

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 8 March 2000

The Council met at half-past Two 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

THE HONOURABLE MICHAEL HO MUN-KA

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

THE HONOURABLE LEE WING-TAT

THE HONOURABLE LEE CHEUK-YAN

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 MARGARET NG

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 BERNARD CHAN

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 LEUNG YIU-CHUNG

THE HONOURABLE GARY CHENG KAI-NAM, 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.

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 GORDON SIU KWING-CHUE, J.P.
SECRETARY FOR PLANNING AND LANDS

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 JOSEPH WONG WING-PING, G.B.S., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

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

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

MR STEPHEN IP SHU-KWAN, J.P.
SECRETARY FOR ECONOMIC SERVICES

MR DAVID LAN HONG-TSUNG, J.P.
SECRETARY FOR HOME AFFAIRS

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

MS EVA CHENG, J.P.
SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING

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

CLERK IN ATTENDANCE:

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

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
District Court (Fixed Costs in Matrimonial Causes) (Amendment) Rules 2000	52/2000
Mandatory Provident Fund Schemes (Exemption) Regulation (Specification of Date under Sections 5 and 16) Notice	53/2000
Tax Reserve Certificates (Rate of Interest) (No. 2) Notice 2000	54/2000
Elections (Corrupt and Illegal Conduct) Ordinance (10 of 2000) (Commencement) Notice 2000.....	55/2000
Exchanges and Clearing Houses (Merger) Ordinance (12 of 2000) (Commencement) Notice 2000.....	56/2000
Licensing Appeals Board Rules (L.N. 43 of 2000) (Commencement) Notice 2000.....	57/2000
Electronic Transactions (Exclusion) Order.....	58/2000
Electronic Transactions Ordinance (Amendment of Schedule 2) Order 2000	59/2000
Electronic Transactions Ordinance (1 of 2000) (Commencement) (No. 2) Notice 2000	60/2000
Legislative Council (Amendment) Ordinance 1999 (Amendment) Ordinance 2000 (15 of 2000) (Commencement) Notice 2000	61/2000

Other Papers

- No. 80 — Hospital Authority Annual Report 1998-1999 with Statement of Accounts and Auditors' Report
- No. 81 — Report and Statement of Accounts of the Samaritan Fund together with the Director of Audit's Report for the year ended 31 March 1999
- No. 83 — Draft Estimates for the year ending 31 March 2001; Volume IA and Volume IB - General Revenue Account
- No. 84 — Draft Estimates for the year ending 31 March 2001; Volume II - Fund Accounts

WRITTEN ANSWERS TO QUESTIONS**Complaints about Golf Balls Flying out of Driving Ranges**

1. **MR ANDREW CHENG** (in Chinese): *Madam President, it is learnt that residents in Tai Po Tsai Village, Sai Kung have complained about golf balls flying frequently from the Clearwater Bay Golf Driving Range into the village, and it even happened that a villager was hurt on the head by a golf ball and sustained serious injuries. In this connection, will the Government inform this Council:*

- (a) *of the present number and locations of private golf driving ranges in Hong Kong;*
- (b) *of the number of complaints received over the past two years about golf balls flying out of a driving range;*
- (c) *of the government department responsible for stipulating and monitoring the safety standards of the facilities in private driving ranges; and*
- (d) *whether there is existing legislation governing the minimum distance between a private driving range and its nearby residential premises and other safety matters; if so, of the details; if not, of the reasons?*

SECRETARY FOR HOME AFFAIRS (in Chinese): Madam President, the answers to the questions raised by the Honourable Member are as follows:

- (a) On the basis of information available, there are currently 11 privately-operated golf driving ranges in Hong Kong which are not part of golf courses. Their locations are listed at the Annex.
- (b) We have received two complaints in the past two years about golf balls flying beyond the driving ranges; however, both of them concerned the same incident. The operator of that driving range has been asked to take action to make the necessary rectification.
- (c) At present, private driving ranges operating on government leased land are subject to the terms and limitations imposed by the Lands Departments which govern the use of the land. While standard anti-nuisance provisions are incorporated in both land grants and short-term tenancies, action has also been taken to include specific clauses related to public safety in new leases. Moreover, any structures within the ranges should also comply with the relevant requirements of the Buildings Ordinance.
- (d) There is no legislation which stipulates a minimum distance between a driving range and nearby residential premises. Driving ranges differ in terms of location, topographical features, size, surroundings, facilities and management, therefore different guidelines on usage and design would apply in the standards for each individual range. Operators of driving ranges are responsible for providing facilities and implementing appropriate management practices so as to ensure the safety of users and nearby residents. For golf driving ranges that require planning permission from the Town Planning Board, safety measures are normally included in applications submitted to the Board for consideration.

In the case of complaints against operators, we have asked that improvements be made to the safety of the facilities, and that the operator seek professional advice from the relevant national sports association in order to upgrade the management of the range. We will monitor the safety of the private driving ranges now operating in Hong Kong, and if necessary we will consider additional regulatory measures.

The locations
of the existing private golf driving ranges in Hong Kong

<i>Areas/Districts</i>	<i>Existing Golf Driving Ranges</i>
Hong Kong Island	South China Athletic Association
Kowloon	Jordan Road
	Former Kai Tak Airport
Tsuen Wan	Hilltop Country Club, Lo Wai
North West New Territories	Lok Ma Chau
	Lau Fau Shan
	Mai Po
Sha Tin	Whitehead, Ma On Shan
Sai Kung/Tai Po	Ho Chung
	Tai Po Tsai
	Tseng Tau, Shap Sz Heung

River Training Projects and Village Flood Protection Schemes in the New Territories

2. **MR AMBROSE LAU** (in Chinese): *Madam President, will the Government inform this Council of the progress and effectiveness of the works in the river training projects and the village flood protection schemes being carried out in the Northern New Territories and Northwest New Territories?*

SECRETARY FOR WORKS (in Chinese): Madam President, in the Northern New Territories, we have completed the Stage I of the Regulation of Shenzhen River and four village flood protection schemes in Sheung Shui and San Tin areas. The Stage II of the Regulation of Shenzhen River is in good progress, scheduled to be completed in end 2000. Major river training works for about 18 km of the downstream and midstream sections of the River Indus and the River Beas have already commenced for completion by end 2002. Detailed design for the Stage III of the Regulation of Shenzhen River is underway. We expect that the Stage III works will commence in end 2001.

In the Northwest New Territories, we have completed improvement works to about 18 km of the downstream sections of the major drainage channels and nine village flood protection schemes in Tin Shui Wai, Yuen Long and Kam Tin areas. Improvement works to another nine km of the major drainage channels in Yuen Long, Kam Tin and Ngau Tam Mei areas are underway and are expected to be completed in 2002.

With the progressive completion of the above drainage improvement works in 2002, the flooding situation in the Northern New Territories and the Northwest New Territories will be significantly improved. Initial improvement has been observed in some flood prone areas such as in Tin Shui Wai and Lo Wu. All the completed village flood protection schemes are also working well. We will continue to carry out planning for further improvement works to the secondary and local drainage systems, and the upstream sections of the major rivers in the Northern New Territories and the North-West New Territories to meet the development needs in the areas.

The Cartagena Protocol on Biosafety

3. **DR LEONG CHE-HUNG:** *Madam President, the Cartagena Protocol on Biosafety (the Protocol) was adopted by the Conference of the Parties to United Nations Convention on Biodiversity in January this year. In this connection, will the Government inform this Council whether it has plans:*

- (a) *to study the possible impact of the Protocol on the import trade of Hong Kong; if so, of the timing of the study; and*
- (b) *for Hong Kong to observe the rules and procedures set out in the Protocol; if so, of the implementation timetable; if not, of the measures it will adopt to prevent Hong Kong from becoming a dumping ground for genetically-modified organisms and foods?*

SECRETARY FOR THE ENVIRONMENT AND FOOD: Madam President,

- (a) The Government is studying the impact on Hong Kong of the Protocol when it eventually comes into force. The study will include any impact that the Protocol may have on import trade. We have already started the study.

- (b) As part of the study mentioned in part (a) above, we will consider whether the Protocol should be adopted in Hong Kong. Pending the completion of the study, it would be premature for us to consider an implementation timetable or any preventive measures.

CSSA Granted to Non-Chinese Persons

4. **MISS CHOY SO-YUK** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the total amount of Comprehensive Social Security Assistance (CSSA) payment granted to non-Chinese persons by the Social Welfare Department (SWD), and the number of such cases, in each of the past three years; and*
- (b) *in respect of such cases,*
- (i) *of the three nationalities with the largest numbers of CSSA recipients and the respective numbers of cases involved; and*
- (ii) *of the three nationalities involving the largest total amount of CSSA payments, and of the respective amounts of payment involved?*

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

- (a) The objective of the CSSA Scheme is to provide financial assistance to people suffering genuine financial distress to enable them to meet their basic and essential needs. A CSSA recipient must be a Hong Kong resident and has lived in Hong Kong for at least one year. People whose presence in Hong Kong is unlawful or who are admitted into Hong Kong for a purpose other than residence are not eligible for CSSA. But there is no restriction on the nationality of the recipients. The SWD therefore does not maintain record on the nationality of the CSSA recipients.

