

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 13 January 2000

The Council met at Three o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN, G.B.S., J.P.

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

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

THE HONOURABLE DAVID CHU YU-LIN

THE HONOURABLE HO SAI-CHU, S.B.S., J.P.

THE HONOURABLE CYD HO SAU-LAN

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE WING-TAT

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

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

THE HONOURABLE LEE KAI-MING, S.B.S., J.P.

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

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

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

THE HONOURABLE NG LEUNG-SING

PROF THE HONOURABLE NG CHING-FAI

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

THE HONOURABLE RONALD ARCULLI, J.P.

THE HONOURABLE MA FUNG-KWOK

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING

THE HONOURABLE CHRISTINE LOH

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE CHAN WING-CHAN

THE HONOURABLE CHAN KAM-LAM

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

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

THE HONOURABLE SIN CHUNG-KAI

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

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE WONG YUNG-KAN

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

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE YEUNG YIU-CHUNG

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH

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

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

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

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

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

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

THE HONOURABLE LAW CHI-KWONG, J.P.

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

THE HONOURABLE FUNG CHI-KIN

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

MEMBERS ABSENT:

THE HONOURABLE MICHAEL HO MUN-KA

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE MARGARET NG

THE HONOURABLE BERNARD CHAN

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE GARY CHENG KAI-NAM, J.P.

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE MRS ANSON CHAN, G.B.M., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE DONALD TSANG YAM-KUEN, J.P.
THE FINANCIAL SECRETARY

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

MR MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

MR CHAU TAK-HAY, J.P.
SECRETARY FOR TRADE AND INDUSTRY

MR NICHOLAS NG WING-FUI, J.P.
SECRETARY FOR TRANSPORT

MR DOMINIC WONG SHING-WAH, J.P.
SECRETARY FOR HOUSING

MR RAFAEL HUI SI-YAN, G.B.S., J.P.
SECRETARY FOR FINANCIAL SERVICES

MR KWONG KI-CHI, G.B.S., J.P.
SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING

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

MR LAM WOON-KWONG, J.P.
SECRETARY FOR THE CIVIL SERVICE

MRS LILY YAM KWAN PUI-YING, J.P.
SECRETARY FOR THE ENVIRONMENT AND FOOD

DR YEOH ENG-KIONG, J.P.
SECRETARY FOR HEALTH AND WELFARE

MRS REGINA IP LAU SUK-YEE, J.P.
SECRETARY FOR SECURITY

MR LEE SHING-SEE, J.P.
SECRETARY FOR WORKS

MR LEO KWAN WING-WAH, J.P.
SECRETARY FOR HOME AFFAIRS

MR PHILIP CHOK KIN-FUN
SECRETARY FOR EDUCATION AND MANPOWER

MS MARIA KWAN SIK-NING, J.P.
SECRETARY FOR ECONOMIC SERVICES

DR EDGAR CHENG WAI-KIN, J.P.
HEAD, CENTRAL POLICY UNIT

CLERK IN ATTENDANCE:

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

PURSUANT TO RULE 8 OF THE RULES OF PROCEDURE, THE CHIEF EXECUTIVE, THE HONOURABLE TUNG CHEE-HWA, ATTENDED TO ADDRESS THE COUNCIL AND TO RECEIVE QUESTIONS.

PRESIDENT (in Cantonese): Will Members please remain standing for the Chief Executive?

PRESIDENT (in Cantonese): I will invite the Chief Executive to address this Council first.

CHIEF EXECUTIVE (in Cantonese): Madam President, Honourable Members, I am very happy to be here to meet you and discuss issues of our concern. Recently, it has come to my attention that some Members, political parties and members of the community, have expressed views on the existing relationship between the executive and the legislature in Hong Kong. Their views have to do with ways to squarely address the relationship between the executive and the legislature, and the discussion has been extended to the implementation of a ministerial system and the expedition of political development. Today, I wish to take this opportunity to share with you my thoughts on these issues as well as my stance on them.

In retrospect, problems have arisen from time to time to strain the relationship between the executive and the legislature during our governance in the past year or so. The reasons leading to these problems are multi-faceted. For example, unlike other parliamentary assemblies, the Government does not have a pro-government majority party in the Legislative Council. Some political parties are not happy with their present roles and do not have clear positionings. But, all in all, I think the problems that have emerged and the problems we face are mainly caused by the implementation of a new political system. On the one hand, the executive authorities have to go through a process of adaptation. Under a new political environment that is different from the past, we have to adopt different approaches and means to carry out public relations and lobbying work, and to expound policy intentions and objectives. To this end, we must constantly recount our experiences and make improvements. On the other hand, as the element of party politics continues to grow in the legislature, my view is that on such issues as how the legislature, Legislative Councillors and political parties are going to function, or how political parties are to position themselves, the legislature also has to go through a process to attain maturity. Given that both the executive and the legislature have to go through a process of familiarization and maturing, and since both sides are still exploring the mechanism or mode of communication, it can be imagined that

some complications or tensions may arise. Yet, what is the actual situation? It is indeed much better than what I have described. In the past year or so, major bills were supported and passed by the Legislative Council. We can also see that many of them as introduced by the executive authorities were passed only after extensive discussions and consultations. This shows that both Members of the Legislative Council and the Government do consider and have due regard for the overall interests of Hong Kong. This at the same time proves that the executive framework and legislative framework as entrenched in the Basic Law are operating properly. Notwithstanding co-operation between the executive and the legislature in the past year, I think there is no room for complacency. Instead, we should recount our experiences and foster co-operation, while making greater efforts to perform the roles expected of us.

Now I wish to turn to the ministerial system. The ministerial system has been a subject of discussion in Hong Kong for years, but there has been no consensus on the definition of ministerial system. Some suggested to implement a ministerial system under which Legislative Council Members shall replace all Policy or Bureau Secretaries in the Civil Service. This is certainly an overhaul of the political system, but I do not think Hong Kong has reached such a stage ready for this development. In the last two years, I realized from my working experience that we do have an enterprising, highly efficient and clean Civil Service in Hong Kong, and I believe that Members present and citizens of Hong Kong have also witnessed that. While there are cases of dereliction of duties by individual civil servants, and there are areas that we must consistently improve to make further progress, our Civil Service, on the whole, is pivotal in the pursuit of "Hong Kong people ruling Hong Kong", playing the principal role of formulating and implementing policies. I think we may discuss this issue from another aspect and another point of view. In the past two years or so, Hong Kong faced great challenges from the handover of sovereignty and from the onslaught of the Asian financial turmoil. Yet, we still accomplished a great many tasks against this backdrop. We have, among other things, truly implemented "one country, two systems", fended off attacks of the Asian financial turmoil, stabilized the financial market in Hong Kong, effected an initial recovery of the economy, set up a land bank, stabilized property prices, reduced the waiting time for public rental flats, embarked on urban renewal, promoted the development of innovation and technology, successfully launched the Growth Enterprise Market, successfully put the Tracker Fund of Hong Kong up for sale, initiated reforms of the financial market, concluded an agreement on the construction of the Disney theme park, made great efforts to promote and

implement education reforms, improved the quality of elderly services and provided a better living environment for the aged, promoted environmental protection, streamlined institutional structure, and embarked on further enhancement of municipal services and cultural and recreational activities. All these accomplishments point to a kernel of truth, that is, our existing system and our Civil Service are viable in that they enable us to work genuinely for the people of Hong Kong. For this reason, I will not adopt a ministerial system. Similar to the private sector, the Government also faces the mobility of talents for various reasons. In spite of this, I can see that in our Civil Service, there are members of the younger generation readily serving as back-ups who will be equipped to take over the role of their predecessors in the passage of time. Certainly, government departments will also recruit talents from the community if the practical circumstances so warrant, and it is just normal for the Government to do so.

