefore, we frequently learn of instances of poor discipline of students, especially those in lower-band schools in which the teachers are under extremely great pressures as the students' standards are so very low that they are totally incapable of following the curriculum of the respective Form. Facing students with extremely little initiative to learn, the teachers have already achieved much by keeping them quiet, not to mention putting into practice the ideals of education. This is one of the major factors leading to the low morale of teachers.

I do not want to list out all the bad consequences brought about by a lack of a clear and definite goal of education I just want to make an appeal here that education is a very difficult and complicated system engineering. Before setting up a complete education system, first of all, we ought to have a clear and definite goal of education before considering thoroughly all components of the educational system including university, secondary, primary, pre-school and vocational education. It is now time government officials in charge of education and the education workers sat together and drew up the goal and policy of education for the SAR. Furthermore, government officials in charge of education should actively formulate the relevant educational principles, provide appropriate resources and implement the measures concerned. Madam President, many Honourable colleagues discussed today about how we should make use of the huge surplus we have. I should propose, if I may, using a portion of the surplus to set up an education fund to provide for some of the resources required by the future educational reforms.

Madam President, our industrial policy should form an important component of our economic policy. The three infrastructure projects including

the Science Park as mentioned in the 1997-98 Budget show us that the Government seems to have made a step forward in supporting local industry. However, the three infrastructure projects including the Science Park were actually disclosed last year but we have not seen any progress in the projects so far. On the other hand, the Government has not introduced any concrete measures for encouraging and attracting investors, in particular the transnational corporations, to come to set up technology-intensive industries in Hong Kong. Perhaps we should note that the last transnational high technology corporation to set up factories in Hong Kong was Motorola, and it did so 25 years ago. No company has come to set up factories in Hong Kong ever since. It is very obvious that, in the competition of attracting international industrial investment, Hong Kong fails to remain qualified for taking part.

However, in the 1997-98 Budget, we still fail to see any positive government guidance in respect of our industrial and technological policies. We do not have a selective strategy for industrial upgrading and transformation, nor do we have an objective for the long-term development of the economy as a whole. What we do see is still a "partly-veiled" economic policy that deviates slightly from the sacred "positive non-interventionism".

The experiences of other countries in the world tell us that: under the circumstances of rapid technological developments and fast changing market situations, government acts and policies are intervening in the competitions among international enterprises. The development of high-tech high value-added industries in other countries rely on their governments' support and policy guidance, dictated by the intense competition focusing on high penetration, high risk and high technology content. The economic success of our neighbours such as South Korea and Singapore have demonstrated to us clearly that the success of technology-intensive high value-added industry hinges on government participation.

Madam President, I hope that the SAR Government will conscientiously review the so-called positive non-interventionism policy, and while it gets rid of its superstition about this policy, it should rapidly formulate a new policy for developing technology-intensive high value-added industries. For the industries of Hong Kong to maintain their vitality in the future, I believe they must take account of two major factors: attracting international high technology corporations to come to invest in Hong Kong, and fully utilizing the Chinese factor, that is, taking full advantage of co-operation and mutual contributions of

the SAR and the Mainland in respect of technology and economic activities. I propose here that the Industry Department of the SAR should set up an ad hoc unit to promote multi-dimensional co-operation with the Mainland in industrial development.

In brief, only with the leadership of the Government in formulating a comprehensive and forward-looking policy can we visualize a beautiful tomorrow for the local technology-intensive high value-added industries. The development of technology and industry relies on market regulations and the Government's active support. It is not necessary for us to completely abandon the standby function of the "visible hand" because we now have the "invisible hand".

Madam President, just as many Honourable colleagues have mentioned today, the 1997-98 Budget is a very special transitional budget, therefore, although I have reservations about its industrial and educational policies, I am still willing to support this Budget. However, I should expect that the first budget after the establishment of the SAR Government

PRESIDENT (in Cantonese): Prof NG Ching-fai, time is up.

PROF NG CHING-FAI (in Cantonese): will be more progressive and creative in the aspects of industrial and educational policies. I so submit.

PRESIDENT (in Cantonese): Mr KAN Fook-yee.

MR KAN FOOK-YEE (in Cantonese): Madam President, before I wrote this speech, I had paid attention to the speeches made by Honourable colleagues on the 1997-98 Budget in this Council or the Legislative Council and found that, since Hong Kong has accumulated a large amount of money in terms of the fiscal reserves and the Land Fund, Members had certain views on "returning wealth to the people". Although I will not go so far as to suggest sharing this enormous surplus of over \$300 billion just like cutting up "luncheon meat", in the face of such a large amount of money, I cannot remain indifferent. As stated in the motion moved by the Office of the Chief Executive: the Government has to have

robust fiscal reserves to cope with the requirements of mid-term and long-term developments. How the reserves should be used after the reunification of Hong Kong with China in order to further create wealth for Hong Kong and benefit the community is going to be a great challenge to the Government of the Special Administrative Region. I agree with this point of view and think that the SAR Government should, in respect of the needs of our society, carry out prudent planning and resolutely implement a policy facilitating such a far-reaching target. In view of this, I put forward the following four proposals:

1. *Increase the appropriation for basic education*

To build a society we have to rely on people of ability, and the goal of education should be to rear people. While Hong Kong is transforming from a place governed by colonial rule to that under a system of Hong Kong people ruling Hong Kong, we have to establish social consciousness with emphasis on ideals and morals on top of maintaining our economic prosperity and social stability. Only with lofty social consciousness can the prosperity and stability of Hong Kong be guaranteed and the promotion of one country, two systems be achieved.

Social consciousness with emphasis on ideals and morals is the base and momentum of social development, whereas good education is the essential means of cultivating correct moral concepts and values. In the long run, building the Hong Kong SAR into a promising place is inseparable from fostering the young generation to be people with moral integrity and rich knowledge of modern science. Even a commercial society cannot overlook the importance of basic education.