- (b) For reasons explained in (a) above, the Government does not have information on the number of CSSA cases and amount of payment involving people with foreign nationalities.

Building New School Premises for Implementation of Whole-day Schooling in Primary Schools

5. **DR TANG SIU-TONG** (in Chinese): *Madam President, to achieve the interim target of providing whole-day schooling for 60% of primary school students by the school year 2002-03, the Administration has planned to build 73 new primary schools in the five years commencing from 1998-99. In this connection, will the Government inform this Council:*

- (a) *of the estimated completion dates, locations and the school nets of these 73 primary school premises;*
- (b) *of the number of new school premises set aside for the implementation of whole-day schooling in existing bi-sessional primary schools, and the criteria it has adopted for allocating new school premises to various schools;*
- (c) *of the bi-sessional primary schools which have been or will soon be allocated those new school premises; the original and the newly allocated locations of those primary schools; and the respective school nets to which the new and existing premises belong; and*
- (d) *whether it has plans to provide more school premises for other existing bi-sessional primary schools to facilitate their conversion to whole-day operation; if it has, of the original and the newly allocated locations of those primary schools, and the respective school nets to which the new and existing premises belong?*

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

- (a) The Government's policy is to provide sufficient primary school places in every district to meet the increasing demand arising from population growth in respective districts, as well as to meet our interim target for whole-day primary schooling, that is, 60% of pupils in public sector schools will study on a whole-day basis by the commencement of the 2002-03 school year. To this end, the Government will build an additional 73 primary school premises between August 1998 and August 2002. The school years in which these school premises commence operation ^(Note 1), their distribution by districts and the respective school nets to which they belong are set out at Annex.
- (b) Among the 73 new school premises listed in Annex, 40 are set aside for use by existing bi-sessional primary schools to convert into whole-day operation. For details, please refer to Part I of Annex.

In implementing whole-day primary schooling, the Education Department (ED) will decide on the conversion method for individual bi-sessional schools having regard to their circumstances. Where feasible, the ED will adopt administrative measures, such as gradually reducing the number of classes in the morning or afternoon session, to help schools gradually convert into whole-day operation. However, it may not be practicable for certain bi-sessional primary schools to achieve conversion by way of administrative measures. Under such circumstances, the Government will consider relocating either the morning or afternoon session to new school premises to operate on whole-day basis; the remaining session will convert in the original school premises. Under the present mechanism, the School Allocation Committee (SAC), which is chaired by the Director of Education and includes

^(Note 1) The question has requested for information on the completion dates of these school premises. In fact, most of the school premises are completed just a few months before they commence operation. Since these schools cannot help meet the demand of their districts until they have come into operation, we have provided in Annex information on the respective school years in which these school premises start operation.

representatives from the education sector, is responsible for deciding which new school premises will be allocated for existing bi-sessional schools to convert. In the course of allocation, the SAC will take into account various factors, including the locations of the original and new school premises. To mitigate the impact on schools and students, the SAC will, as far as practicable, arrange existing bi-sessional schools and new school premises to be located in the same district. The ED will also request schools to fully consult parents before relocation and conversion into whole-day operation.

- (c) For primary schools which have been allocated new school premises for conversion into whole-day operation, the respective districts and school nets of the original and new school premises are shown in Part I of Annex.

Some of the new school premises which will come into operation in the 2001-02 and 2002-03 school years will be used for whole-day conversion. The respective districts and schools nets of these premises are shown in part I of Annex. Since the SAC has yet to allocate most of these new school premises, information on districts and school nets of existing bi-sessional schools which will be allocated these premises is not available at present.

- (d) The Government's tentative target is to enable virtually all primary school students to study in whole-day schools by 2007-08 school year. To achieve this target, we estimate that about 50 more schools will need to be built between 2003 and 2007 to cope with the additional demand generated by the increasing population as well as the need for converting existing bi-sessional schools into whole-day operation. The exact locations and completion dates of these schools are yet to be confirmed. In addition, the SAC will only decide how to allocate new school premises about two years before the completion of these premises. As such, information on districts and school nets of new school premises for conversion purpose and existing bi-sessional schools which will be allocated these premises is not yet available

(II) For meeting new demand

	New Primary School Name / Address	District	Primary One Allocation Net (Note 1)
New schools starting operation in the 1998-99 school year			
1.	Chi Lin Buddhist Primary School Tong Chun Street, Tseung Kwan O, NT	Sai Kung	95
2.	Christian & Missionary Alliance Sun Kei Primary School Sheung Tak Estate, Tseung Kwan O, NT	Sai Kung	95
3.	Pok Oi Hospital Chan Kwok Wai Primary School Sheung Tak Estate, Tseung Kwan O, NT	Sai Kung	95
4.	Yan Oi Tong Tin Ka Ping Primary School Tong Chun Street, Tseung Kwan O, NT	Sai Kung	95
5.	HKTA Chan Lui Chung Tak Memorial School NKIL 598, Ko Chiu Road, Yau Tong, Kln	Kwun Tong	49
New schools starting operation in the 1999-2000 school year			
6.	Tin Shui Wai Methodist Primary School Area 31, Phase 1 (Tin Chung Court), Tin Shui Wai	Yuen Long	72
7.	Hong Kong Cheng's Clansmen General Association Cheng Jack Yiu School Phase 3, Ma Hang Village, Stanley	Southern	19
8.	Ling Liang Church Sau Tak Primary School Man Tung Road, Area 17, Tung Chung	Tung Chung	98
9.	Lions Clubs International Ho Tak Sum Primary School Area 3, Tin Shui Wai	Yuen Long	72
10.	PLK Camoes Tan Siu Lin Primary School Hoi Ting Road, Kln	Yau Tsim Mong	31
New schools starting operation in the 2000-01 school year (Note 2) (Note 3)			
11.	(School name pending) Area 31, Tin Shui Wai (School 2)	Yuen Long	72
12.	(School name pending) Area 102, Tin Shui Wai (School 1)	Yuen Long	72
13.	(School name pending) Area 102, Tin Shui Wai (School 2)	Yuen Long	72

	New Primary School Name / Address	District	Primary One Allocation Net (Note 1)
14.	(School name pending) Area 102, Tin Shui Wai (School 3)	Yuen Long	72
15.	(School name pending) Area 105, Tin Shui Wai	Yuen Long	72
16.	(School name pending) South Horizons, Ap Lei Chau	Southern	18
17.	(School name pending) Siu Sai Wan	Eastern	16
18.	(School name pending) Area 31, Tung Chung (School 1)	Tung Chung	98
19.	(School name pending) Area 31, Tung Chung (School 2)	Tung Chung	98
20.	(School name pending) Phase 6, Sau Mau Ping Estate	Kwun Tong	48
21.	(School name pending) Phase 7, Sau Mau Ping Estate	Kwun Tong	48
New schools starting operation in the 2001-02 school year (Note 3) (Note 4)			
22.	(Pending School Allocation Committee's decision) Yee Shun Street, Chai Wan	Eastern	16
23.	(Pending School Allocation Committee's decision) Yau Tong Estate	Kwun Tong	49
24.	(Pending School Allocation Committee's decision) Po Lam Road	Kwun Tong	49
25.	(Pending School Allocation Committee's decision) Area 44, Fanling	North	81
26.	(Pending School Allocation Committee's decision) Area 110, Tin Shui Wai	Yuen Long	72
27.	(Pending School Allocation Committee's decision) Area 27, Tin Shui Wai	Yuen Long	72
28.	(Pending School Allocation Committee's decision) Area 101, Tin Shui Wai	Yuen Long	72

	New Primary School Name / Address	District	Primary One Allocation Net (Note 1)
29.	(Pending School Allocation Committee's decision) Kin Tak Street, Yuen Long	Yuen Long	74
New schools starting operation in the 2002-03 school year ^(Note 3) ^(Note 4)			
30.	Argyle Street (New primary school in Diocesan Boys' School Campus)	Kowloon City	41
31.	(Pending School Allocation Committee's decision) Phase 1, Area 73A, Tseung Kwan O, NT	Sai Kung	95
32.	(Pending School Allocation Committee's decision) Phase 2, Area 73A, Tseung Kwan O, NT	Sai Kung	95
33.	(Pending School Allocation Committee's decision) Area 109, Tin Shui Wai	Yuen Long	72

(Note 1) The Primary One Allocation (POA) nets will be revised from time to time. The POA nets of schools that come into operation in the 1999-2000 and 2000-01 school years are allocated in accordance with the respective POA netting arrangements of the relevant years in which these schools commence operation. The POA nets of schools that will come into operation in or after the 2001-02 school year are tentatively allocated according to the POA netting arrangement in 2000. The lists of POA nets for 1999 and 2000 are at Appendix 1 and Appendix 2 respectively.