Meanwhile, I would also like to express my views from the angle of the Basic Law. The design of Hong Kong's political structure in the Basic Law manifested and underscored an executive-led feature. This is reflected in the provisions on the spirit of an executive-led system, on the powers and functions of the executive and the legislature, and on their inter-relationship. The Basic Law provided in express terms that the executive authorities shall be accountable to the legislature in four ways by implementing laws passed by the Legislative Council and already in force, presenting regular policy addresses to the Legislative Council, answering questions raised by Legislative Council Members and obtaining approval from the Legislative Council for taxation and public expenditure. Drawing on the experience of Hong Kong for the past decades, these provisions of the Basic Law are made to retain the proven components of the political structure in the past. Such provisions are aimed to retain the distinctive feature of an executive-led political system and maintain an executive efficiency in Hong Kong with a view to safeguarding prosperity and stability in Hong Kong. Over the past two years and seven months, I understand that the public has expected me and the Government to protect freedom, uphold the rule of law and develop democracy. While they look to me and the Government to safeguard freedom, the rule of law and democracy, they at the same time hope that the Government can do more and take more effective measures in the areas of education, medical and health, housing, environmental protection, elderly welfare, economy, urban renewal and so on. We very much agree with their aspirations. So, in order to do a good job in these areas to fulfill the wishes of the people and in order to maintain the prosperity and stability of Hong Kong, we

must have in place an efficient executive-led political system, and we must maintain and reinforce an executive framework in which the Civil Service forms an integral part. Let us just think about this with a peace of mind. The Basic Law has been in force for only two years and seven months, and to us, this is still a process of adaptation, a process in which we need to consistently recount our experiences. Therefore, I said in the policy address that we must allow for the present political system to have a searching and maturing process. The Basic Law has laid down a 10-year timetable which enables us to consider the next step forward in the light of our political experience, and we must proceed in a progressive order so as to ensure acceptance from all sectors of the community. Thank you.

PRESIDENT (in Cantonese): The Chief Executive will take questions from Members. A Member can ask a precise follow-up question in addition to the main question if necessary, only for the purpose of seeking the Chief Executive's further explanation on his reply.

Members who wish to ask a question please indicate their wish by pressing the "Request-to-Speak" button and wait for their turn. Besides, Members who wish to ask a follow-up to his question please raise their hands to indicate so.

MR CHEUNG MAN-KWONG (in Cantonese): *Madam President, I would like to ask a question on housing. While the Government ostensibly sticks to the target of constructing 85 000 flats each year, it has plans to reduce the number of Home Ownership Scheme (HOS) flats by 6 000 each year from 2003 onwards, and use the resources earmarked for those flats to assist the public in buying private housing in the form of loans. How can the Government ensure that private developers will proceed with their housing development projects in such a way as directed by the Government's wand? How can the tangible hand of the Government command the intangible hand of the market such that adequate housing units will be made available on schedule to cater for public needs?*

CHIEF EXECUTIVE (in Cantonese): Mr CHEUNG, first of all, I wish to emphasize that the Government has a number of major objectives in respect of housing. The first objective is we hope to stabilize the property market. We do not wish to see sharp rises or falls in property prices. The second objective

is we will enable some of those who cannot afford private housing to have the chance of living in a decent environment by building public rental flats or HOS flats, or by granting loans to them. The third is to have the waiting time for public housing reduced from the present seven and a half years to three years in 2003. Over the past two years or so, we have worked very hard to attain these objectives and initial success has been achieved.

On the question raised by Mr CHEUNG just now, let me answer it this way. In fact, in 2003-04, we will make available land for building 6 000 housing units to ensure a sufficient supply of land, hence avoid affecting the supply of housing units. Secondly, loans will be provided in the meantime so that eligible persons can apply for the loans to buy flats in the private sector. Under such circumstances, I believe that these measures are conducive to stabilizing the property market.

MR CHEUNG MAN-KWONG (in Cantonese): *Madam President, my question to the Chief Executive was this: After 6 000 HOS flats are to be cut and even though land will be made available, the developers may not necessarily listen to the instruction of the Chief Executive in their housing development for they will make decisions depending on the market conditions. If they think that the conditions are not good, they will slow down their programme of works, in which case the public will find it even more difficult to buy a flat in the private sector. Moreover, the loans granted by the Government are only a makeshift measure against the backdrop of a gloomy market in a bid to prop up the market. Why does the Government shirk its responsibility to build HOS flats and decline to provide housing or a more decent home for those people who cannot afford private housing?*

CHIEF EXECUTIVE (in Cantonese): We do not plan to replace HOS flats completely with housing loans. We only seek to replace part of them. In my view, this is done in the overall interests of Hong Kong. As regards property prices, Mr CHEUNG asked whether we are confident that we can take the reins of property prices. All I can say is that from the result of work done in the past two years or so, we can see that property prices have become stable, which indicates that the Government is not completely without means.

MR CHEUNG MAN-KWONG (in Cantonese): *If the Government shirks its responsibility to build housing units, how can the Government make the developers listen to its instruction in their housing development?*

CHIEF EXECUTIVE (in Cantonese): I believe that it is not an easy task for the Government to command the market. But I wish to tell Mr CHEUNG that one of the most important policy objectives of this administration is to ensure that property prices are stabilized, and we will succeed.

MR LEE KAI-MING (in Cantonese): *Madam President, Mr TUNG says that the future economy is moving towards high tech and high value-added development. Hong Kong is now undergoing an economic adjustment and following the adjustment, Hong Kong will develop into a knowledge-intensive, skill-intensive and capital-intensive economy. China is acceding to the World Trade Organization (WTO) this year. Under the circumstances, Hong Kong will be confronted with global competition. My question is: How will the Government ensure that local workers with skill and culture both at a low level are offered employment opportunities and how can it reduce the unemployment rate?*

CHIEF EXECUTIVE (in Cantonese): Mr LEE, after a difficult period of more than two years, the economy is slowly on its way to recovery with a growth rate of approximately 4.5% in the third quarter and growth in the fourth quarter should not be too bad. We very much hope there will be continuous growth in the economy next year and we have faith in it.

The economy of Hong Kong is once again undergoing a great transformation indeed. I recall that the last transformation occurred in the eighties when industries were moving northwards and during that process, Hong Kong had turned into a very successful service centre. The transformation at that time was essentially a successful one and the success was on the one hand attributable to the government policy, while on the other hand, it was due to the enormously buoyant economy of Asia. At that time, the economy of mainland China was taking off, thereby resulting in turning Hong Kong into a very successful service centre.

Mr LEE is right in saying that Hong Kong is now undergoing another process of economic transformation. Following the financial turmoil, our economic structure has to experience another period of adjustment. With globalization of the economy and as Mr LEE has said just now, there will be mutual competition in the future global economy under a knowledge-based economic system, so we need to undergo rapid transformation in order to succeed. How our competitiveness in the transformation can be enhanced, how our economy can be diversified and how an economy that used to rely so much on asset value for promotion can be diversified are all challenges that we have to face. Fortunately, several mainstays of our economy have manifested their effect. Examples are finance, tourism (the tourist industry is making a good recovery these days), transportation centres, and so on. Many multi-national companies still have their Asia-Pacific headquarters established in Hong Kong. In fact, we are making good developments in many respects; besides, China will accede to the WTO, we have concluded an agreement with the Walt Disney Company, innovative technology is also being promoted, and so we have much confidence in our future.