2. *Solve the housing problem for the low and middle income group and the sandwich class*

At present, there are still over 145 000 families in Hong Kong on the Waiting List for public housing. It is estimated that it will take at least six and a half or seven years to house all these families. Such a long waiting time is unacceptable.

Besides, as the property prices keep on soaring, the sandwich class families' hopes of becoming "snails with shells" rather than "snails without shells" are getting slimmer and slimmer.

Taking into account the various practical difficulties in increasing land supply, it is indeed not easy to solve the housing problem of those people mentioned above. However, I suggest that the SAR Government can consider making use of the land or housing in Shenzhen to first solve the problems of those people who are in urgent need of housing and are willing to move to Shenzhen. In order to enhance the acceptability of the Home Ownership Scheme flats or public housing flats built by the Hong Kong Government in Shenzhen, the provision of minimum medical services and the setting up of Hong Kong-style primary schools there merits consideration.

3. *Reduce Corporate Profits Tax*

For a long time, the rates of salaries tax for individuals and corporate profits tax have been the same, at 15%. But since 1985, as the Government's income has been dropping sharply and our overall economic situation then was unsatisfactory, after weighing the advantages and disadvantages, the Hong Kong Government decided to increase the corporate profits tax. Ever since then, the rate of profits tax has been changed time and again and such changes reflect that the Government still does not have a very firm stand.

With huge surpluses, I think that the Government should reward the industrial and commercial sectors which have made exceptional contribution to for many years by reducing their corporate profits tax by 0.5%, as a gesture of the Government's gratitude and to enhance the partnership between the Government and the industrial and commercial sectors in respect of public revenues and expenditure. I believe that through this, if the Government wants the industrial and commercial sectors to contribute more to its financial expenses in the future, it will get good responses.

4. *Establish a land development council*

Land development by the Hong Kong Government, whether in respect of planning or specific implementation, has long been fragmentary. The departments concerned within the government structure are co-ordinated and controlled by the departments at higher levels, but other related statutory bodies just mind their own business and are only in charge of a certain link in the chain of development as a whole. For example, the Town Planning Board is only responsible for the planning brief of individual districts and not for the overall planning, as a result, it did not have any say in respect of large-scale

reclamations by the Government in the past. On the other hand, the Land Development Corporation is only responsible for redeveloping certain small districts that have to be redeveloped, and again it has no say in the overall urban redevelopment.

Metropolitan development is a systematic social engineering which has to be dealt with by a systemic organization. Therefore, it is now time for us to put the establishment of a land development council on the agenda.

With these remarks, Madam President, I would like to extend my support to this year's Budget.

PRESIDENT (in Cantonese): Dr TSO WONG Man-yin.

DR TSO WONG MAN-YIN (in Cantonese): Madam President, as the old saying goes: "It takes ten years to grow trees, but a hundred years to rear people". Just now many Honourable colleagues have talked about the importance of education to society and they all agree that education is a difficult task with heavy responsibilities. However, in the past five years, the substantive rate of increase in the Government's recurrent public expenditure on education has kept on falling. We all know that the most urgent task at hand in respect of Hong Kong's economic development is strengthening our competitiveness, and training people of ability is an indispensable link in the process. If we take a look at the developed countries such as the advanced countries in Europe and the United States, we will find that their governments' appropriations for education account for 5% to 7% of the gross national product. On the contrary, the Financial Secretary proposes in the 1997-98 Budget that only \$45 billion will be appropriated for education, accounting for only 2.8% of the gross domestic product. There is still a wide gap between this figure as compared with that of the developed countries. How do we exactly want Hong Kong's education to march into the 21st century? What expectations do we have for the local graduates? Under the present circumstances, if we keep on refusing to increase the resources for education, the policy of "two languages and three dialects", the training in scientific and technological knowledge and the enhancement of our competitiveness will all become castles in the air.

Madam President, just as the Honourable YEUNG Yiu-chung said a moment ago, we can find a little relief in the Financial Secretary's pledge that out of the \$45 billion appropriation for education most will be put on basic education. One of the existing drawbacks of local education is the constant deterioration of the students' proficiency in the English and Chinese languages. Although the Government has already spent a lot of money on the language training of undergraduates, it fails to consolidate the base and solve the problem. At the same time, some Honourable colleagues mentioned that the present education system lays particular emphasis on knowledge but insufficient emphasis on moral training, not to mention imbuing into the students concepts of the country and nation. We think that the teaching method of purely imbuing students with knowledge should be abandoned gradually and the students should be encouraged to ask and discuss questions so as to foster their ability of independent thinking and objective analysis. In order to achieve this goal, the Hong Kong Progressive Alliance (HKPA) thinks that we should start with basic education and reinforce the language training of school children, so that they will have the confidence to express their own opinions and views. We feel that, at this crucial historical juncture, it is very important to imbue concepts of the country and nation into the students. We hope to enhance their sense of belonging to our country and their sense of mission to our nation. In this fiscal year, the Financial Secretary proposes to reduce the number of students in each primary class and increase the number of primary school graduate teachers. I feel this is the right direction, but is this enough? In my contact with many primary and secondary school teachers, I find that the number of students in each class in most primary and secondary schools still exceeds 40. If we think that the class size of primary schools should be reduced, should we consider doing the same to secondary schools? We believe that the number of students in each class should at least be reduced gradually to 30, in this way the teachers can take care of every student and give them adequate assistance according to their academic levels. On the other hand, at present our primary and secondary school teachers are overloaded with work everyday. On top of teaching seven to eight sessions a day, they have to do a lot of administrative work and take charge of the students' extracurricular activities. The HKPA thinks that, in order to alleviate the workload of the teachers and enhance their teaching quality, the SAR Government should consider hiring at least one more teacher for each of the 1 200 primary and secondary schools in Hong Kong. In our estimation, although the recurrent expenditure will be increased by \$200 million, 900 000 teachers and students will benefit. The HKPA hopes that the SAR Government will take this proposal into consideration.