(Note 2) The School Allocation Committee (SAC) has already decided how to allocate the new school premises which will come into operation in the 2000-01 school year. However, the relevant school sponsoring bodies have yet to decide on the name of the new schools.

(Note 3) Those new school premises which will come into operation in the 2000-01 to 2002-03 school years are still being constructed. The addresses of these schools can only be confirmed after the school premises are completed.

(Note 4) The SAC has not yet decided how to allocate the new school premises which will commence operation in the 2001-02 and 2002-03 school years (except school number 30).

Appendix 1

**List of Primary One Allocation Nets for Primary One
Admission in September 1999**

POA Net No.	Areas Covered Hong Kong Island
10	Kennedy Town, Shek Tong Tsui, Sai Wan Estate, Kwun Lung Lau, Sai Ying Pun West
11	Sai Ying Pun East, Sheung Wan, Central, The Peak
12	Wan Chai, Shiu Fai Terrace, Tung Shan Terrace
13	Causeway Bay, Soo Kun Po, Happy Valley, Tai Hang, Lai Tak Tsuen, Jardine's Lookout, Villa Monte Rose, Evergreen Villa
14	North Point, Park Tower, Dragon Terrace, Quarry Bay, Taikoo Shing, Kornhill, Lei King Wan
15	Shau Kei Wan, A Kung Ngam, Sai Wan Ho, Yiu Tung Estate, Hing Tung Estate, Tung Hei Court, Tung Lam Court
16	Heng Fa Chuen, Chai Wan, Shan Tsui Court, Hing Wah Estate, Yue Wan Estate, Chai Wan Estate, Wan Tsui Estate, Siu Sai Wan Estate, Tsui Wan Estate, Fullview Gardens, Cheerful Garden, Harmony Garden, Hiu Tsui Court, Kai Tsui Court, Hang Tsui Court
17	Pok Fu Lam, Chi Fu Fa Yuen, Pok Fu Lam Gardens, Wah Fu Estate, Wah Kwai Estate, Ka Lung Court, Baguio Villa
18	Aberdeen, Tin Wan, Shek Pai Wan, Aplichau, Wong Chuk Hang, Shouson Hill, Wong Chuk Hang Path, Wong Chuk Hang San Wai, Deep Water Bay, South Horizons
19	Repluse Bay, Stanley, Chung Hom Kok, Shek O, Tai Tam, The Red Hill Peninsula

POA Net No.	Areas Covered Kowloon
30	Tsim Sha Tsui, Jordan Road South
31	Jordan Road North, Yau Ma Tei, King's Park
32	Mong Kok, Tai Kok Tsui
33	Oi Man Estate, Ho Man Tin Estate, Valley Road Estate, Chun Man Court
34	Ho Man Tin, Ma Tau Wai Estate, Chun Seen Mei Chuen, Kadoorie Hill, Waterloo Road Hill
35	Hung Hom, Tai Wan Shan, Whampoa Estate, Whampoa Gardens, Ka Wai Chuen
36	To Kwa Wan, Lok Man Sun Chuen, Ma Tau Kok
37	Yau Yat Chuen, Tai Hang Tung, Nam Shan Estate, Tai Hang Sai, Parc Oasis
38	Shek Kip Mei, Pak Tin, Chak On Estate, Beacon Heights
39	Sham Shui Po, Lai Kok Estate, Lai On Estate, Yee Kok Court, Yee Ching Court, Nam Cheong Estate
40	Cheung Sha Wan, Un Chau Street Estate, Mei Foo Sun Chuen, So Uk, Li Cheng Uk, Ching Lai Court, Po Lai Court
41	Kowloon Tong, Kowloon City, Mei Tung Estate
43	Tung Tau, Wong Tai Sin, San Po Kong, Chuk Yuen, Tsui Chuk Garden, Wang Tau Hom, Lok Fu, Fu Keung Court, Tin Ma Court, Nga Tsin Wai Tsuen
45	Fu Shan Estate, Choi Hung Estate, Choi Wan Estate, Choi Fai Estate, King Shan Court, King Lai Court, Sun Lai Garden, Diamond Hill, Galaxia, Lung Poon Court, Fung Tak Estate, Fung Wong San Tsuen, Tsz Wan Shan, Tsz Lok Estate, Tsz Man Estate, Tsz Ching Estate, Shatin Pass Estate

POA Net No.	Areas Covered Kowloon
46	Kai Yip Estate, Ping Shek Estate, Kai Tai Court, Richland Gardens, Kai Lok T.H.A., Kai Wo T.H.A., Kowloon Bay, Telford Gardens, Lower Ngau Tau Kok Estate, Amoy Garden, Tak Bo Garden, Jordan Valley, Choi Ha Estate
48	Sau Mau Ping, Hiu Lai Court, On Kay Court, Upper Ngau Tau Kok Estate, Lok Wah Estate, Kwun Tong, Wo Lok Estate, Tsui Ping Estate, Po Pui Court, Lok Nga Court, Cheung Wo Court, Laguna City (Blocks 1-23), Chun Wah Court
49	Lam Tin, Hong Tin Court, Hong Wah Court, Hong Ying Court, Hing Tin Estate, Tak Tin Estate, Kwong Tin Estate, Laguna City (Blocks 24-38), Cha Kwo Ling, Yau Tong, Ko Chun Court, Ko Yee Estate, Lei Yue Mun, Sceneway Garden, Hong Pak Court, Hong Nga Court, Ping Tin Estate, Ma Yau Tong
51	Shun Chi Court, Shun Lee Estate, Shun On Estate, Shun Tin Estate

POA Net No.	Areas Covered New Territories
60	Tsui Yiu Court, Lai Yiu, Lai King, Yuet Lai Court, Yin Lai Court, Cho Yiu, Wah Yuen Chuen, Kau Wa Keng, Wonderland Villas, Regency Park, Lai Chi Kok Bay Garden, Chung Shan Terrace, Highland Park
62	Tsuen Wan West, Fuk Loi Estate, Clague Garden Estate, Tsuen Kam Centre, Tsuen Wan Plaza, Tsuen Wan Centre, Tsuen King Garden, Allway Gardens, Chai Wan Kok, Kam Fung Garden, Tsuen Tak Garden, Belvedere Garden, Green View Court, Bayview Garden, Yau Kom Tau, Sham Tseng, Lido Garden, Rhine Garden, Sea Crest Villa, Hong Kong Garden, Tsing Lung Tau, Discovery Park, Hanley Villa, Ma Wan, Lantau North-East

POA Net No.	Areas Covered New Territories
63	Tsuen Wan East, Sam Tsuen, Shek Wai Kok, Cheung Shan, Lo Wai, Chuen Lung, Luk Yeung San Tsuen, Tsuen Wan Garden, Tsuen Cheong Centre, Tsuen Fung Centre, Waldorf Centre, Fu Wah Centre, Fairview Garden, Tsuen Wan Town Plaza, Riviera Gardens, East Asia Garden, Wealthy Garden, Water Side Plaza
64	Lei Muk Shue Estate, Shek Yam Estate, Shek Lei Estate, Yi Fung Court, On Yam Estate
65	Tai Wo Hau Estate, Kwai Chung Estate, Kwai Shing Estate, Kwai Fong, Hibiscus Park, Kwai Hing, Kwong Fai Circuit, Ha Kwai Chung Village, Kwai Chung Plaza, Kwai Hong Court
66	Tsing Yi
69	Tuen Mun South-West, Melody Garden, Siu Shan Court, Butterfly Estate, Wu King Estate, Pak Kok, Lung Kwu Tan, Siu Hei Court, Pier Head Garden, Sun Tuen Mun Centre, Miami Beach Towers, Yuet Wu Villa, Oasis Garden
70	Tuen Mun North-West, Chung Uk Tsuen, Lam Tei, Kei Lun Wai, Siu Hong Court, Affluence Garden, Tai Hing Estate, Tai Hing Gardens, Greenland Garden, Shek Pai Tau, Shan King Estate, Kau Hui, Leung King Estate, Hong Tak Gardens, Tin King Estate, Kin Sang Estate, San Wai Court, Siu Kwai Court, Botania Villa, Chelsea Heights
71	Tuen Mun East, Fu Tei, Tseng Tau Tsuen, San Hui, San Fat Estate, Yau Oi Estate, Siu On Court, On Ting Estate, Chi Lok Garden, Waldorf Garden, Tuen Mun Town Plaza, Trend Plaza, Sam Shing Estate, So Kwun Wat, Tai Lam Chung, Prime View Garden, Elegance Garden, Grandeur Gardens, Hanford Garden, Handsome Court, Alpine Garden, Tsui Ning Garden, Siu Lun Court, Gold Coast, Toseidon Coast