Mr LEE, I would like to stress that economic transformation was not deliberately brought about by us, rather, it was caused by external factors. If we do not undergo this transformation, we will be disposed of by our competitors. In such a situation, what can the Government, the industrial and commercial sectors as well as the labour sector do? I think the industrial and commercial sectors really need to cherish new thoughts, new ideas and to seek new orientations so as to meet the new challenges brought about by a knowledge-based economy. What can the Government do? The Government must make continuous efforts to fortify the education system so that everybody, especially young people, can receive good education, and to establish a system allowing everybody in Hong Kong a chance of lifelong learning. In this respect, the Education Commission is doing a lot of work. In addition, in terms of training and retraining, the Government will also train up the labour force by teaching them new skills and new knowledge.

As far as the labour sector is concerned, I would like to point out that there are now about 220 000 people unemployed, among them 100 000 are aged 15 to 29. In the long run, what will befall these people is also an issue on education, so we must reform the education system. In the short term, the Government is actually promoting many training and retraining programmes. It is hoped that they can endeavour to participate in these programmes in order to learn more

new knowledge, enhance their own competitiveness and strive for the best in the society of today. Regarding the other unemployed people, the Government has in fact also done a lot in terms of training and retraining. From the information available this year, I see that the Employees Retraining Board has trained 97 000 people, representing an increase of more than 20% over that of the previous year, and over 70% of the students have successfully obtained employment. Hence, in terms of training and retraining, the Government has done a lot. We should be doing better and are supposed to do better.

Among the labour force of Hong Kong, 750 000 people are aged 40 or above who have only attained education below the level of Secondary Three. Some query whether it is difficult for these people to seek employment after the economic transformation and China's accession to the WTO. I do not think this is actually the case. In a knowledge-based economy, the younger generation themselves should have great pursuit for knowledge and strive for the best. The more knowledgeable ones should have a better chance of future development. However, the elderly can also be receivers of training and retraining. Meanwhile, we have to bear in mind that people who are less skilled are still always in demand in many sectors of the community, such as the tourist industry, the retailing business, cleaning, security, and so on. In fact, I see that the 7.8% unemployment rate of people in the age group of 40 or above in the first quarter had been dropped to 7% in the third quarter. This aptly indicates that the unemployment rate of these people has turned for the better as a result of economic recovery. Most importantly, we have to seize this opportunity to vitalize our economy so that these people can benefit from it.

MR LEE KAI-MING (in Cantonese): *Madam President, my question is: What specific measures are in place in the Government to further reduce the unemployment rate?*

CHIEF EXECUTIVE (in Cantonese): The best way for the Government is to create a most favourable business environment for a speedy recovery of the economy. We have been working on this all along, and in fact, the unemployment rate has stabilized recently. I trust we will be moving ahead steadily in the year 2000.

MR LEE KAI-MING (in Cantonese): *Madam President, economic development is not tantamount to a decline in the unemployment rate. So may I ask what measures are in place in the Government to further reduce the unemployment rate?*

PRESIDENT (in Cantonese): Mr Chief Executive, you can consider whether you are going to answer this question because at the beginning of the meeting, I have explained that a Member can only raise a brief follow-up question after the former question has been answered.

CHIEF EXECUTIVE (in Cantonese): Actually I have answered Mr LEE.

PRESIDENT (in Cantonese): Honourable Members, just now I might not have handled it very well because I have allowed two Members to raise two follow-up questions one after another. As the timing for question time is very tight, I hope Members will ask questions as briefly as possible so that more Members can raise questions.

MR LAU KONG-WAH (in Cantonese): *Madam President, in his speech, Mr TUNG has just mentioned a target for the development of a political system, and no matter what direction the Government is moving in, its goal is hoping to work for the public "in good faith". The Government lays much stress on the phrase "in good faith". Certainly, some advances have been made in the administration of policies, which has already been disclosed by the Chief Executive. There are, however, a number of issues that the public might still be very dissatisfied with, including what was made public yesterday. It has been found out that our oil prices are the highest in the world; the water from Dongjiang that we buy is of a very poor quality; and we might even have to pay a high price for the fresh air that we need. What actually has gone wrong? Will Mr TUNG give some instructions to the Secretaries concerned today so that they will know how to do something practical for the general public of Hong Kong?*

CHIEF EXECUTIVE (in Cantonese): Mr LAU, Madam President says that every Member can ask one question which can then be followed up, but you have raised four or five questions, I wonder if I should answer them all. *(Laughter)*

MR LAU KONG-WAH (in Cantonese): *My overall idea is: What instructions will Mr TUNG give?*

CHIEF EXECUTIVE (in Cantonese): Sometimes I wish I could swap places with you, Mr LAU, because criticizing is always the easiest thing to do. In fact, we should be do our work in various aspects. Mr LAU, as you have said just now, regarding the prices of oil, we have received a report from the Consumer Council and we are studying it carefully. The Secretary for Economic Services has made an initial response yesterday and we will follow it up actively. Insofar as air is concerned, I have talked about it substantially in the policy address. In this area, we are proceeding with it and I am not going to waste everyone's time on this any more. Regarding the water from Dongjiang, the quality of the water has in fact complied with the national criteria. The quality of the water after being filtered in Hong Kong also complies with the criteria set by the World Health Organization. In case you all doubt whether there is an excessive supply of water from Dongjiang or whether there is a wastage of water, you should note that the relevant contract was signed in 1989, and according to the assessment at that time, there was really a need for such a great quantity of water that exceeded the demands of today. Was the assessment made at that time erroneous? So it seems, but it was in fact a very difficult assessment to make at that time because to ensure that Hong Kong has an adequate supply of water was a more important thing to do then. It is impossible to go without water and water cannot be supplied on demand subject to the needs of the times. So actually the problem is not that simple. If you ask whether the Government could do the work better, I can definitely tell you that surely, the Government could have done it better. We will try hard.

MR LAU KONG-WAH (in Cantonese): *Madam President, I only wish to raise a follow-up question. If the work to be done in respect of the quality of water from Dongjiang were to be better, in my opinion, it would entail discussion with someone at a very high level. Will Mr TUNG discuss the matter with the Governor of Guangdong Province, Mr LU Ruihua?*

CHIEF EXECUTIVE (in Cantonese): I have said in the policy address that I have made a declaration with the Provincial Governor Mr LU Ruihua in six respects, which include environmental issues that require co-operation of both parties, with Dongjiang water being one of them.

MISS EMILY LAU (in Cantonese): *Madam President, the Chief Executive has made a very good opening speech just now. He mentioned some issues concerning with political reforms, which we had brought up at the House Committee meeting last week and we hoped the Chief Executive would talk about. I believe the Chief Executive is aware that the Legislative Council has passed a motion yesterday urging the executive authorities to expeditiously conduct a consultation on political reforms. I trust that we would be disappointed by the fact that the Chief Executive did not respond to this motion in his opening remarks earlier. Therefore, Madam President, I have to ask the Chief Executive one more time whether he will respect the motion proposed by the Legislative Council and passed by a majority of the Members. Will the Chief Executive undertake to us that a comprehensive and public consultation will be conducted as soon as possible on the relationship between the executive and the legislature, and when the Chief Executive and the legislature can be elected by universal suffrage?*

CHIEF EXECUTIVE (in Cantonese): Miss LAU, of course I have noted the motion passed by the Legislative Council yesterday. The motion was passed and the opinion surveys also represented some views, showing that there are indeed many different voices in the community. We know that some people do advocate a faster pace in political reform, however, others told me that it is already too fast and must be slowed down. Just now, I stressed that the development of democracy is a major task for the Government. It is also our major task to uphold the rule of law and freedom. The Basic Law does allow us, before 2007, to accumulate experience and explore the best way forward. As I said, I do not wish to reiterate the line we are taking any further, since I have already made it clear enough.