As for language standards, how can we raise the proficiency of local students? The HKPA supports that Hong Kong implements mother-tongue teaching and the policy of "two languages and three dialects" at the same time. In Hong Kong, an international financial and trade centre, mastering two languages, Chinese and English, is the most basic requirement. In respect of substantively improving the language standards of primary and secondary school students, it seems that the Government was not determined enough in the past.

The HKPA is of the view that, to raise the students' language standards, more resources have to be devoted to truly solve the existing problems. Out of the Government's annual recurrent expenditure, we propose that \$1 billion should be allocated for hiring three to four more language teachers in each primary and secondary school in Hong Kong so that the students may have more opportunities to learn languages in an appropriate environment. In the meantime, we think that the standards of language teachers should be raised step by step. For example, it can be stipulated that newly recruited teachers have to meet a certain language standard, and the Government can consider assessing the incumbent language teachers' levels and providing them with adequate in-service training in order to ensure that students would be appropriately taught.

Madam President, other than the tens of thousands of local students, we must not forget the 60 000 to 80 000 children who will be entitled to the right of abode in Hong Kong after 1 July this year when the Basic Law takes effect. Although in this fiscal year, additional resources have been appropriated for the school-age children who have newly arrived in Hong Kong so that they can fuse with the mainstream education system of Hong Kong as soon as possible, yet in the face of these 60 000 to 80 000 school-age children, the SAR Government has to come up with a plan as soon as possible to shorten the period for the school children to adapt to a changed environment. For example, the Government may consider asking the children who have been approved to come to Hong Kong to first attend basic link-up courses in the Mainland.

To sum up, we think that devoting additional resources to the education of our next generation is the most valuable long-term investment. Only by so doing can we rear people of remarkable ability to cope with the needs of the development of our society, to maintain our competitiveness and to safeguard the prosperity of Hong Kong.

With these remarks, I support the motion.

PRESIDENT (in Cantonese): Mr CHAN Choi-hi.

MR CHAN CHOI-HI (in Cantonese): Madam President, just now Mr Frederick FUNG has withdrawn his amendment and I respect his belated decision. However, if I have known his decision earlier, I would not have hitched a ride and perhaps I would have moved an amendment by myself. This story teaches us not to take the wrong car. Why do I have to amend Mr FUNG's amendment? Firstly, I hope to take this opportunity to prompt Members to discuss the issue of abject poverty because the discussions in the community about abject poverty in the past were actually not in much depth. Secondly, I feel that the motion I moved on 17 May has already included the elderly issue, so I hope to concentrate on discussing our Budget this time.

I think that the 1997-98 Budget is inadequate in terms of its total negligence of the seriousness of the gap between the rich and the poor and the tens of thousands of people in abject poverty whose standards of living are below the poverty line. The Government has not only failed to come up with any effective solution to the problem, but also basically ignored the problem of abject poverty.

The 1997-98 Budget gives us an impression that it exaggerates the "bright side" of Hong Kong and hides its "dark side". The Financial Secretary always stresses that there has been steady and constant economic growth in Hong Kong in recent years, and in the last five years, our annual economic growth in real terms has been as high as 5%. However, he deliberately shuns the "per capita growth in real terms" which is lower than 3% a year. From this we can see that the fruit of economic growth is not shared by everyone in our community. The Hong Kong Social Security Society has analysed the phenomenon of poverty in Hong Kong on the basis of the data of the Census and Statistics Department and generated the following data:

1. In June 1996, there were around 850 000 poor people in Hong Kong.
2. From 1993 to 1996, the number of poor people in Hong Kong grew from 520 000 to 850 000, at a rate of as high as 63%. But in the same period, the total population increased only by 7%. This shows how fast the poverty problem has been intensifying.

3. From 1993 to 1996, the percentage of poor people out of the total population in Hong Kong grew from 8.8% to 13.4%.

Let us now look at the Gini coefficient which measures the distribution of wealth. It was 0.45 in 1981, 0.453 in 1986, 0.476 in 1991 and rose to 0.518 in 1996. In other words, in the last ten-odd years, the gap between the rich and the poor has been widening.

These data demonstrate exactly how the poverty problem has deteriorated incessantly behind the veil of a prosperous Hong Kong. If we do not face the problem squarely now, there will be a time bomb which may explode at any time after the future SAR has been established.

Just as many Honourable Members said a moment ago, the Hong Kong Government has enormous fiscal reserves and a Land Fund for the SAR amounting to \$359 billion which we can well be proud of. However, the situations of people in poverty have not changed. These people are actually the elderly recipients of Comprehensive Social Security Assistance (CSSA) who can only spend slightly more than \$60 a day which is barely enough and they are living in desperate plight. I think that the Hong Kong Government, as a responsible government, is duty-bound to help the poor. Therefore, the SAR Government should, after its establishment, study all kinds of feasible ways to help the poor, including increasing appropriation and job opportunities, so as to put an end to their straits and let them regain dignity. I hope that the SAR Government will suit the remedy to the case and carry out studies and implement policies for helping the poor.

The SAR Government should seriously consider policy initiatives to eliminate poverty. For example, it should review the present CSSA system before 2000, establish policy standards for the basic rate and see whether it has reached 30% of the median wage. Or, is it necessary for the SAR Government to set up a committee comprising members from different departments tasked to eliminate poverty? I feel that there is such a need.

Madam President, when most people in society are falling prey to poverty, it would increase the instability factors and potential crises of society on top of impeding our economic growth and development because the consumption power of people has already been shrinking.

As a responsible government, the SAR Government should address the problem of abject poverty as early as possible.

Madam President, now that the alarm has gone off, a silent response will only exert more pressure.

With these remarks, I object to the motion.

PRESIDENT (in Cantonese): Dr Charles YEUNG.

DR CHARLES YEUNG (in Cantonese): Madam President, the 1997-98 Budget is a very special budget since it is the first one that has been compiled upon joint consultation by the Chinese and British sides, and it will straddle two different eras before and after the handover of sovereignty.