POA Net No.	Areas Covered New Territories
72	Tin Shui Wai, Kingswood Villas, Tin Yiu Estate, Tin Shui Estate, Ping Shan, Ha Tsuen, Mong Tseng, Lau Fau Shan, Hung Shui Kiu, Nim Wan, Long Bin Interim Housing, Chun Hing San Tsuen, Tin Tsz Estate, Tin Lai Court, Tin Chung Court, Tin Wah Estate, Tin Shing Court
73	Yuen Long West, Wang Chau, Fung Chi Village, Fraser Village, Martin Tsuen, Shum Chung, Lung Tin Tsuen, Shan Ha Tsuen, Long Ping Estate, Shui Tsiu San Tsuen, Hung Cho Tin Tsuen, Pak Sha Tsuen, Tai Tong Tsuen, Yeung Ka Tsuen, Muk Kiu Tau Tsuen, Wong Nai Tun, Shui Pin Wai Estate, Parkside Villa
74	Yuen Long East, Yuen Long Estate, Tai Kei Leng, Shung Ching San Tsuen, Au Tau, Shan Pui, Tung Shing Lei, Kwan Lok Sun Chuen, Sheung Ha Yau Tin, Tin Liu Tsuen, Kong Tau Tsuen, Shui Tsiu Lo Wai, Nga Yiu Tau, Tong Tau Po Tsuen, Nam Hang, Nam Hang Pai, Yeung Uk Tsuen, Shek Tong Tsuen, Sun Yuen Long Centre, Grand Del Sol
75	Kam Tin, Pat Heung, Shek Kong
76	San Tin, Yau Tam Mei, Tai Sang Wai, Fung Kat Heung, Sha Po, Fairview Park, Lok Ma Chau, Palm Springs, Royal Palm, Mai Po Village
80	Lo Wu, Sheung Shui, Shek Wu Market, Ta Shek Wu, Ma Tso Lung, Wah Shan, Choi Yuen Estate, Yuk Po Court, Choi Po Court, Tin Ping Estate, Tsui Lai Garden, So Kwun Po, Tai Ping Estate, Lung Fung Garden, Sunningdale Garden, Sheung Shui Centre, Vienna Garden, Sheung Shui Police Married Quarters, Venice Garden, Woodland Crest, Europa Garden, Metropolis Plaza, On Shing Court
81	Fanling, Cheung Wah Estate, Luen Wo Market, Tong Hang, Tan Chuk Hang, Ma Mei Ha, Hung Leng, Wo Hop Shek, Wah Ming Estate, Fanling Centre, Cheerful Park, Yan Shing Court, Avon Park, Greenpark Villa, Fanling Town Centre, Eden Garden, Wing Fuk Centre, Wing Fai Centre, Ka Shing Court, Ka Fuk Estate, King Shing Court, Union Plaza, Glamour Garden, Camellia Court, Flora Plaza, Wah Sum Estate, Ling Shan Village

POA Net No.	Areas Covered New Territories
82	Ta Ku Ling, Lin Ma Hang, Ma Tseuk Leng, Man Uk Pin, Wo Hang, Luk Keng, Wu Kau Tang, Loi Tung
83	Sha Tau Kok, Ap Chau, Kat O, Sai Lau Kong
84	Tai Po North, Shui Wai, Old Market, Tai Yuen Estate, Fu Shin Estate, Ming Nga Court, Sun Hing Garden, Sam Mun Tsai, Tai Mei Tuk, Hong Lok Yuen, Tai Wo, Kau Lung Hang, Tai Po Centre (Blocks 1-19), Tai Wo Estate, Tai Po Tau, Po Nga Court, Treasure Garden, Fu Heng Estate, Chung Nga Court, Ting Nga Court, Serenity Park, Tai Po Garden, Yee Nga Court, Parc Versailles, Lok Yin Court
85	Tai Po South, Nam Wa Po, Lam Tsuen, Wai Tau Tsuen, Kam Shek San Tsuen, Tai Po Market, Kam Shan, Wang Fuk Court, Kwong Fuk Estate, Pun Chung, Cheung Shu Tan, Tai Po Centre (Blocks 20-23), Uptown Plaza, Wan Tau Tong Estate, Yat Nga Court, King Nga Court, Tak Nga Court, Elegance Garden, Plover Cove Garden, Classical Gardens, Savana Garden, Grand Palisades, The Paragon
88	To Fung Shan, Tung Lo Wan, Mei Lam Estate, Mei Shing Court, Mei Chung Court, Pak Tin, Tai Wai, Holford Gardens, Sha Tin Tau, Sun Tin Wai Estate, Tin Sum, Lung Hang Estate, Sun Chui Estate, Sheung Keng Hau, World-wide Gardens, King Tin Court, Chun Shek Estate, Fung Shing Court, Hin Keng Estate, Golden Lion Garden, Julimount Garden, Grandeur Garden, Ka Tin Court, Carado Garden, Greenview Garden, Shatin Heights, Parkview Garden, Lakeview Garden, Pristine Villa, Grandville Garden
89	Ma On Shan, Wu Kai Sha , Heng On Estate, Yiu On Estate, Kam On Court, Chevalier Garden, Kam Hei Court, Kam Ying Court, Shap Sz Heung, Saddle Ridge Garden, Sunshine City, Lee On Estate, Kam Lung Court, Villa Athena, Tolo Place, Bayshore Towers, Fok On Garden, Chung On Estate, Kam Fung Court, Park Belvedere, Symphony Bay

POA Net No.	Areas Covered New Territories
90	Lek Yuen Estate, Wo Che Estate, Pai Tau, Sui Wo Court, Shan Mei, Fo Tan, Ma Liu Shui, Jubilee Garden, Hilton Plaza, Shatin Plaza, New Town Plaza, Lucky Plaza, Kau To Shan, Royal Ascot, Greenwood Terrace
91	Jat Min Chuen, Pok Hong Estate, Sha Kok Estate, Yu Shing Court, Belair Gardens, Yuen Chau Kok, Garden Rivera, Shatin Park, City One Shatin, Yue Tin Court, Siu Lek Yuen, Ravana Garden, Kwong Yuen Estate, Tsang Tai Uk, Kwong Lam Court, Hong Lam Court, Vista Garden, Pictorial Garden, Sunshine Grove
92	Sai Kung, Leung Shuen Wan, Yim Tin Tsai, Kau Sai Chau, Ho Chung, Marina Cove, Sha Kok Mei T.H.A., Kai Kung Shan, Tui Min Hoi, Lakeside Garden, Sai Kung North
94	Sai Kung North
95	Tseung Kwan O, Fu Ning Garden, On Ning Garden, Hau Tak Estate, Chung Ming Court, Ming Tak Estate, King Lam Estate, Ho Ming Court, Po Lam Estate, Ying Ming Court, Yan Ming Court, Well On Garden, Finery Park, Verbena Heights, Metro City, Tsui Lam Estate, King Ming Court, Hong Sing Garden, Kwong Ming Court, Yau Yue Wan, Hang Hau, Tseng Lan Shue, Clear Water Bay, Beverly Garden, Pinnacle
96	Lamma Island, Po Toi Island
97	Cheung Chau, Soko Islands
98	Lantau Island (excluding North-East Lantau), Tung Chung, Fu Tung Estate, Yu Tung Court
99	Peng Chau, Tai Pak Wan, Nim Shue Wan, Discovery Bay

Appendix 2

List of Primary One Allocation Nets for Primary One Admission in September 2000

POA Net No.	Areas Covered Hong Kong Island
10	Kennedy Town, Shek Tong Tsui, Sai Wan Estate, Kwun Lung Lau, Sai Ying Pun West
11	Sai Ying Pun East, Sheung Wan, Central, The Peak
12	Wan Chai, Shiu Fai Terrace, Tung Shan Terrace
13	Causeway Bay, Soo Kun Po, Happy Valley, Tai Hang, Lai Tak Tsuen, Jardine's Lookout, Villa Monte Rose, Evergreen Villa
14	North Point, Park Tower, Dragon Terrace, Quarry Bay, Taikoo Shing, Kornhill, Lei King Wan, Hong Tung Estate
15	Shau Kei Wan, A Kung Ngam, Sai Wan Ho, Yiu Tung Estate, Hing Tung Estate, Tung Hei Court, Tung Lam Court
16	Heng Fa Chuen, Chai Wan, Shan Tsui Court, Hing Wah Estate, Yue Wan Estate, Chai Wan Estate, Wan Tsui Estate, Siu Sai Wan Estate, Tsui Wan Estate, Fullview Gardens, Cheerful Garden, Harmony Garden, Hiu Tsui Court, Kai Tsui Court, Hang Tsui Court
17	Pok Fu Lam, Chi Fu Fa Yuen, Pok Fu Lam Gardens, Wah Fu Estate, Wah Kwai Estate, Ka Lung Court, Baguio Villa
18	Aberdeen, Tin Wan, Shek Pai Wan, Aplichau, Wong Chuk Hang, Shouson Hill, Wong Chuk Hang Path, Wong Chuk Hang San Wai, Deep Water Bay, South Horizons
19	Repluse Bay, Stanley, Chung Hom Kok, Shek O, Tai Tam, The Red Hill Peninsula