MISS EMILY LAU (in Cantonese): *Madam President, in our motion debate yesterday, we said and the Secretary for Constitutional Affairs agreed that even if we will not be amending the Basic Law earlier than 2007, there would still be a*

lot of things to do and opinions were extremely divided. If we really have to conduct a consultation, draw conclusions, draft and pass legislation, it would take a very long time. Even if we are to start now, we will not have too much time. If the Chief Executive is unwilling to give us a timetable on the process, especially after the relevant motion has been passed by the Legislative Council, is he trying to tell us that no reform will be carried out in 2007 or 2008, for there will not be a fully elected Legislative Council or the Chief Executive will not be elected by universal suffrage even then?

CHIEF EXECUTIVE (in Cantonese): Miss LAU, I think it is better not to speculate too much. I very much stress that the Basic Law has given us a period of time to explore and accumulate experience. I am sure that the political system arrived at after consultation will be acceptable to everyone. As for when it will be implemented, we will have to wait for a suitable time.

MRS SELINA CHOW (in Cantonese): *Mr TUNG, over the past week, it has been widely reported in the community and in the media that the Government is considering the introduction of a sales tax. The retail and wholesale constituency that I represent strongly opposes this. I believe this is no secret, since I have repeatedly mentioned it in this Council. There had been reports that while the Government was considering it, the Chief Executive did not support it. However, they were followed by other reports saying that the Chief Executive very much supported the introduction of a sales tax. The functional constituency that I represent is of course extremely concerned. Apart from them, many members of the public are also not very supportive of the introduction of a sales tax, especially in view of the importance of the service sector in Hong Kong today. Mr TUNG always says that high value addedness is very important. But in another aspect, there is talk of the introduction of a sales tax or a so-called value-added tax (VAT), which may deal a great blow to the development of Hong Kong. May I ask Mr TUNG what his personal stand is?*

CHIEF EXECUTIVE (in Cantonese): First, in my view, Hong Kong's past success depended on our effective and relatively prudent fiscal policy. If we have a budget deficit every year, both international investors and Hong Kong investors may lose their confidence in Hong Kong. Therefore, we have to take this problem seriously. We had budget deficits in both 1998 and 1999. They

were necessary because we wanted the economy to recover quickly. As far as I know, there is also a budget deficit in 2000, although it might be a smaller one. However, the problem would be a very serious one in the long term if we have a budget deficit all the time.

Second, Members will perhaps agree that Hong Kong has a rather narrow tax base, for which a change may be necessary. This is a fact that we have to face. Of course, I have heard many comments that the Hong Kong economy is only just recovering. I also know that the middle class and the grass-roots have suffered more in the financial turmoil and in the economic restructuring. These are also facts that we have to face up to. Therefore, the Financial Secretary is now conducting an extensive consultation. At an appropriate time, that is, before March or in March, he will certainly offer you an explanation.

MRS SELINA CHOW (in Cantonese): *Madam President, I wonder how the extensive consultation is being carried out. We just got some "winds" from the media and the press. However, I believe that Hong Kong people are very pragmatic and have a strong sense of responsibility. With regard to the budget deficit, we very much agree that we should keep expenditure within the limits of revenues. We do not want to see that we cannot make ends meet every year. However, one cannot hastily consider introducing a new tax before collecting views extensively or conducting a thorough study. I believe the community will also find this hard to accept. I wish to ask the Chief Executive what fiscal measures the Government should be required to adopt, such as broadening the tax base, in order to avoid a deficit. Will the Chief Executive undertake to conduct a thorough study and an extensive consultation, listen to views from all sides and explore the different possibilities before making a final decision, instead of deciding swiftly using the executive-led government as an excuse and at the risk of arousing discontent from various sectors of the society?*

CHIEF EXECUTIVE (in Cantonese): Mrs Selina CHOW, we always hope that the horse will work without grazing. I am sure the Government will conduct an extensive consultation and listen to views before coming to a more proper decision. We have held meetings and we will continue to do so to discuss this. We will listen to different views.

MR ANDREW CHENG (in Cantonese): *Madam President, I also wish to discuss with Mr TUNG about the rationale of his policies. Mr TUNG, earlier, the Government, through a rather unusual process, gave its support to a bid to host the Asian Games. This might mean spending a huge sum in order to promote Hong Kong's sports culture and sports standard. We can also understand the social benefit of this. Mrs Selina CHOW asked a question about the sales tax just now. Recently, apart from the sales tax proposed by Mr TUNG, the Government also proposed a land departure tax, or even the drastic reduction of social welfare in order to compensate for the budget deficit. At present, the Hong Kong economy has not yet fully recovered and the unemployment rate is still high. If a sales tax is introduced, the common people, even the unemployed and the elderly receiving Comprehensive Social Security Assistance might have to pay a sales tax when purchasing their daily necessities. May I ask Mr TUNG whether this is not a bit heartless on the part of the Government? Is it trying to put all people of Hong Kong "under the knife" and add to the misfortunes of the poor, resulting in an endless delay of the economic recovery?*

CHIEF EXECUTIVE (in Cantonese): *Mr CHENG, the Government has to consider both the long term overall interests of Hong Kong and its present problems for all the measures that it adopts. Therefore, I especially stressed just now that we understand the problems we are facing and we will take them up seriously. As I said, since the financial turmoil, the middle class and the common people have suffered greatly in the course of the economic restructuring. We understand this very well. Therefore, we will take this into account in considering the overall situation. I wish to add that while opening up new sources of revenue, the Government will have to cut expenditure. This is very important. Actually, the Government is adopting many measures and it was in fact very successful in terms of enhanced productivity in 1999. We will try our best.*

MR ANDREW CHENG (in Cantonese): *Madam President, I wish to follow up again. Why did I use the Asian Games as an example for comparison? The Government says that it would not mind spending one or two hundred million dollars on hosting the Asian Games in exchange for the social benefit they would bring. However, the introduction of a sales tax at this stage might result in social unrest. While the rich middle class might refrain from spending, the unemployed without income would suffer from greater hardship. This might lead to social instability. Instead of instability, we could have greater social*

stability if sales tax is not introduced, and people would regain confidence. Between the two, does Mr TUNG think that the Government should apply for hosting the Asian Games in high profile and spend a lot of money — we might have to use great expenses for a lot of sports grounds have to be built, while on the other hand, going to great lengths for a little revenue? Does Mr TUNG not think that it is a bit unbalanced?

CHIEF EXECUTIVE (in Cantonese): I am not quite sure what Mr CHENG is getting at. Is he asking me not to host the Asian Games or what?

MR ANDREW CHENG (in Cantonese): *Madam President, may I explain?*

CHIEF EXECUTIVE (in Cantonese): I will say this once. Regarding the sales tax, as I said, the Financial Secretary is conducting an extensive consultation. As for bidding for the right to host the Asian Games, we think it is a good thing that will bring long-term benefits to Hong Kong.

DR RAYMOND HO (in Cantonese): *Madam President, over the past year, we would hear some news about problems with the sites of the Housing Department (HD) almost every month. Before the reunification, it seemed that we very seldom heard about such problems. Actually, we find that the quality of public housing is not that poor. Why were there so many similar incidents over the past one or two years? This would undermine the people's confidence in public housing and in the Government of the Special Administrative Region (SAR).*

Regarding the people's opinion of the quality of public housing, I wish to focus on two points, which do not come from my personal opinion, but the opinion of the whole engineering profession. The problem we see is, first, there are very few engineers among the resident site staff. Nowadays, the pace of construction is very fast. In the past, some 20 000 to 30 000 or 30 000 to 40 000 flats could be built each year. Now, over 60 000 flats are built. According to Dr Rosanna WONG, the number of flats built may be increased to 90 000 this year. Since haste makes waste, when the pace of construction is so fast and there is inadequate resident site staff to supervise the progress of the works, problems are bound to arise. This is the first point.

Second, if we still employ some architects directly to be in charge of contracting out works and the resident site staff employed by him are not engineers, very often foundation problem cannot be solved since there is no technical staff knowledgeable in this to supervise the foundation works. I wonder how the Chief Executive will instruct the HD to target against these problems with the solutions to them?