In the Budget, the Financial Secretary has abandoned the old custom of copying the wordings of the Governor's policy address last year. On the contrary, he has quoted for many times the provisions of the Basic Law, stressing the financial management philosophy of "living within our means" and upholding the spirit that "the previous system shall remain unchanged for 50 years". The Hong Kong Progressive Alliance (HKPA) considers such a firm and prudent attitude worthy of our approval.

I have been working in the industrial sector for many years, bearing witness to the Government's reluctance to formulate a complete plan for developing the local industries. Furthermore, it has also been reluctant to put in more resources. Although the 1997-98 Budget estimates that there will be a surplus of \$31.7 billion, the Government's assistance to industrial development is still disappointing.

In this year's Budget, the Hong Kong Government's plan to put aside \$400 million for the Phase I project of the Science Park shows that it has finally turned around to assist in the industrial development of Hong Kong. Besides, the Financial Secretary proposes the odds and ends of establishing a second industrial technology centre, and indicates that the Government will investigate the potential of a site in Tuen Mun for a fourth industrial estate. It seems that the Government is trying to show us that it is not totally indifferent to industrial

development. But the above-mentioned piecemeal and separate small projects only serve to reflect that the Government lacks a complete strategy and foresight for industrial development.

Although the services industry almost accounts for 90% of the gross domestic product of Hong Kong, many academics and experts have pointed out that Hong Kong cannot rely solely on the services industry forever. While we attach so much importance to the development of the services industry, we must not give up developing the local industries. Hong Kong was originally a city built up on industries, and now with the return of Hong Kong to China, the relationship between China and Hong Kong are getting closer to each other, both politically and geographically. Hong Kong, with its back leaning on the Mainland, can utilize the more advanced technological resources of the Mainland to help upgrade its own industries when these same industries are encountering difficulties. However, if we rest content with enjoying the economic benefits currently brought by the services industry and give up developing our industries, once the services industry faces transformation or is threatened by our neighbouring countries, our economy will surely suffer a heavy blow beyond estimation.

In fact, the Hong Kong Government's policy on industrial development over the last 10 years does not merit mention. The Financial Secretary shirks his responsibility in such a tone in the Budget: "we do not pretend to be better at forecasting the nature and trends of market demand than businessmen risking their own capital" and "the Government's job is to provide the right environment for business to grow". There may be a grain of truth in the Financial Secretary's remark, but how did or does the Government provide a suitable environment for the development of our industry in the past, at present and in the future?

The Government has not provided sufficient incentives to factory owners in terms of tax concessions and supply of factory sites, far worse than the measures adopted by the Mainland Government to assist in the industrial development in certain special economic zones, and for encouraging foreign investment. The Government's failure to provide the many declining industries in Hong Kong with timely assistance has put Hong Kong industry in the present irreversible plight.

Madam President, our neighbouring burgeoning industrial regions such as Taiwan, South Korea, Singapore and even Malaysia have successfully evolved from the labour-intensive manufacturing base into a high-tech high value-added base because their governments have more foresight in industrial development and provide great assistance to the factory owners. In South Korea, the Government and the private sectors' investments in high technology researches account for almost 3.5% of the gross national product (approximately US\$17 billion), close on the heels of the two big industrial countries, the United States and Japan. However, as calculated on the basis of this year's Budget, the appropriation for scientific and technological researches in Hong Kong is less than 0.2%. Perhaps this figure partly explains why Hong Kong's industries are lagging behind.

Most of the industries in Hong Kong are medium or small sized. Without support from the Government and relying only on the will of these factory owners, how can we expect them to develop high technology industries of high value-added with their limited resources?

The Financial Secretary said that the Government is going to establish an advanced technology base for Hong Kong's industrial development. Nice though it sounds, judging from the measures he listed, it appears that the Government still lacks sincerity. In the coming five years, only \$400 million will be spent on studying into the establishment of the Science Park — a skimpy 0.017% of the annual total revenue. The construction of the second industrial technology centre will be started not until 1998, and it is estimated that the fourth industrial estate will not be completed until by 2004. It takes seven years to build an industrial estate, whereas seven years can see us through the construction of a new airport. Moreover, by 2004, the production modes of high technology industries may have already entered yet another new state. Having wasted seven more years, it would be even more difficult for Hong Kong to catch up.

As at the end of March 1997, the Government has amassed almost \$170 billion in fiscal reserves (in addition to approximately \$160 billion from the SAR Land Fund, the total exceeds \$330 billion) which are somehow safeguards for the injection of resources into the future infrastructure development strategies. Under the present circumstances without much financial pressure, the HKPA thinks that the Government should, in the 1997-98 Budget, increase sharply the appropriation for industrial development, shorten the completion time of the Science Park

PRESIDENT (in Cantonese): Dr Charles YEUNG, your time is up.

DR CHARLES YEUNG (in Cantonese): And push the local industries onto the high technology track as soon as possible. The facts tell us that the effect of "positive non-interventionism"

PRESIDENT (in Cantonese): Excuse me, Dr Charles YEUNG, please stop speaking.

DR CHARLES YEUNG (in Cantonese): Policy, in respect of the development of local industries, should be thoroughly reviewed

PRESIDENT (in Cantonese): Dr Charles YEUNG

DR CHARLES YEUNG (in Cantonese): Now

PRESIDENT (in Cantonese): Dr Charles YEUNG , please stop speaking.

DR CHARLES YEUNG (in Cantonese): I so submit. Thank you, Madam President.

PRESIDENT (in Cantonese): Mr Kennedy WONG.