POA Net No.	Areas Covered Kowloon
30	Tsim Sha Tsui, Jordan Road South, Carmen's Garden, The Waterfront
31	Jordan Road North, Yau Ma Tei, King's Park, Prosperous Garden, Charming Garden, The Regalia, King' Park Villa, Wylie Court
32	Mong Kok, Tai Kok Tsui, Olympian City (Island Harbourview), June Garden
33	Oi Man Estate, Ho Man Tin Estate, Valley Road Estate, Chun Man Court, Dragon View
34	Ho Man Tin, Ma Tau Wai Estate, Chun Seen Mei Chuen, Kadoorie Hill, Waterloo Road Hill, Majestic Park
35	Hung Hom, Tai Wan Shan, Whampoa Estate, Whampoa Gardens, Ka Wai Chuen, Laguna Verde
36	To Kwa Wan, Lok Man Sun Chuen, Ma Tau Kok, Hillville Terrace, Horace Place, Jubilant Place
37	Yau Yat Chuen, Tai Hang Tung, Nam Shan Estate, Tai Hang Sai, Parc Oasis
38	Shek Kip Mei, Pak Tin, Chak On Estate, Beacon Heights, Dynasty Heights
39	Sham Shui Po, Lai Kok Estate, Lai On Estate, Yee Kok Court, Yee Ching Court, Nam Cheong Estate
40	Cheung Sha Wan, Un Chau Street Estate, Mei Foo Sun Chuen, So Uk, Li Cheng Uk, Ching Lai Court, Po Lai Court
41	Kowloon Tong, Kowloon City, Mei Tung Estate
43	Tung Tau, Wong Tai Sin, San Po Kong, Chuk Yuen, Tsui Chuk Garden, Wang Tau Hom, Lok Fu, Fu Keung Court, Tin Ma Court, Nga Tsin Wai Tsuen

POA Net No.	Areas Covered Kowloon
45	Fu Shan Estate, Choi Hung Estate, Choi Wan Estate, Choi Fai Estate, King Shan Court, King Lai Court, Sun Lai Garden, Diamond Hill, Galaxia, Lung Poon Court, Fung Tak Estate, Fung Wong San Tsuen, Tsz Wan Shan, Tsz Lok Estate, Tsz Man Estate, Tsz Ching Estate, Shatin Pass Estate
46	Kai Yip Estate, Ping Shek Estate, Kai Tai Court, Richland Gardens, Kai Lok T.H.A., Kai Wo T.H.A., Kowloon Bay, Telford Gardens, Lower Ngau Tau Kok Estate, Amoy Garden, Tak Bo Garden, Jordan Valley, Choi Ha Estate
48	Sau Mau Ping, Hiu Lai Court, On Kay Court, Upper Ngau Tau Kok Estate, Lok Wah Estate, Kwun Tong, Wo Lok Estate, Tsui Ping Estate, Po Pui Court, Lok Nga Court, Cheung Wo Court, Laguna City (Blocks 1-23), Chun Wah Court
49	Lam Tin, Hong Tin Court, Hong Wah Court, Hong Ying Court, Hing Tin Estate, Tak Tin Estate, Kwong Tin Estate, Laguna City (Blocks 24-38), Cha Kwo Ling, Yau Tong, Ko Chun Court, Ko Yee Estate, Lei Yue Mun, Sceneway Garden, Hong Pak Court, Hong Nga Court, Ping Tin Estate, Ma Yau Tong
51	Shun Chi Court, Shun Lee Estate, Shun On Estate, Shun Tin Estate

POA Net No.	Areas Covered New Territories
60	Tsui Yiu Court, Lai Yiu, Lai King, Yuet Lai Court, Yin Lai Court, Cho Yiu, Wah Yuen Chuen, Kau Wa Keng, Wonderland Villas, Regency Park, Lai Chi Kok Bay Garden, Chung Shan Terrace, Highland Park
62	Tsuen Wan West, Fuk Loi Estate, Clague Garden Estate, Tsuen Kam Centre, Tsuen Wan Plaza, Tsuen Wan Centre, Tsuen King Garden, Allway Gardens, Chai Wan Kok, Kam Fung Garden, Tsuen Tak Garden, Belvedere Garden, Green View Court, Bayview Garden, Yau Kom Tau, Sham Tseng, Lido Garden, Rhine Garden, Sea Crest Villa, Hong Kong Garden, Tsing Lung Tau, Discovery Park, Hanley Villa, Ma Wan, Lantau North-East

POA Net No.	Areas Covered New Territories
63	Tsuen Wan East, Sam Tsuen, Shek Wai Kok, Cheung Shan, Lo Wai, Chuen Lung, Luk Yeung San Tsuen, Tsuen Wan Garden, Tsuen Cheong Centre, Tsuen Fung Centre, Waldorf Centre, Fu Wah Centre, Fairview Garden, Tsuen Wan Town Plaza, Riviera Gardens, East Asia Garden, Wealthy Garden, Water Side Plaza
64	Lei Muk Shue Estate, Shek Yam Estate, Shek Lei Estate, Yi Fung Court, On Yam Estate
65	Tai Wo Hau Estate, Kwai Chung Estate, Kwai Shing Estate, Kwai Fong, Hibiscus Park, Kwai Hing, Kwong Fai Circuit, Ha Kwai Chung Village, Kwai Chung Plaza, Kwai Hong Court
66	Tsing Yi
69	Tuen Mun South-West, Melody Garden, Siu Shan Court, Butterfly Estate, Wu King Estate, Pak Kok, Lung Kwu Tan, Siu Hei Court, Pier Head Garden, Sun Tuen Mun Centre, Miami Beach Towers, Yuet Wu Villa, Oasis Garden, Glorious Garden
70	Tuen Mun North-West, Chung Uk Tsuen, Lam Tei, Kei Lun Wai, Siu Hong Court, Affluence Garden, Tai Hing Estate, Tai Hing Gardens, Greenland Garden, Shek Pai Tau, Shan King Estate, Kau Hui, Leung King Estate, Hong Tak Gardens, Tin King Estate, Kin Sang Estate, San Wai Court, Siu Kwai Court, Botania Villa, Chelsea Heights
71	Tuen Mun East, Fu Tei, Tseng Tau Tsuen, San Hui, San Fat Estate, Yau Oi Estate, Siu On Court, On Ting Estate, Chi Lok Garden, Waldorf Garden, Tuen Mun Town Plaza, Trend Plaza, Sam Shing Estate, So Kwun Wat, Tai Lam Chung, Prime View Garden, Elegance Garden, Grandeur Gardens, Hanford Garden, Handsome Court, Alpine Garden, Tsui Ning Garden, Siu Lun Court, Gold Coast, Toseidon Coast, Park Land Villas