CHIEF EXECUTIVE (in Cantonese): Dr HO, the Housing Authority (HA) and the HD are now conducting a comprehensive review on the quality issue of public housing and Home Ownership Scheme (HOS) flats to find out the key to the problem in the series of incidents that occurred recently. They will furnish Members with a detailed report soon and the report will also be made public. As we can see, there may be several problems involved, such as problems with the contractor and the conduct of front-line workers and whether government supervision and the number of resident site engineers are adequate. I am sure the HA and the HD will review these questions thoroughly and give a detailed report to explain the matter to the public. I am certainly very much concerned about the quality of public housing and HOS flats and will ensure that their quality is maintained at the highest level.

DR RAYMOND HO (in Cantonese): *Mr TUNG, very often there are more problems associated with the foundations. The superstructure will be built on completion of the foundation works. Afterwards, problems with the foundations will remain unknown. It would be very difficult to remedy the problems once they arise and some problems cannot be remedied at all. I hope that the Administration will ensure that the foundation works are carried out properly during the construction process and will assign adequate staff to monitor the works before the superstructure is built. This would be better. The Legislative Council passed the Engineers Registration Ordinance 10 years ago. However, the Government is unwilling to consider amending some scores of relevant subsidiary legislation. Otherwise, there would be no need to apply the system of registered engineers. Actually, there are many people who can take charge of sites and help improve the quality of works. I hope Mr TUNG will consider it.*

CHIEF EXECUTIVE (in Cantonese): I wish to thank Dr HO for his suggestion.

MR JASPER TSANG (in Cantonese): *Madam President, I wonder if the Chief Executive knows about the offer of army knives as gimmicks by some magazines to its readers. Under the present legislation and regulation, this is entirely lawful. At present, it is only out of concerted action of the newspaper vendors that several thousands of the 8-inch long army knives are retrieved and returned to the magazine. Does the Chief Executive consider this phenomenon normal and should a remedy be found?*

CHIEF EXECUTIVE (in Cantonese): Mr TSANG, I think this is absolutely abnormal and a remedy should be found. The Government will follow up this matter. Actually, the Government is obliged to handle such matters as well as the moral climate in society, including some newspaper reports which propagate sex and violence. I hope we can work on this jointly with the Legislative Council.

MR LAU CHIN-SHEK (in Cantonese): *Thank you, Madam President. Last night, this Council also unanimously passed a motion demanding the Japanese Government to make an apology for its invasion of China and give compensation. This is a matter concerning our race, humanity, justice and world peace. Unfortunately, the Secretary for Home Affairs did not say anything about what the Special Administrative Region (SAR) Government could do last night. Regarding the demand for compensation from Japan, he said it came under foreign affairs and should be raised with the Office of the Commissioner of the Ministry of Foreign Affairs in Hong Kong. However, in our view, civilian claims should not come under foreign affairs, as they should have to do with the rights of war victims. Could Mr TUNG explain to the public what measures the SAR Government will take to assist the victims in their demand for compensation? Will it invite these people to register and be responsible for co-ordination work to assist them in demanding for compensation from Japan?*

CHIEF EXECUTIVE (in Cantonese): Mr LAU, you and I and everyone sitting here would all feel very strongly about the suffering brought to the Chinese race by the Second World War. But on the other hand, Sino-Japanese relations are also important for the Central Government. Actually, I noted that the Central Government had also made a lot of comments and had represented many views to the Japanese Government. I believe that in order to obtain reasonable compensation, the best way is to submit these demands through the Central Government.

MR LAU CHIN-SHEK (in Cantonese): *Madam President, in other countries, individual claimants would receive information provided by the local government which would help them to demand for compensation. In Hong Kong, the SAR Government is naturally obliged to do so. The Korean comfort women dared to stand up for their demands at the claims conference in Tokyo to demand for compensation chiefly because they were supported by the Korean Government. In my view, this is the obligation of the SAR Government owed to the people of the HKSAR. Is it that the SAR Government will just make these views known to the Central Government without providing any assistance in this respect?*

CHIEF EXECUTIVE (in Cantonese): Mr LAU, under the principle of one country, the SAR Government will reflect the views of Hong Kong people to the Central Government.

MR ANDREW WONG (in Cantonese): *Madam President, I originally wanted to raise a question on the sales tax. In my opinion, although the economy is about to recover, the retail industry would be dealt a blow if sales tax should be levied. I just wonder whether it would be advisable for the Government to make such a move? But since Mrs Selina CHOW and Mr Andrew CHENG have raised questions to this effect, I should like to change to another topic.*

Mr TUNG said a moment ago that there would be a variety of definitions and interpretations on the term "ministerial system". However, I think the definition is very simple. A political appointment has no fixed term of office and is not offered on a contract basis, and so long as the appointee is not on the permanent establishment of the Civil Service, such could be regarded as a political appointment. Whatever definition is used, we have one captain and five deputies ministering to our needs at the Dining Hall upstairs. Two more are also ministering to us here in this Chamber. (Laughter)

Basing on this definition, could Mr TUNG inform us how many ministers are there in the Government House?

PRESIDENT (in Cantonese): Mr Wong, I believe the Chief Executive would most probably give you a very humorous reply. Nevertheless, would Honourable Members be reminded that albeit humorous questions can be splendid, time for questions is very precious. Mr Chief Executive, please answer.

CHIEF EXECUTIVE (in Cantonese): Mr WONG, I used to be quite humorous, but your question left me speechless. In my opinion, I think we do have many different definitions for a ministerial system. I remember speaking with you on one occasion and you have let me know about your personal definition of ministerial system. At that time you too agreed that there were many different ministerial systems. We have to work on reaching some consensus for many issues and this is by no means a simple matter. Anyway, we must all do our best.

MR KENNETH TING (in Cantonese): *Madam President, in a report the Consumer Council told the people of Hong Kong that our prices of fuel, diesel and LPG were the highest in the world. Actually, similar to the price of LPG, handling charges in our container ports are also among the highest in the world. In this connection, I should like to ask Mr TUNG whether he would ask the Consumer Council or the government departments concerned to submit a similar report on the handling charges payable to our container ports, so as to help set these charges at a reasonable level for the business sector and the common people of Hong Kong who need to import and export goods, thereby relieving the burden on them in the midst of this economic downturn?*

CHIEF EXECUTIVE (in Cantonese): You are right, Mr TING. Many of the charges in Hong Kong are on the high side. You mentioned petrol prices and handling charges at our container ports. I have here a research report compiled by the Singaporean Government. It points out that construction costs in Hong Kong are two times as high as those in Singapore. I often say the economy of Hong Kong has to undergo restructuring. Hong Kong does not have the competitive edge in many aspects. Hong Kong cannot go on like this. Basically costs in Hong Kong are much too high. This is a fundamental problem to be tackled. Therefore, there is indeed a lot we need to do in the course of restructuring our economy. We will try our best in all areas.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, other Members have asked the questions I have originally intended to ask. But since both the questions asked were simple, and the answers given were likewise as simple, I should like to raise a follow-up question.*

The problem of air pollution in Hong Kong is getting more serious. As indicated in monitoring results of the Environmental Protection Department, in 1999, the general air pollution index has exceeded 100 on a total of 12 days, which was two times the figure for 1998. The problem was particularly serious in Tung Chung, Yuen Long and Kwai Chung. Towards the end of December, Tung Chung has even recorded an extremely high pollution reading of 161. Poor air quality poses a great threat to the health of the people. The causes of the problem indicate that we cannot rely on Hong Kong alone but have to turn to the Pearl River Delta Region to have the present problem solved. In this connection, may I ask whether the Government has made any material progress in promoting the co-operation between Hong Kong and the Mainland on environmental matters over the past few months?