MR KENNEDY WONG (in Cantonese): Madam President, the Transitional Budget 1997-98, as implied by its name, is a budget that straddles the handover of sovereignty, a budget during the period we see off the old and welcome the new. Due to this reason, the Chinese and British Governments, through the Joint Liaison Group, have repeatedly studied and discussed the relevant arrangements for the Budget during this period before finally reaching a consensus. While the Legislative Council of the British Hong Kong

Government has already passed the relevant Appropriation Bill, I think that this Budget is generally acceptable. After I have received the papers concerning the motion debate on the 1997-98 Budget, I have put forward five written questions which were mainly about the co-ordination of resource allocation of the relevant government departments in view of the upcoming reunification and the beginning of a new era. For example, how is the Immigration Department going to deal with the resources for the greatly increased cases of application for naturalization as permanent resident? Does the Law Drafting Division of the Legal Department have sufficient resources to cope with bilingual legislation which is being carried out with vigour? To these questions, I have received rather satisfactory written answers. Today I would like to put forward a proposal. The success of Hong Kong is underpinned by the rule of law and our legal system. In this Transitional Budget, we can see that the 1997-98 appropriation for the Law Drafting Division of the Legal Department is only increased by 6.1%, much lower than the 20% for the same Division in 1996-97. In this time when we are feverishly legislating in two languages, is such a rate of increase sufficient? I think that when the SAR Government drafts the 1998-99 Budget, it has to consider the question very seriously. This question also leads to the question of using "two languages and three dialects" in the future SAR courts. In such courts of whichever level, I believe the use of Chinese will become more and more popular. Do the courts need to spend more on the relevant facilities and the interpreters to cope with such use? I think that the SAR Government has to explore and study this in depth.

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

PRESIDENT (in Cantonese): Director of the Chief Executive's Office, you may now reply.

DIRECTOR OF THE CHIEF EXECUTIVE'S OFFICE (in Cantonese): Madam President, first of all, I would like to thank Honourable Members for raising questions and expressing their views on the 1997-98 Budget. These substantial questions and views cover a very wide range and put forward a lot of constructive proposals. The Government of the Special Administrative Region will seriously consider their criticisms and suggestions. Just now many Members have expressed concern for the living conditions of the elderly

Comprehensive Social Security Assistance (CSSA) recipients. In fact, the Hong Kong population is gradually ageing. The number of people aged over 65 was nearly 630 000 in 1996, and it is estimated that it will grow to 1.1 million in 2016 accounting for 13% of the population then. In the face of an ageing population, the SAR Government finds it necessary and has the determination to improve attention services for the elderly, and to make long-term and careful arrangements for meeting the daily needs of the impoverished old people. In respect of services for the elderly, the Health and Welfare Branch has commissioned consultant firms to carry out a research assessing the elderly's needs for community support and institutional services. This research is the most comprehensive survey made on elderly services by the Government in recent years, and the survey findings will assist the SAR Government in determining the direction of future services. Although just now many Members criticized the Government for not appropriating sufficient resources for elderly services, I still want to share the following figures with Members.

In the last five years, the expenditure on elderly services has increased from \$1.6 billion in 1992-93 to \$4.3 billion this year — an increase rate of 270%. Of course, we can do more. There were only 197 day care centres for the elderly five years ago, but by April next year, the number will grown to 335. Five years ago, there were only about 7 000-odd residential care places but now the number has risen to 15 500 and there will be an additional 2 800 places this year.

Besides, the Government will also provide all sorts of community support services, medical services and public housing arrangements to the elderly. We hope that, with these multifarious services, the elderly can choose among these services according to their individual needs.

In respect of financial assistance, we agree to safeguard the livelihood of the needy elderly. While active preparations are being made for the Mandatory Provident Fund (MPF) scheme, we hope that the laws concerned can be passed as soon as possible so that the scheme can be implemented earlier. After the scheme has operated for some time, the MPF should be able to subsidize the living expenses of the elderly after they have retired. The purpose of the CSSA is different from that of retirement protection in that the former provides people in need with a safety net and help them to pay for their basic daily expenses. To enjoy a more secured post-retirement life, in the final analysis, people have to save up money, family members have to take care of the elderly in their

families, and possibly the MPF scheme, if implemented, will give people subsidies. As to the low-income group who do not have enough pensions or savings and will not be looked after by their family members, we certainly need to lend them a helping hand.

In order to understand more precisely the economic conditions and needs of the elderly, the Health and Welfare Branch has engaged consultants to carry out a study on the elderly CSSA recipients, with a view to learning more about their actual expenditure items and needs and their knowledge of the various special allowances available under the CSSA scheme. The scope of the study also covers the elderly who are not CSSA recipients, in order to find out about their living conditions and the reasons why they do not apply for CSSA. The results of the study will assist the SAR Government in assessing the genuine needs of the poverty stricken elderly to the end that the Government can suit the remedy to the case and draw up measures which meet the elderly's needs most.

Both the Honourable HUI Yin-fat and the Honourable CHAN Choi-hi brought up the issue of people in poverty. Truly economic transformation has produced a group of unemployed workers and we are very concerned about the problem. In the past few years, our expenditure on CSSA payments has increased rapidly. The total expenditure on CSSA has grown from \$2.4 billion in 1993-94 to almost \$7 billion in 1996-97, increased at a rate of nearly 30%. Among the CSSA recipients, many are elderly people. At present, the unemployed or low-income group can apply for CSSA and payments under the scheme have increased quite substantially over the last two years. Take an able-bodied adult as an example, the monthly standard rate he receives has increased by 25% to 57% in real terms. At present, a family of four may receive \$11,000 a month on average. Just now a Member also mentioned that if the CSSA payment keeps on growing and even exceeds the median wage, it may have adverse effects on the community and it deserves concern by the SAR Government. I pointed out in this Council when I moved a motion on 3 May that how the enormous fiscal reserves is going to be properly used after Hong Kong's reunification with China will be an important issue facing the SAR Government. A Member just conveyed a general view of the community that since Hong Kong has a huge reserve which exceeds \$350 billion, the SAR Government should consider adopting various measures for returning the wealth to the people. Members have also put forward various proposals including setting up an education fund, a fund for the steady development of welfare, an elderly quality of life fund, a land fund, a development fund and so on. In fact,

abundant fiscal reserves can help stabilize the Hong Kong monetary system and it is particularly essential to keep these reserves during the transitional period. Article 107 of the Basic Law stipulates that the SAR Government shall follow the prudent financial management principle of keeping expenditure within the limits of revenues. Of course, in the long run, we have to consider certain proposals and draw up forward-looking policies. After the establishment of the SAR, the Government has to carry out plenty of work and reconsider, study and formulate long-term proposals regarding Hong Kong's long-term development and social problems. The Chief Executive has repeatedly said that he will do his best to maintain Hong Kong's economic vitality, enhance Hong Kong's competitiveness, attract more foreign investors to Hong Kong, create wealth for Hong Kong and provide employment opportunities.