POA Net No.	Areas Covered New Territories
72	Tin Shui Wai, Kingswood Villas, Tin Yiu Estate, Tin Shui Estate, Tin Tsz Estate, Tin Lai Court, Tin Chung Court, Tin Wah Estate, Tin Shing Court, Tin Yau Court, Ping Shan, Ha Tsuen, Mong Tseng, Lau Fau Shan, Hung Shui Kiu, Nim Wan, Long Bin Interim Housing, Chun Hing San Tsuen
73	Yuen Long West, Wang Chau, Fung Chi Village, Fraser Village, Martin Tsuen, Shum Chung, Lung Tin Tsuen, Shan Ha Tsuen, Long Ping Estate, Shui Tsiu San Tsuen, Hung Cho Tin Tsuen, Pak Sha Tsuen, Tai Tong Tsuen, Yeung Ka Tsuen, Muk Kiu Tau Tsuen, Wong Nai Tun, Shui Pin Wai Estate, Parkside Villa, Villa Art Deco, Park Royale
74	Yuen Long East, Yuen Long Estate, Tai Kei Leng, Shung Ching San Tsuen, Au Tau, Shan Pui, Tung Shing Lei, Kwan Lok Sun Chuen, Sheung Ha Yau Tin, Tin Liu Tsuen, Kong Tau Tsuen, Shui Tsiu Lo Wai, Nga Yiu Tau, Tong Tau Po Tsuen, Nam Hang, Nam Hang Pai, Yeung Uk Tsuen, Shek Tong Tsuen, Sun Yuen Long Centre, Grand Del Sol
75	Kam Tin, Pat Heung, Shek Kong
76	San Tin, Yau Tam Mei, Tai Sang Wai, Fung Kat Heung, Sha Po, Fairview Park, Lok Ma Chau, Palm Springs, Royal Palm, Mai Po Village
80	Lo Wu, Sheung Shui, Shek Wu Market, Ta Shek Wu, Ma Tso Lung, Wah Shan, Choi Yuen Estate, Yuk Po Court, Choi Po Court, Tin Ping Estate, Tsui Lai Garden, So Kwun Po, Tai Ping Estate, Lung Fung Garden, Sunningdale Garden, Sheung Shui Centre, Vienna Garden, Sheung Shui Police Married Quarters, Venice Garden, Woodland Crest, Europa Garden, Metropolis Plaza, On Shing Court
81	Fanling, Cheung Wah Estate, Luen Wo Market, Tong Hang, Tan Chuk Hang, Ma Mei Ha, Hung Leng, Wo Hop Shek, Wah Ming Estate, Fanling Centre, Cheerful Park, Yan Shing Court, Avon Park, Greenpark Villa, Fanling Town Centre, Eden Garden, Wing Fuk Centre, Wing Fai Centre, Ka Shing Court, Ka Fuk Estate, King Shing Court, Union Plaza, Glamour Garden, Camellia Court, Flora Plaza, Wah Sum Estate, Ling Shan Village, Cheong Shing Court

POA Net No.	Areas Covered New Territories
82	Ta Ku Ling, Lin Ma Hang, Ma Tseuk Leng, Man Uk Pin, Wo Hang, Luk Keng, Loi Tung
83	Sha Tau Kok, Ap Chau, Kat O, Sai Lau Kong, Wu Kau Tang
84	Tai Po North, Shui Wai, Old Market, Tai Yuen Estate, Fu Shin Estate, Ming Nga Court, Sun Hing Garden, Sam Mun Tsai, Tai Mei Tuk, Hong Lok Yuen, Tai Wo, Kau Lung Hang, Tai Po Centre (Blocks 1-19) , Tai Wo Estate, Tai Po Tau, Po Nga Court, Treasure Garden, Fu Heng Estate, Chung Nga Court, Ting Nga Court, Serenity Park, Tai Po Garden, Yee Nga Court, Parc Versailles, Lok Yin Court
85	Tai Po South, Nam Wa Po, Lam Tsuen, Wai Tau Tsuen, Kam Shek San Tsuen, Tai Po Market, Kam Shan, Wang Fuk Court, Kwong Fuk Estate, Pun Chung, Cheung Shu Tan, Tai Po Centre (Blocks 20-23), Uptown Plaza, Wan Tau Tong Estate, Yat Nga Court, King Nga Court, Tak Nga Court, Elegance Garden, Plover Cove Garden, Classical Gardens, Savana Garden, Grand Palisades, The Paragon
88	To Fung Shan, Tung Lo Wan, Mei Lam Estate, Mei Shing Court, Mei Chung Court, Pak Tin, Tai Wai, Holford Gardens, Sha Tin Tau, Sun Tin Wai Estate, Tin Sum, Lung Hang Estate, Sun Chui Estate, Sheung Keng Hau, World-wide Gardens, King Tin Court, Chun Shek Estate, Fung Shing Court, Hin Keng Estate, Golden Lion Garden, Julimount Garden, Grandeur Garden, Ka Tin Court, Carado Garden, Greenview Garden, Shatin Heights, Parkview Garden, Lakeview Garden, Pristine Villa, Grandville Garden
89	Ma On Shan, Wu Kai Sha , Heng On Estate, Yiu On Estate, Kam On Court, Chevalier Garden, Kam Hei Court, Kam Ying Court, Shap Sz Heung, Saddle Ridge Garden, Sunshine City, Lee On Estate, Kam Lung Court, Villa Athena, Tolo Place, Bayshore Towers, Fok On Garden, Chung On Estate, Kam Fung Court, Park Belvedere, Symphony Bay

POA Net No.	Areas Covered New Territories
90	Lek Yuen Estate, Wo Che Estate, Pai Tau, Sui Wo Court, Shan Mei, Fo Tan, Ma Liu Shui, Jubilee Garden, Hilton Plaza, Shatin Plaza, New Town Plaza, Lucky Plaza, Kau To Shan, Royal Ascot, Greenwood Terrace
91	Jat Min Chuen, Pok Hong Estate, Sha Kok Estate, Yu Shing Court, Belair Gardens, Yuen Chau Kok, Garden Rivera, Shatin Park, City One Shatin, Yue Tin Court, Siu Lek Yuen, Ravana Garden, Kwong Yuen Estate, Tsang Tai Uk, Kwong Lam Court, Hong Lam Court, Vista Garden, Pictorial Garden, Sunshine Grove
92	Sai Kung, Leung Shuen Wan, Yim Tin Tsai, Kau Sai Chau, Ho Chung, Marina Cove, Sha Kok Mei T.H.A., Kai Kung Shan, Tui Min Hoi, Lakeside Garden, Sai Kung North
95	Tseung Kwan O, Fu Ning Garden, On Ning Garden, Hau Tak Estate, Chung Ming Court, Ming Tak Estate, King Lam Estate, Ho Ming Court, Po Lam Estate, Ying Ming Court, Yan Ming Court, Well On Garden, Finery Park, Verbena Heights, Metro City, Tsui Lam Estate, King Ming Court, Hong Sing Garden, Kwong Ming Court, Yau Yue Wan, Hang Hau, Tseng Lan Shue, Clear Water Bay, Beverly Garden, Pinnacle
96	Lamma Island, Po Toi Island
97	Cheung Chau, Soko Islands
98	Lantau Island (excluding North-East Lantau), Tung Chung, Fu Tung Estate, Yu Tung Court, Tung Chung Crescent
99	Peng Chau, Tai Pak Wan, Nim Shue Wan, Discovery Bay

Information Technology-related Courses

6. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, according to an information paper provided to the Legislative Council Panel on Education, more than 6 000 students graduated last year in information technology (IT)-related courses run by the University Grants Committee (UGC)-funded institutions. It is estimated that the number of graduates in these courses for the current and the next two academic years will be about 6 800, 6 900 and 6 400 respectively. Besides, the Hong Kong Institute of Vocational Education (IVE) under the Vocational Training Council (VTC) currently provides some 7 000 training places for IT-related courses. In this connection, will the Government provide this Council with a breakdown of the above figures by training providers, majors, course duration and modes of attendance (full-time and half-day, and so on)?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): *Madam President, IT-related courses run by the UGC-funded institutions mainly fall into two categories, namely Computer Science and Information Technology as well as Engineering and Technology. The former includes courses leading to the Bachelor of Science degrees in Computing Studies, Computer Science or Information Technology whereas the latter includes courses leading to the Bachelor of Engineering degrees in Information Engineering, Computer Engineering or Electronic Engineering. A breakdown of these courses by the number of graduates, training providers, major disciplines, course duration and modes of attendance is at Annex 1. IT-related courses run by the IVE under the VTC also fall into two categories, that is, Computing and Mathematics as well as Electrical and Electronic Engineering. A breakdown by the number of graduates and courses is at Annex 2.*

Emergency Services of Water Supplies Department

7. **DR RAYMOND HO** (in Chinese): *Madam President, on the 13th of last month, an underground potable water pipe outside the fire station at the Tsuen Wan section of Castle Peak Road burst allegedly due to excavation works, causing serious flooding. It was reported that it was not until two hours after it had learnt of the incident that the Water Supplies Department (WSD) managed to turn off the gate valve in question. One of the reasons for the delay was that it took the workers some time to locate the gate valve because of the flooding. In this connection, will the Government inform this Council:*

- (a) *of the time the WSD normally takes to turn off the relevant gate valve of a burst potable water pipe after it has learnt of the incident, and of the procedure involved;*
- (b) *whether the WSD has arranged for staff to stand by in various districts for emergency repairs; if not, of the reasons for that; and*
- (c) *whether the WSD will, in the light of this incident, improve its procedure for handling emergencies and the location markings of the gate valves?*

SECRETARY FOR WORKS (in Chinese): Madam President,

- (a) The WSD has laid down the procedures for handling cases of mains bursting in its Departmental Instruction No. 802. As laid down in the procedures, upon receipt of a report of main bursting, the Customer Telephone Enquiry Centre will notify the Regional Co-ordination Centre (RCC). The RCC will then deploy the staff on duty and arrange transport to send them and the equipment to the scene where they will locate the gate valves for operation.