CHIEF EXECUTIVE (in Cantonese): Improving our air quality is a long-term project. In my policy address, I said our objectives were to make our air quality compare favourably with London and the United States by 2005. We are moving towards this direction. There is much to do. In addition to dealing with diesel vehicles in Hong Kong, we also need to consider ways to co-operate with the Mainland. Work in all areas has started after my policy address was published. A report on the details of our work will be made in due course.

MR MARTIN LEE (in Cantonese): *Madam President, in his opening remarks the Chief Executive said he thought the present relationship between the executive and the legislature was operating normally. I believe very few in this Chamber, including senior government officials, will agree with his views. Over the past one and a half years, I have heard news that the Chief Executive and some senior officials would sometimes seek help from the New China News Agency for "votes" of support when handling important issues or at crucial moments. If I have not got it wrong, will the Chief Executive inform this Council whether such could be regarded as normal operation?*

CHIEF EXECUTIVE (in Cantonese): Mr LEE, recently, it seems to have occurred more often, that I heard you saying things — if I were to put things less mildly — in quite an irresponsible way. Nothing of the kind you mentioned took place of course. There was no such thing.

MR MARTIN LEE (in Cantonese): *Madam President, perhaps I should put it this way. Which is more important in the mind of the Chief Executive: improving the relationship between the executive and the legislature or holding the executive accountable to the legislature?*

PRESIDENT (in Cantonese): Mr LEE, I am obliged to point out that this is not part of the question you raised just now. Mr Chief Executive, do you wish to reply?

CHIEF EXECUTIVE (in Cantonese): With pleasure. Improving the relationship between the executive and the legislature is very important; hence, there should be more channels for mutual communication and understanding between the two. The executive has to be accountable to the legislature in four areas which have been clearly stated in Article 64 of the Basic Law. So, Mr LEE can rest assured that we will exert our best efforts in this respect.

PROF NG CHING-FAI (in Cantonese): *Mr TUNG, the ordinance on Chinese medicine has come into effect and the Chinese Medicine Council the function of which is to regulate Chinese medicine has been appointed. Will the Government inform this Council whether it will incorporate Chinese medicine into the Hong Kong medical system in order to provide the people with one more alternative for medical service?*

CHIEF EXECUTIVE (in Cantonese): Prof NG, the Government is at present actively considering how to incorporate Chinese medicine into the medical system of the Government.

PROF NG CHING-FAI (in Cantonese): *Mr TUNG, will the Government set up a hospital for Chinese medicine?*

CHIEF EXECUTIVE (in Cantonese): I think this is an area that has to be decided upon after the Government has done a detailed study.

MISS CYD HO (in Cantonese): *Madam President, I hope Mr TUNG will agree that the pace of democratization is not tied to personal liking. Even though Mr TUNG is not popularly elected, I also hope he will agree he is obliged to listen to the views of the majority and the Legislative Council and do something in response. Yesterday we passed one such resolution showing that is what he is expected to do and there is an opinion poll which indicates that the people wish to have a universal suffrage without delay. The spirit of yesterday's motion is that subject to the provisions of the Basic Law, we should in 2007 obtain information and study our policies to prepare ourselves for the review as provided by the Basic Law. Will the Chief Executive inform this Council what overwhelming reasons there are for him to decide not to take action despite indications from the Legislative Council and opinion polls have wished him to do so?*

CHIEF EXECUTIVE (in Cantonese): Miss HO, I can assure you that I have been listening to everyone's views, including those of the Legislative Council and from opinion polls. When I answered Miss LAU's question just now I was fully aware of other voices outside this Council. I will conclude on what should be done and how to promote the development of the political system after listening to these voices. Under the broad principles enshrined in the Basic Law, we will conduct consultations and research in due course.

MISS CYD HO (in Cantonese): *Madam President, I would like to ask a follow-up question. Whose opinion would Mr TUNG listen to? In his decision-making process why does he listen to such opinions but refrain from conducting a consultation? On the contrary, polls show over half of the people want the Government to conduct a consultation. There are also opinions represented in the Legislative Council. Why does Mr TUNG not listen to these views? I cannot help guessing whether it is because there is going to be an election in 2002 and so Mr TUNG is forced to listen to opinions of these probable members of the 800-member Election Committee rather than those of the general public?*

CHIEF EXECUTIVE (in Cantonese): That guess is utterly wrong. There is no such thing at all.

MR CHAN KWOK-KEUNG (in Cantonese): *Madam President, in his last policy address, the Chief Executive said he would make improvements in the environment so that Hong Kong could compare favourably with world-class international cities. Would Mr TUNG inform this Council are there measures in place to provide assistance to the recycling industry? Will the Government take the lead in using some of the recycled products?*

CHIEF EXECUTIVE (in Cantonese): Mr CHAN, I understand the Government is using some recycled products. As regards ways to provide stimulus to industries relating to environmental protection and the recycling industry, the Government is trying to see what we can do. In fact, I understand that Mr SIU, the Secretary, has been looking into the matter earlier with the commercial and industrial sectors.

MR CHAN KWOK-KEUNG (in Cantonese): *The Government is using paper made from woodpulp derived from renewable forests, not recycled paper.*

MR FRED LI (in Cantonese): *Madam President, I hope this is not guessing. According to the original schedule, the new District Councils should have held meetings on the 1 January, 3 January and 4 January, but the meetings were deferred as a result of the late announcement of the appointment list. The reason as reported was that Mr TUNG had to make some additions and deletions with respect to the appointment that had been sent to his office. May I ask Mr TUNG whether it is true that he has added many candidates to the list and deleted some people from the district officers' list of nominations? What criteria has Mr TUNG adopted in making these deletions and amendments?*

CHIEF EXECUTIVE (in Cantonese): Mr LI, the manner of appointment is very clear, basically the appointment is subject to my approval. In fact, members were appointed according to a few major principles. They must be enthusiastic in district work, or have a professional background or very familiar with district affairs. I feel that the appointment in question has been made after careful consideration, for the approval I made was based on the nominations submitted by the Home Affairs Bureau.

MR FRED LI (in Cantonese): *Madam President, I know that the candidates were nominated by the Home Affairs Department which is well familiar with district affairs, but the problem is when the list reached Mr TUNG's hands, did he make any additions or deletions? If he did so, what criteria has he applied in making his consideration?*

CHIEF EXECUTIVE (in Cantonese): I will go through in detail the appointment lists which require my approval to ensure that each appointee must fulfil the appropriate criteria. This was what I did.

MR HUI CHEUNG-CHING (in Cantonese): *Madam President, it is reckoned that China's accession to the World Trade Organization (WTO) will bring to Hong Kong businessmen many business opportunities. However, according to the principle of opening to the outside world, may I ask the Chief Executive whether it is possible for the Central Government to accord priority to Hong Kong in opening the mainland market? Under the circumstances, after the completion of the evaluation report on the impact of China's accession to the WTO upon the economy of Hong Kong, what specific measures will the Government take for implementing its policies to assist Hong Kong businessmen, especially the small and medium enterprises, in seizing the business opportunities emerging in the Mainland?*

CHIEF EXECUTIVE (in Cantonese): We are glad to see that the United States Government is now in full swing in promoting China's accession to the WTO. Our economy is going to benefit enormously from China's accession to the WTO. As we all know, Hong Kong is a member of the WTO, so in fact it is not going to be very easy for Hong Kong to receive any preferential treatment. But after all, we are all Chinese and Hong Kong is part of China. It can be said that the commercial and industrial sectors in Hong Kong are actually very familiar with the operation in the Mainland. We therefore have a vantage position. Under the circumstances, I believe all enterprises, large, medium and small, will be given special — priority, under a situation where we are not having any preferential treatment because of our unique environment. As for what can the SAR Government do? A working group headed by the Financial Secretary is now studying these issues actively. We will discuss the matter with Members in due course.