I agree to what the Honourable MA Fung-kuok said just now that the competition in the next century will be the competition of people's qualities. So we have to invest more in education to improve the quality of education, and invest in human resources training to train up people of talent in order to meet the needs of a new era. The Chief Executive has already appointed Mr Antony LEUNG to extensively collate opinions on education and submit a report and a comprehensive proposal to him. Members just said that policies in regard to housing, welfare services, new immigrants, transport and infrastructure have to be reviewed, too. To carry out these plans, the SAR Government needs a lot of resources and to set priorities for the various expenditure items, which is going to be a controversial issue. On the one hand, as our society is getting richer, the Government has the responsibility of taking care of the underprivileged; on the other hand, it has to attend to the needs for Hong Kong's future development and try to strike a balance between consumptive expenditure and investment expenditure. So while we endeavour to enhance economic growth, we have to avoid stimulating inflation. Madam President, budgeting is an endless task. The SAR Government, after its establishment, will maintain the open attitude adopted in the past and consult Members and people from all walks of life on taxation and various expenditure items before formulating next year's budget. In the process of compiling the budget, we hope that Members would, in the light of the overall interests of Hong Kong, co-operate with one another and jointly shoulder the heavy responsibility of implementing prudent financial management and maintaining the stability and prosperity of Hong Kong.

With these remarks, Madam President, I urge the Provisional Legislative Council to support the 1997-98 Budget.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Director of the Chief Executive's Office as set out on the Agenda be approved. The wording of the motion reads: That this Council supports the Transitional Budget 1997-98.

Will those in favour please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no".

(Members responded)

PRESIDENT (in Cantonese): I think the "ayes" have it. The "ayes" have it.

NEXT MEETING

PRESIDENT (in Cantonese): In accordance with the Rules of Procedure, I now adjourn the meeting until 9.30 am on Saturday, 14 June 1997.

Adjourned accordingly at twenty-six minutes past Four o'clock.

Annex I

URBAN COUNCIL (AMENDMENT) BILL 1997

COMMITTEE STAGE

Amendments to be moved by the Secretary of Policy Co-ordination

<u>Clause</u>	<u>Amendment Proposed</u>
4(1)(j)	In the definition of "office of emolument" by adding "President of the Provisional Legislative Council," before "Chairman" where it first appears.
5	(a) In proposed section 3(2) by deleting "、義務及法律責任" and substituting "及義務". (b) In proposed section 3(3) by deleting "vests" and substituting "is vested". (c) In proposed section 3(7) by deleting "在緊接 1997 年 7 月 1 日之前", and by adding "在緊接 1997 年 7 月 1 日之前" after "訂立並". (d) In proposed section 3(9) by adding "成立" before "被廢除".
7	In proposed section 6(3) by adding "and deliver it to the Secretary" after "acceptance".

- | <u>Clause</u> | <u>Amendment Proposed</u> |
|---------------|--|
| 8 | <p>(a) In proposed section 10A(1)(d) by deleting "議局" and substituting "機關".</p> <p>(b) In proposed section 10A(1)(j)(i) by deleting "parliament" and substituting "legislature".</p> <p>(c) In proposed section 10A(1)(j)(ii) by deleting "構" and substituting "關".</p> <p>(d) In proposed section 10A(1)(j) by adding "or a voluntary arrangement" after "creditors".</p> <p>(e) In proposed section 10A(1)(l)(i) by adding ", which sentence has not been suspended," after "months".</p> <p>(f) In proposed section 10A(1)(l)(ii) by adding "or" at the end.</p> |
| 10 | <p>(a) Proposed section 17 is renumbered as subsection (l).</p> <p>(b) In proposed section 17 by adding -</p> <p style="padding-left: 40px;">"(2) A member does not cease to hold office under subsection (1) if he fails to attend meetings of the Council by reason of his being employed as a member of an auxiliary force during war or an emergency."</p> |
| 14 | <p>(a) Clause 14 is renumbered as subclause (1).</p> <p>(b) By adding -</p> <p style="padding-left: 40px;">"(2) Section 51A(8)(b) is amended by repealing "declaration of".</p> |

ClauseAmendment Proposed

16

- (a) In proposed section 55(1) by deleting "Director of Urban Services" and substituting "Secretary".
- (b) In proposed section 55(2) by adding at the end "The Secretary is to preside at the first meeting until the Chairman assumes office. The Secretary does not have a casting or a deliberative vote at the meeting."
- (c) In proposed section 55(4) by deleting "Director of Urban Services" and substituting "Secretary".
- (d) In proposed section 55(5) by deleting "遺漏" and substituting "意外地", and by deleting "發出" and substituting "漏發".
- (e) In proposed section 55(6) by deleting "do" and substituting "does".
- (f) Proposed section 56 is renumbered as subsection (1).
- (g) Proposed section 56(1) is amended by adding ", document, notice, sign, article or instrument" after "Ordinance".
- (h) Proposed section 56 is amended by adding -

" (2) Property vested in the Provisional Urban Council that is identified as belonging to the Urban Council is taken as belonging to the Provisional Urban Council without the need to change any identification or marking. " .

<u>Clause</u>	<u>Amendment Proposed</u>
20	<p>(a) In subclause (2)(b) by adding "from among the members present" after "55".</p> <p>(b) By adding -</p> <p>"(4) Schedule 5 is amended by adding -</p> <p>"1B. Written nominations only for the position being voted on may be given at any time up to the time when the chairman of the meeting calls for the closing of nominations.".</p> <p>(5) Schedule 5 is amended by adding -</p> <p>"7. In this Schedule, an absolute majority of votes means that the person receives more than half of the valid votes cast excluding abstention votes.".</p>
21(2)	By deleting "該" and substituting "有關".