According to the standard set in these procedures, the staff of the WSD are required to depart for the scene within 10 minutes on receiving reports of mains bursting. For mains of 300 mm or below in diameter, the gate valves shall be turned off within one hour and 30 minutes. The total time limit shall be no more than one hour and 40 minutes. For mains from exceeding 300 mm to

600 mm in diameter, the total time limit shall not be more than two hours and 40 minutes. Currently, it generally takes an averaged one hour and 10 minutes to turn off the gate valves for mains 300 mm or below in diameter. For those exceeding 300 mm, it takes an averaged two hours and 15 minutes. For cases involving mains exceeding 600 mm in diameter, as the suspension of water supply will affect a larger area and cause inconvenience to a greater number of population, careful consideration and special arrangements are required for closing the valves and providing alternative supply. It is therefore inappropriate to set a rigid standard for the processing time of such cases.

The incident on 13 February was due to the bursting of a water main 450 mm in diameter. The outflow of a large amount of water from the main onto the road resulted in serious flooding. As the flood water needed quite some time to subside even after the gate valves had been closed, the public had got the wrong impression that there was delay in the WSD operations. In fact, on receiving the report of the main bursting at 3.37 pm, the WSD immediately arranged for staff to go the scene to take necessary actions. At 5.10 pm, all the three gate valves concerned were closed. The whole process took about one hour and 30 minutes. Although the flooding made it more difficult to locate the gate valves for operation, our WSD staff, who are well-experienced in dealing with this kind of problems, had closed the valve gates to reduce the inconvenience caused as soon as possible.

- (b) There are mobile teams deployed by the WSD in various regions to carry out repair works and provide consumer services during normal office hours. In case of mains bursting, the team of the relevant region will depart for the scene immediately to take necessary actions. There are also stand-by teams in various regions to deal with emergency cases outside normal office hours, including public holidays, on a 24-hour basis. Upon receipt of such reports, they will mobilize and will take immediate actions.
- (c) Regarding the locations of the gate valves, the WSD staff responsible for operating the gate valves always carry with them drawings showing the alignment of mains and the locations of valves.

Some of the valves already have markings near them for easy identification. The WSD will carefully consider various views and continue to review and improve the emergency procedures and the location markings for gate valves.

Information Technology Co-ordinators in Schools

8. **DR DAVID LI:** *Madam President, according to a survey, 81% of the principals of the schools provided with information technology (IT) co-ordinators hired on contract term consider that IT development in schools and teaching quality will be adversely affected if the contracts of such co-ordinators are not renewed. In this connection, will the Government inform this Council whether it will consider providing each school with an IT co-ordinator, in order to maintain the impetus of using IT in school?*

SECRETARY FOR EDUCATION AND MANPOWER: Madam President, the Government launched the IT Co-ordinator Scheme starting from the 1999-2000 school year. IT co-ordinators are themselves teachers. Based on the circumstances and needs of teachers and students of their schools, the co-ordinators develop and roll out school-based IT plans, as well as co-ordinate all IT-related teaching and learning activities in their schools.

In the 1999-2000 school year, a total of 120 schools have each been provided with an IT co-ordinator post for two years. A further 130 schools will be provided with the post in the 2000-01 school year for two years as well. It is government policy to encourage excellence and competition while ensuring a threshold level of provision for all schools. Therefore, one of our major criteria for allocating IT co-ordinator posts is that the schools concerned are more advanced than others in terms of IT culture and readiness.

Schools which are not provided with IT co-ordinator posts are assisted by designated staff of the Education Department (ED) in their planning and implementation of IT in education. Support services include assistance in and advice on matters relating to IT in education through school visits or hotlines, organizing teacher training, as well as assisting teachers in producing simple computer teaching materials. Separately, the ED organizes from time to time experience sharing sessions and seminars, produces computer teaching software

and provides on-line teaching materials and so on for all schools. All these measures help promote the use of IT in schools.

We will conduct a review on the effectiveness of the IT Co-ordinator Scheme next year. The scope of the review will include, whether the Scheme should continue and, if so, what the mode of operation will be and whether the Scheme will cover more schools.

Determination of Appropriate Assets Level of the Exchange Fund

9. **MR CHEUNG MAN-KWONG** (in Chinese): *Madam President, given that the Financial Secretary, subject to section 8 of the Exchange Fund Ordinance (Cap. 66), "may transfer from the Fund to the general revenue any sum or part of any sum in excess of the amount required to maintain the assets of the Fund at 105% of the total obligations of the Fund for the time being outstanding", will the Government inform this Council:*

- (a) *whether the Hong Kong Monetary Authority has assessed the assets value of the Exchange Fund required for performing each of the following obligations:*
 - (i) *providing full backing to the monetary base;*
 - (ii) *acting as the lender of last resort for financial institutions; and*
 - (iii) *performing other central banking obligations (please give a breakdown);*
- (b) *whether the total assets value of the Exchange Fund at present exceeds the amount required for the performance of various obligations; if so, whether the Administration has plans to invest the excess assets in infrastructure or allocate them to other public expenditure purposes; and*
- (c) *of the circumstances under which the Financial Secretary will consider a transfer?*

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

(a) and (b)

The question seems to presume that the Government may transfer to the general revenue from the Exchange Fund any assets in excess of 105% of the Exchange Fund's liabilities. This presumption is incorrect.

Under section 8 of the Exchange Fund Ordinance, the Financial Secretary may consider a transfer from the Exchange Fund to the general revenue or other fund of the Government only when he is "satisfied that such transfer is not likely to affect his ability to fulfill any purpose for which the Exchange Fund is required to be or may be used under section 3(1) or (1A)" Sections 3(1) and (1A) provide that the purposes of the Exchange Fund are to support the exchange value of the Hong Kong dollar and to maintain the stability and integrity of Hong Kong's monetary and financial systems. The 105% threshold is merely the absolute statutory minimum that the Exchange Fund must maintain to meet its liabilities in the unlikely event that a transfer is contemplated. Even then, any such transfer could only proceed after consultation with the Exchange Fund Advisory Committee and the approval of the Chief Executive in Council.

Given the increasingly volatile and potentially destabilizing nature of international capital flows, as was clearly demonstrated during the Asian financial crisis, the very substantial foreign reserves held by the Exchange Fund provided the foundation which enabled us to fend off very severe speculative attacks and retain public confidence on Hong Kong's monetary and financial systems. Although difficult to make quantitative judgments, public confidence in the Government of the Hong Kong Special Administrative Region's resolve and ability to deliver monetary and financial stability is likely to be adversely affected if there is any significant run down in the level of reserves held by the Exchange Fund.

- (c) For the reason stated in parts (a) and (b) above, the Financial Secretary does not consider it necessary or desirable to contemplate making any transfer from the Exchange Fund to the general revenue, which anyway still has a very substantial surplus accumulated over the years. It is important that any proposals on or requests for government spending, whether or not for infrastructural projects, should be subject to the discipline of fiscal prudence (including that laid down in the Basic Law) and the usual budgetary criteria.

Discretion to CSSA Applications

10. **MR YEUNG YIU-CHUNG** (in Chinese): *Madam President, to be eligible for assistance under the Comprehensive Social Security Assistance (CSSA) Scheme, applicants are required to have resided in Hong Kong for 44 weeks. However, applications from persons who do not meet the residence requirement can be approved on a discretionary basis. In this connection, will the Government inform this Council:*

- (a) *of the basis for deciding whether the discretion should be exercised;*
- (b) *of the number of CSSA applications filed by applicants who do not meet the residence requirement during the past three years, together with a breakdown of such applications by reasons for applying and household types of the applicants; and among such applications, the number of cases in which the discretion was exercised;*
- (c) *whether there are other measures in place to assist the CSSA applicants whose applications have been rejected in overcoming their financial difficulties; and*
- (d) *whether it has estimated the number of the CSSA applications to be filed by new arrivals in the next three years; if so, of the details?*

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

- (a) Applicants for the CSSA must satisfy the eligibility criteria, including a one-year residence requirement. The Director of Social Welfare may exercise discretion to grant assistance to applicants who do not satisfy the residence requirement but are suffering from genuine financial difficulties. In considering whether to exercise the discretion, the Director will consider whether the applicants have access to alternative sources of financial support, including their income, personal savings, financial assistance from family members, and their continued need to reside in Hong Kong and so on.
- (b) The Social Welfare Department (SWD) started to keep statistics on applications which do not meet the one-year residence requirement in May 1999. Between May 1999 and January 2000, the SWD received about 600 applications where the applicants failed to meet the residence requirement. Discretion was exercised to grant assistance to 110 applications. As at the end of January 2000, there were 719 CSSA cases involving new arrivals who had lived in Hong Kong for less than one year. Their breakdown is as follows:

<i>Case Type</i>	<i>Number of case</i>	<i>Percentage</i>
Single parent	254	35%
Unemployment	139	19%
Old age	119	17%
Ill health	82	11%
Low earnings	58	8%
Disabled	18	3%
Others	49	7%
Total:	719	100%

But the SWD has not further classified the statistics collected according to their reasons by household types.