DR YEUNG SUM (in Cantonese): *Madam President, I am very concerned that heated discussions have been caused by the fact that many senior civil servants recently quitted the Civil Service. I have in my mind an opinion. Will it be possible that they are a bit frustrated because Mr TUNG's leadership has come into conflict with their working style? I think Mr TUNG is well aware that the senior civil servants were criticized in an even harsher manner by the pre-1997 Legislative Council. Therefore, I do not believe that the officials' intention to quit is mainly caused by Legislative Councillors' criticisms. Why did I say that Mr TUNG's leadership has come into conflict with their working style? It is because recently I have been keeping a close watch on reports about the review of the political system. Two colleagues of Mr TUNG have openly stated that a review of the political system will be conducted after September and a green paper will be published. Upon hearing this, I thought it is really good news if it ever comes true. However, now that they have all kept silent, which I believe must bear a close relationship with Mr TUNG's point of view. I know that Mr TUNG attends to everything on his own, but if there is such a great divergence of views between Mr TUNG and his colleagues, how can they carry out their work?*

CHIEF EXECUTIVE (in Cantonese): There will surely be divided views in every organization, including government organizations. For instance, there are also many different opinions within the Democratic Party. *(Laughter)*

DR YEUNG SUM (in Cantonese): *We are not a government organization.*

CHIEF EXECUTIVE (in Cantonese): I think it is most important that we have to hold joint discussions to see which direction or method is the best. This is also a democratic consultation process. I consider this a very healthy development.

DR YEUNG SUM (in Cantonese): *Nevertheless, some colleagues of Mr TUNG have openly stated a certain viewpoints. Why was internal studies not conducted before announcements were made? They will be put in a rather embarrassing situation if they are responsible for the relevant matters.*

CHIEF EXECUTIVE (in Cantonese): I am not prepared to comment on isolated incidents here, but these incidents do occur from time to time.

MR CHAN KAM-LAM (in Cantonese): *Madam President, we have been discussing the quality of public housing lately. As we all know, dating back to 1954, the Housing Authority (HA) has a history of more than 50 years in building construction. But over the years, we can see that many public housing estates have developed problems. Obviously, if the HA were a private developer, it would, I believe, have its licence revoked long ago. Now that the quantity of public housing units which the HA is responsible for constructing is said to be very big, may I ask the Chief Executive whether, in the near future, the Government will continue to cut the quantity of public housing units that the HA is to be responsible for constructing?*

CHIEF EXECUTIVE (in Cantonese): I suppose the HA and the Housing Department have set a huge target which they will work hard to meet the general needs of Hong Kong. Our housing target should not be affected just because there are some problems with construction or supervision. As I have said just now, the HA and the Housing Department are carrying out a thorough investigation with a view to finding out in which segment the problems lie to ensure that recurrence of such incidents could be prevented in future. The investigation will involve an exchange of views with contractors so as to avoid the recurrence of jerry building as well as other problems that we are having at the moment. I think we had better be a little bit more patient for a report will be published very soon.

MR CHAN KAM-LAM (in Cantonese): *I hope the Chief Executive can consider one more point again. Although the Government is still responsible for public housing development, the HA is not fully responsible for it. For example, the Government may be responsible for 46 000 or 41 000 out of 85 000 units. The remaining units are to be handed over to private organizations for development. To these private organizations, the Government has not sold them any land but has instead entrusted them with responsibilities, including therein of course some profits that they deserve.*

CHIEF EXECUTIVE (in Cantonese): For your suggestions, we will conduct due review.

PRESIDENT (in Cantonese): Mr Chief Executive, you have planned to spend one hour on the Question and Answer Session, but now we have already spent more than one hour and 15 minutes. We still have six Members waiting for their turn to raise questions and they have been waiting for a long time. Mr Chief Executive, could you spare us some more time?

CHIEF EXECUTIVE (in Cantonese): Certainly.

PRESIDENT (in Cantonese): Thank you, Mr Chief Executive.

DR LUI MING-WAH (in Cantonese): *Madam President, I am sure the Chief Executive and senior officers in the Government have a good aspiration: That they would like to build Hong Kong into a better place, even better than London and New York. But the impression that the Government, through its actions in the past year, has projected is that it has made a clear diagnosis for the general orientation of the economic development of Hong Kong, but has made mistakes in prescribing the medicine. Why did I say that? The Government is willing to spend billions or trillions in building the Cyberport, Disney theme park or hosting the Asian Games ostensibly for the general good and prestige of Hong Kong. All these I do agree. However, for the Silicon Harbour project, which may promote and revive industries in Hong Kong and expand the job market, negotiations have almost come to a standstill because of impasse on some inferior financial terms and conditions. As the opening for such an opportunity is essentially short-lived, would Mr TUNG be kind enough to intervene so that an early success could be achieved?*

CHIEF EXECUTIVE (in Cantonese): Dr LUI, I understand you are very interested in the project. Indeed I have spoken with you about it on several occasions. However, I am afraid that your information is not too accurate. The Government has all along maintained a dialogue with the relevant company for the Silicon Harbour project. Negotiation is still on-going, though there is no conclusion yet. The issue is not as simple as it seems. It is a complex one. Can the problem be solved if the Government would just act in some ways? I

wish that was true but it is not. The problem is not as simple as that. We need to find some companies which are willing to invest not just over one billion but billions of US dollars to develop chips in Hong Kong. This in itself is not an easy thing to do. Many consumers may choose to buy from Japan, Taiwan, Korea, or Singapore. The relevant companies may choose to invest in Israel or Ireland. What vantage position has Hong Kong provided for such companies? In fact, up till now, no one has stood up and said: We have the capital ready. Let us talk. So, the issues that have to be negotiated are numerous. In addition, we have a host of more sophisticated problems to think about in high technology. For instance, what is the level of high technology that should be applied? Thus, the Government is working hard but we are not completely sure if results are forthcoming. We are trying though.

MR SIN CHUNG-KAI (in Cantonese): *Madam President, I think Mr TUNG is determined to promote high technology but he has overlooked manpower training. Mr TUNG indicated among the 220 000 unemployed, half of them are youths in the age group of 15-29. The kind of training that the Government is providing to these youths is very limited. Recently, I came to know a group of youths which have just joined a company in the information technology business. They are responsible for work concerning homepages. At first they were paid \$8,000 a month but in less than three months, when they could work independently in their posts, they were paid double, that is, up to \$16,000. The market demand on this area is obviously very big. However, the government-run Vocational Training Council (VTC) and the Employees Retraining Board (ERB) have not been able to meet market demand, and failed to provide instant and sufficient training opportunities for these young people. In fact, to youngsters between 15 and 29, grasping information technology is not at all difficult. Would Mr TUNG inform this Council whether he is determined to carry out reforms in the VTC and the ERB so that they can reinforce their training in this regard to benefit more people?*

CHIEF EXECUTIVE (in Cantonese): Mr SIN, it is true that youngsters between 15 and 29 can grasp information technology and computer technology very quickly. Not long ago when I spoke to you I heard you criticizing the VTC and the Government for not doing enough in this area. I have in fact done some follow-up work. We are stepping up training in this area and we hope to be able to have better arrangements in the future.

MR SIN CHUNG-KAI (in Cantonese): *Madam President, I understand Mr TUNG's colleagues have launched a training programme for information technology personnel recently. There are 170 vacancies in the programme. I just want to tell Mr TUNG that they can only satisfy less than one tenth or one twentieth of the demand in the market. I hope Mr TUNG understands that the market demand is enormous and what the Government has been doing at present can be of very little help.*

CHIEF EXECUTIVE (in Cantonese): I understand the demand is enormous. We will work step by step and promote work in this aspect as soon as we can. But the problem cannot be solved just by increasing the training vacancies from 100 abruptly to 1 000. What are involved include teachers and other issues that need to be tackled as well. We will try our best to solve the problems as soon as we can.