URBAN COUNCIL (AMENDMENT) BILL 1997

COMMITTEE STAGEAmendments to be moved by Dr Hon LAW Cheung-kwokClauseAmendment Proposed

7

By deleting the proposed section 6(1) and substituting -

"(1) The Council consists of not more than 41 members appointed by the Chief Executive for the term set out in their appointment but not later than 31 December 1999. The members to be appointed shall be the members of the Urban Council immediately before 1 July 1997. If any of the latter members fails to accept the office in accordance with this section, the Chief Executive may appoint other person(s)."

URBAN COUNCIL (AMENDMENT) BILL 1997

COMMITTEE STAGEAmendments to be moved by Hon CHAN Choi-hi

<u>Clause</u>	<u>Amendment Proposed</u>
12	<p>By adding the following after "repealed" -</p> <p>"and the following substituted -</p> <p>"20. Chairman and Vice-Chairman of the Council</p> <p>(1) The Council shall have a Chairman and Vice-Chairman appointed by the Chief Executive.</p> <p>(2) The persons appointed under this section take office as Chairman and Vice-Chairman on delivery to the Secretary of a completed acceptance of office in the appropriate form in Schedule 1. The Chairman and Vice-Chairman hold office until their respective appointments as member expire or are otherwise terminated."".</p>
16	<p>By deleting the proposed new section 55.</p>
20	<p>By deleting the clause and substituting -</p> <p>"20. Schedule repealed</p> <p>The Fifth Schedule is repealed.".</p>

REGIONAL COUNCIL (AMENDMENT) BILL 1997

COMMITTEE STAGEAmendments to be moved by the Secretary of Policy Co-ordination

<u>Clause</u>	<u>Amendment Proposed</u>
4(1)(m)	In the definition of "office of emolument" by adding "President of the Provisional Legislative Council," before "Chairman" where it first appears.
5	(a) In proposed section 3(2) by deleting "、義務及法律責任" and substituting "及義務". (b) In proposed section 3(3) by deleting "vests" and substituting "is vested". (c) In proposed section 3(7) by deleting "在緊接 1997 年 7 月 1 日之前", and by adding "在緊接 1997 年 7 月 1 日之前" after "訂立並". (d) In proposed section 3(9) by adding "成立" before "被廢除".
7	In proposed section 6(3) by adding "and deliver it to the Secretary" after "acceptance".

- | <u>Clause</u> | <u>Amendment Proposed</u> |
|---------------|--|
| 9 | <p>(a) In proposed section 11(1)(d) by deleting "議局" and substituting "機關".</p> <p>(b) In proposed section 11(l)(j)(i) by deleting "parliament" and substituting "legislature".</p> <p>(c) In proposed section 11(l)(j)(ii) by deleting "構" and substituting "關".</p> <p>(d) In proposed section 11(l)(j) by adding "or a voluntary arrangement" after "creditors".</p> <p>(e) In proposed section 11(1)(l)(i) by adding ", which sentence has not been suspended," after "months".</p> <p>(f) In proposed section 11(1)(l)(ii) by adding "or" at the end.</p> |
| 12 | <p>(a) Proposed section 18 is renumbered as subsection (1).</p> <p>(b) In proposed section 18 by adding -</p> <p style="padding-left: 40px;">"(2) A member does not cease to hold office under subsection (1) if he fails to attend meetings of the Regional Council by reason of his being employed as a member of an auxiliary force during war or an emergency."</p> |
| 18 | <p>By adding -</p> <p style="padding-left: 40px;">"(3) Section 57(8)(b) is amended by repealing "declaration of".</p> |

ClauseAmendment Proposed

- 19
- (a) In proposed section 62(1) by deleting "Director of Regional Services" and substituting "Secretary".
 - (b) In proposed section 62(2) by adding at the end "The Secretary is to preside at the first meeting until the Chairman assumes office. The Secretary does not have a casting or a deliberative vote at the meeting."
 - (c) In proposed section 62(4) by deleting "Director of Regional Services" and substituting "Secretary".
 - (d) In proposed section 62(5) by deleting "遺漏" and substituting "意外地", and by deleting "發出" and substituting "漏發".
 - (e) In proposed section 62(6) by deleting "do" and substituting "does".
 - (f) Proposed section 63 is renumbered as subsection (1).
 - (g) Proposed section 63(1) is amended by adding ", document, notice, sign, article or instrument" after "Ordinance".
 - (h) Proposed section 63 is amended by adding -

"(2) Property vested in the Provisional Regional Council that is identified as belonging to the Regional Council is taken as belonging to the Provisional Regional Council without the need to change any identification or marking."
- 20
- (a) In subclause (2)(a)(ii) by adding "from among the members present" after "62".

ClauseAmendment Proposed

(b) By adding -

"(c) by adding -

1B. Written nominations only for the position being voted on may be given at any time up to the time when the chairman of the meeting calls for the closing of nominations.

(d) by adding -

6. In this Schedule, an absolute majority of votes means that the person receives more than half of the valid votes cast excluding abstention votes. ". "

23(2)

By deleting "該" and substituting "有關".

REGIONAL COUNCIL (AMENDMENT) BILL 1997

COMMITTEE STAGEAmendments to be moved by Dr Hon LAW Cheung-kwokClauseAmendment Proposed

7

By deleting the proposed section 6(1) and substituting -

"(1) The Regional Council consists of not more than 39 members appointed by the Chief Executive for the term set out in their appointment but not later than 31 December 1999. The members to be appointed shall be the members of the Regional Council immediately before 1 July 1997. If any of the latter members fails to accept the office in accordance with this section, the Chief Executive may appoint other person(s)."

REGIONAL COUNCIL (AMENDMENT) BILL 1997

COMMITTEE STAGEAmendments to be moved by Hon CHAN Choi-hi

<u>Clause</u>	<u>Amendment Proposed</u>
14	<p>By adding the following after "repealed"-</p> <p>"and the following substituted -</p> <p>"22. Chairman and Vice-Chairman of the Regional Council</p> <p>(1) The Regional Council shall have a Chairman and Vice-Chairman appointed by the Chief Executive.</p> <p>(2) The persons appointed under this section take office as Chairman and Vice-Chairman on delivery to the Secretary of a completed acceptance of office in the appropriate form in Schedule 3. The Chairman and Vice-Chairman hold office until their respective appointments as member expire or are otherwise terminated."".</p>
19	<p>By deleting the proposed new section 62.</p>
20	<p>By deleting the clause and substituting -</p> <p>"20. Schedule repealed</p> <p>The First Schedule is repealed.".</p>

DISTRICT BOARDS (AMENDMENT) BILL 1997

COMMITTEE STAGEAmendments to be moved by the Secretary of Policy Co-ordination

<u>Clause</u>	<u>Amendment Proposed</u>
4(k)	In the definition of "office of emolument" by adding "President of the Provisional Legislative Council," before "Chairman" where it first appears.
8	In proposed section 6(1B) by adding "and deliver it to the District Officer" after "acceptance".
9	(a) In proposed section 7(1)(d) by deleting "議局" and substituting "機關".
	(b) In proposed section 7(1)(i) by deleting "parliament" and substituting "legislature".
	(c) In proposed section 7(1)(ii) by deleting "構" and substituting "關".
	(d) In proposed section 7(1)(j) by adding "or a voluntary arrangement" after "creditors".
	(e) In proposed section 7(1)(k) by adding ", which sentence has not been suspended," after "months".
	(f) In proposed section 7(1)(l) by adding "or" at the end.

ClauseAmendment Proposed

(g) Proposed section 7 is amended by adding -

"(3) A member does not cease to hold office under subsection (1)(m) if he fails to attend meetings of the District Board by reason of his being employed as a member of an auxiliary force during war or an emergency."

15 By adding -

"(3) Section 26(8)(b) is amended by repealing "notification of".

16 In proposed section 27(3) by deleting "在緊接 1997 年 7 月 1 日之前訂立及有效的合約，而" and substituting "凡已訂立的合約而在緊接 1997 年 7 月 1 日之前仍有效者，".

17 (a) In proposed section 28(1) by deleting "政務" and substituting "民政事務".

(b) In proposed section 28(2), by adding at the end "A District Officer is to preside at the first meeting until the Chairman assumes office. The District Officer does not have a casting or a deliberative vote at the meeting."

(c) In proposed section 28(4) by deleting "填妥" and substituting "作出宣誓接受席位，並將已填妥的"， and by deleting "，並將它".

(d) In proposed section 28(5) by deleting "遺漏" and substituting "意外地"， and by deleting "發出" and substituting "漏發".

(e) In proposed section 28(6) by deleting "do" and substituting "does".

ClauseAmendment Proposed

- (f) Proposed section 29 is renumbered as subsection (1).
- (g) Proposed section 29(1) is amended by adding ", document, notice, sign, article or instrument" after "Ordinance".
- (h) Proposed section 29 is amended by adding -

"(2) Property vested in a Provisional District Board that is identified as belonging to the relevant District Board is taken as belonging to the Provisional District Board without the need to change any identification or marking."

18 Proposed Schedule 3 is amended -

- (a) in paragraph 1, by adding "The Board is to elect a Chairman from among the members present." before "The";
- (b) in paragraph 1 by adding "Written nominations only for the position of Chairman may be given at any time up to the time when the chairman of the meeting calls for the closing of nominations. " before "If";
- (c) by adding -

"7. In this Schedule, an absolute majority of votes means that the person receives more than half of the valid votes cast excluding abstention votes."

20 In paragraph (a), in the definition of "approved map" by deleting "政務" where it appears twice and substituting "民政事務".

DISTRICT BOARDS (AMENDMENT) BILL 1997

COMMITTEE STAGEAmendments to be moved by Dr Hon LAW Cheung-kwokClauseAmendment Proposed

8(1)

By deleting the proposed section 6(1) and substituting -

"(1) A Board consists of not more than the number of members of the corresponding District Board immediately before 1 July 1997, who shall be appointed by the Chief Executive for the term set out in their appointment but not later than 31 December 1999. The members to be appointed shall be the members of the corresponding District Board immediately before 1 July 1997. If any of the latter members fails to accept the office in accordance with this section, the Chief Executive may appoint other person(s)."

DISTRICT BOARDS (AMENDMENT) BILL 1997

COMMITTEE STAGEAmendments to be moved by Hon CHAN Choi-hi

<u>Clause</u>	<u>Amendment Proposed</u>
13	<p>By adding the following after "repealed" -</p> <p>"and the following substituted -</p> <p>"15. Chairman of the District Board</p> <p>(1) A Board shall have a Chairman appointed by the Chief Executive.</p> <p>(2) The person appointed under this section takes office as Chairman on delivery to the Secretary of a completed acceptance of office in the appropriate form in Schedule 1. The Chairman holds office until his appointment as member expires or is otherwise terminated."".</p>
17	By deleting the proposed new section 28.
18	By deleting the proposed new Schedule 3.

Annex IV

LEGISLATIVE COUNCIL COMMISSION (AMENDMENT) BILL 1997

COMMITTEE STAGEAmendments to be moved by the Secretary for Policy Co-ordination

<u>Clause</u>	<u>Amendment Proposed</u>
2	By adding "section 3 and" after "other than".
5(a)	In the proposed new section 4(1)(da), by adding "(包括召集人及副召集人)" after "小組成員".
6(a)	By adding "and " or the amending ordinance, as the case may be" after "this Ordinance"" after "4(1)(d)".
10	(a) In the proposed new section 22A(2), by deleting "本條例" and substituting "修訂條例". (b) In the proposed new section 22A(4), by adding "清" after "欠下及未". (c) In the proposed new section 22A(5), by adding "首述的" after "取代該". (d) In the proposed new section 22A(6)(a), by adding "中" after "文書".