MISS CHOY SO-YUK (in Cantonese): *Madam President, I would like to ask Mr TUNG about a case in which a student, who was a newly arrived child from the Mainland, committed suicide earlier because she could not stand discrimination by her classmates. Relevant information also shows that it is quite common that newly arrived students are discriminated against by classmates in schools. Will Mr TUNG inform this Council whether he would put in place some specific measures to minimize discrimination among students so that they can happily integrate into the community and learn happily?*

CHIEF EXECUTIVE (in Cantonese): Miss CHOY, I was saddened by the death of the schoolgirl, Miss LIN Jie. This should not have happened but it did happen. I think the entire community is responsible. The school was of course responsible, and so was the Government. In fact, parents were also responsible. I believe many Hong Kong residents were once immigrants to this territory. Take me as an example. I only came to Hong Kong when I was 10. So I was an immigrant too. And I can understand from my own experience the fact that any new-comer to Hong Kong has to undergo a period of adaptation, during which Hong Kong people should — and I think most Hong Kong people will — give new-comers a friendly hand. Once again, I urge everyone here to do more. For the Government, in fact, it has already done a lot to help the newly arrived people to adapt to the new life here, and we will continue to work hard in this respect.

MISS CHOY SO-YUK (in Cantonese): *Madam President, I trust Mr TUNG is sincere to help the newly arrived. The fact remains that many of the newly arrived students whom I have in contact with are being discriminated against at school to a large extent. I hope the Government, especially the Education Department, can come to grips with this issue. Will the Government find some of the more effective ways to improve the situation?*

CHIEF EXECUTIVE (in Cantonese): I understand the Director of Education is actively dealing with the matter.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, I would like to reflect to Mr TUNG about a currently prevailing view that for Hong Kong to be an international financial centre, one prerequisite is that there must be people with high proficiency in the English language. Holders of this view therefore criticize the Government for proceeding too hastily in implementing the policy of Chinese as a medium of instruction in recent years, or taking a move that may be a wrong one altogether. What is the view of Mr TUNG on this?*

CHIEF EXECUTIVE (in Cantonese): Mr YEUNG, we are promoting a language policy to enable our students and workforce to be bi-literate and trilingual. Hong Kong is a cosmopolitan city and an international financial centre. So, we have to have a reasonably good command of English. But in other languages, especially in Putonghua and written Chinese, we should also work hard at them. We will step up our efforts in promoting the bi-literate and trilingual.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, I would like to ask a follow-up question. Some critics say the implementation of the mother tongue as the medium of instruction policy as at present erodes the learning environment for the English language. What is the view of Mr TUNG on this?*

CHIEF EXECUTIVE (in Cantonese): A poor learning environment for English and a deterioration in the command of English have existed before we launched the said language policy. I think they do not bear any relationship with teaching in the mother tongue. What is most important is that we stick to the conviction that the language policy to enable our students and workforce to be bi-literate and tri-lingual must be proceeded with together.

MRS SOPHIE LEUNG (in Cantonese): *Madam President, I would like to ask the Chief Executive a question on the quality of our workforce. One Member mentioned just now that the construction cost in Hong Kong is double that in Singapore. Even handling charges at our ports are very high. A major part of the cost has in fact gone to wages. Nevertheless, we often find quality problems in our construction industry. Some professionals and veteran workmen told me the present generation is quite different from the older ones. They do not work with as much concentration as the previous generations. I think many reasons might have accounted for this phenomenon: The society as a whole has changed. An economic restructuring is taking place. Whereas formerly we had the apprenticeship system, we now have a population with a higher education level. In addition to comparing wages, can we compare the quality of our workers with that of neighbouring countries? I think to solve the problem of unemployment, a very important factor is that our workers and their management level know their rivals and themselves. They need to find out why others can achieve what we cannot. That I think is important too. Would Mr TUNG agree with what I have said?*

CHIEF EXECUTIVE (in Cantonese): I have to thank Mrs Sophie LEUNG for her suggestion, which is a very good one. We will follow up. But I want to stress that people in Hong Kong have a fine tradition of the Chinese people which is pragmatism. Hong Kong people are also very flexible and innovative. When Mr LEE Kuan-yew visited Hong Kong in October, he said he felt that people in Hong Kong were not as resilient as before. Afterwards, I described to him in detail the present development of Hong Kong and why Hong Kong managed to come out of the woods slowly — or I should say not "slowly", but in great strides, and why Hong Kong possesses so much excellent expertise. Finally he told me he thought the good qualities basically inherent in the people of Hong Kong were still there. Hence, we need not underestimate our abilities. The suggestion made by Mrs Sophie LEUNG just now was very good indeed and we will follow it up.

MRS SOPHIE LEUNG (in Cantonese): *Mr Chief Executive, I very much agree with your words when you said Hong Kong people were quite flexible. Even in the speech made by Mr SIN Chung-kai, he said some young people if given the chance might be able to increase their monthly salary one fold, from \$8,000 to \$16,000. The question is we are not faced with people in this age group, but the older workers. Do they still have the chance? Yes, they certainly do, but they must first recognize their weaknesses or inadequacies. I do not think that is an issue that came as a result of the recent financial turmoil, but one that has been around for more than 10 years. I hope we can compare on quality terms so that they know themselves and their rivals and understand the situation. I hope the Chief Executive can accept my view.*

CHIEF EXECUTIVE (in Cantonese): Thank you for your suggestion, Mrs LEUNG.

PRESIDENT (in Cantonese): Last question.

DR LEONG CHE-HUNG (in Cantonese): *Madam President, recently, there have been some problems concerning the provision of health care have emerged. By that I did not mean the Sydney strain of influenza; I mean the workload in public hospitals. As everyone knows, an increasing number of patients go to the public hospitals and the number of canvas beds in hospitals has increased again. I think Dr YEOH, the Secretary for Health and Welfare, can stand as witness for that. Public hospital personnel are working excessively hard these days. According to reports, some doctors often work for over 100 hours per week while the private sector is experiencing a period of "poor business". Many doctors in the private sector do not have much work to do and I am among one of them. (Laughter) Probably, this has to do with our present health care policy and health care financing policy. I understand the Health and Welfare Bureau is looking into the matter and the Government is spreading the news that fees may be charged for visiting the accident and emergency clinics and for using the specialist out-patient service. Will the Chief Executive inform this Council whether those are all that the Government has done, or whether it is determined to properly implement a set of formal health care policy and health care financing policy that is feasible and effective? If the latter move is chosen, when?*

CHIEF EXECUTIVE (in Cantonese): Dr LEONG as far as I understand, the Secretary for Health and Welfare, Dr YEOH is working on this issue. Hopefully, consultation papers can be submitted in March or April so that the public may send in their submissions. After that, the Government will decide what to do. The decision will essentially be a controversial one but we must face the reality in order to solve the problems for a long-term policy.

DR LEONG CHE-HUNG (in Cantonese): *At the beginning of this session, Mr TUNG indicated he had pleasure in meeting us. Would Mr TUNG extend that pleasure by increasing the number of meetings with us? (Laughter)*

PRESIDENT (in Cantonese): I think that is a request rather than a follow-up question. I hope the Chief Executive will consider the request. On behalf of all Members, I thank the Chief Executive for being present at this Question and Answer Session and for having spent an hour and a half in answering questions from 26 Members.

NEXT MEETING

PRESIDENT (in Cantonese): In accordance with the Rules of Procedure, I now adjourn the Council until 2.30 pm on Wednesday, 19 January 2000. The Chief Executive will now leave the Chamber. Will Members please remain standing?

Adjourned accordingly at twenty-nine minutes past Four o'clock.