- (c) As explained in (a) above, the Director may exercise discretion to grant assistance to applicants who are in genuine financial hardship although they fail to meet the one-year residence requirement. New arrivals in need of other assistance will be referred to family service centres for follow-up. The SWD, the welfare sector and other government departments are providing a wide range of direct services, for example, pre-migration and post-migration services, employment services, child-care support and so on, which would help the new arrivals adapt and integrate into the local community.
- (d) As we do not have information on the socio-economic profile of people who will come to Hong Kong for residence in the next three years, we are unable to make any reliable estimates on the number of CSSA applications that may be filed by new arrivals.

Publishing the Views of the Committee for the Basic Law

11. **MISS EMILY LAU:** *Madam President, will the executive authorities inform this Council whether they have requested or plan to request the Central People's Government to make public the views the Committee for the Basic Law of the Hong Kong Special Administrative Region submitted to the Standing Committee of the National People's Congress (NPCSC) regarding the interpretation of the Basic Law, before the NPCSC did so in June 1999; if the views will be made public, of the timing of that; if the views will not be made public, the reasons for that?*

SECRETARY FOR JUSTICE: Madam President, the Committee for the Basic Law of the Hong Kong Special Administrative Region is a working committee under the NPCSC. Its function is to submit its views on certain matters to the NPCSC, and it works in accordance with the rules of procedure laid down by the NPCSC.

With regard to the opinion referred to in this question, the Standing Committee has not so far made it public. However, the Administration is pursuing this matter with the Central Authorities to see if the opinion will be made public.

Substandard Piling Works of Public Housing Projects

12. **MR LAU KONG-WAH** (in Chinese): *Madam President, in view of the several recent incidents in which substandard piling works were found in public housing buildings under construction, will the Government inform this Council:*

- (a) *whether it has assessed the costs of the remedial works for the two Home Ownership Scheme buildings with substandard piling works at Sha Tin Area 14B Phase 2, and of the expected date of completion of the remedial works;*
- (b) *of the timetable for reviewing the piling works of its 106 public housing sites under construction; the names of the public housing projects for which reviews have been completed and the outcome of the reviews;*
- (c) *whether it has plans to review the structural safety of the foundation of the public housing buildings that have been completed and occupied; if it has no such plans, of the reasons for that; and*
- (d) *of the progress of the reform on the system for monitoring the quality of public housing projects?*

SECRETARY FOR HOUSING (in Chinese): Madam President, the Housing Authority (HA) has appointed independent consultants to investigate the piling problem at the public housing site in Sha Tin Area 14B Phase 2. The consultants are conducting detailed assessments of the structural safety of the two buildings concerned and are exploring the viability of various remedial methods including their technical feasibility and cost effectiveness. The HA will decide on the next steps after the submission of a report by the consultants within March 2000.

The HA is conducting a detailed review of the foundations in 106 projects under construction. The review is expected to be completed within March 2000. The findings will be made public as soon as possible thereafter.

Before issuing occupation permits for public housing, professionals in the Housing Department will inspect the buildings thoroughly to ensure structural safety. So far, there is no sign of foundation problems in completed public housing buildings. The HA does not plan to review the structural safety of the foundations of these buildings.

The consultative document "Quality Housing: Partnering for Change", which has made 40 major recommendations including strengthening the supervision of the quality of public housing projects, has been released to the public. The consultation exercise will last until 31 March 2000, after which the HA will draw up an implementation plan to improve public housing quality.

Processing of Applications for Listing on Growth Enterprise Market

13. **MR JASPER TSANG** (in Chinese): *Madam President, on matters relating to the processing by the Stock Exchange of Hong Kong (SEHK) of applications for listing on the Growth Enterprise Market, will the Government inform this Council whether it knows:*

- (a) *the time required in general from the submission of a listing application to the commencement of a hearing by the Listing Committee; and the current number of applications for which hearings have yet to be arranged after the lapse of such a general timeframe;*
- (b) *if the requirement to consult the China Securities Regulatory Commission (CSRC) has rendered the vetting and approving procedure for applications made by companies with business operations in the Mainland more complicated; and*
- (c) *the number of outstanding applications pending the advice of the CSRC?*

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

- (a) The Rules Governing the Listing of Securities on the Growth Enterprise Market (the GEM Rules) provide that in order to allow the SEHK sufficient time to consider the application for listing on the basis of its supporting documents and to maintain an orderly new issues market, a listing applicant must apply to the GEM Listing Division on the prescribed application form at least 25 clear business days before the date on which the applicant wishes the GEM Listing Committee to consider its application (the provisional hearing date). In the normal course of event, therefore, a listing application should be heard by the GEM Listing Committee within a 25 business days period from the submission of applications. The number of applications being processed by SEHK is as follows:

No. of applications

Applications not yet heard by the GEM Listing Committee within the 25 business days period:

- | | |
|---|---|
| (a) pending resolution of certain legal issues | 5 |
| (b) pending accounting issues to be resolved/information to be obtained | 4 |

Applications not yet been heard by the GEM Listing Committee but within 25 days	11
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Total applications in progress as of 2 March 2000	20
	=====

- (b) In general, mainland legal issues arise in connection with section 29 of the Mainland Securities Law which states that in seeking direct or indirect listing overseas, "domestic enterprises" must obtain prior approval of the CSRC. Since the meaning of "domestic enterprises" is not defined in the Securities Law, listing applicants have to clarify with the CSRC on whether an approval is necessary. If so, they would need to apply for CSRC approval before proceeding with a listing on the GEM.

In granting approval under section 29, the CSRC may take into consideration the legality of the applicant's business in the Mainland. For example, questions were raised on whether a listing applicant had the necessary licence to conduct a particular kind of business in the Mainland, such as Internet service provider or Internet content provider business. The relevant mainland authorities have expressed their views through the CSRC. These are PRC legal issues which neither the SEHK nor the Securities and Future Commission (SFC) is in a position to decide or take a view on. Such issues arise not only in GEM listings, but also in Main Board listing applications.

The above-mentioned issues are questions of due diligence and compliance which every listing applicant must address when seeking a listing in Hong Kong or elsewhere. As a general rule, the issuers, together with their sponsors and advisers have the primary responsibility to ensure that all applicable laws and regulations are complied with in respect of the issuer's business and the proposed offer of shares. These are prior conditions of due diligence in the issue process, including the preparation of prospectuses.

If legality issues are not identified and addressed prior to listing, the public investors would be subject to significant risks should the authority concerned question the legality of a business after listing. The position is the same whether or not mainland laws are involved and whether or not the CSRC is the relevant authority concerned. Listing applications involving businesses in places other than the Mainland are also subject to the same requirements of due diligence.

To avoid these risks and facilitate the processing of GEM listing applications, the GEM Listing Committee decided at a meeting held in January 2000 to follow certain procedures when dealing with issues concerning the CSRC or with mainland legal implications. In general, it was agreed that the SEHK would not review GEM listing applications with mainland implications until the applicants have resolved all substantial issues with the CSRC.

The GEM Listing Committee will therefore await listing applicants to clarify these issues before processing the applications. The SEHK and SFC will discuss with the CSRC on any possible delays in processing legal queries with the CSRC at their regular liaison meetings.

- (c) As at 2 March, there are 20 listing applications pending the approval of the GEM Listing Committee. Of these, comments from the CSRC on mainland issues/implications are required in relation to five applications.

Provision of Public Library Services through Internet

14. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, with regard to the provision of public library services through the Internet, will the Government inform this Council of:*

- (a) *the number of occasions on which Internet library services were suspended due to website maintenance during the past year, and the average duration of service suspension as well as the causes of the maintenance works involved on each occasion;*
- (b) *the respective numbers of renewals and reservations of library materials made through the Internet during the past year, and their respective percentages in the total numbers of renewals and reservations processed during the same period; and*
- (c) *the reasons for not providing 24-hour Internet renewal and reservation services, which are now available from 9.00 am to 11.00 pm daily?*

SECRETARY FOR HOME AFFAIRS (in Chinese): Madam President, my replies to Honourable SIN Chung-kai's questions are:

- (a) In 1999, there were 24 occasions on which the Internet library services of the two urban and New Territories public library systems were suspended due to website maintenance. Seventeen of these incidents were due to scheduled maintenance which included maintenance of power installations and the uninterruptible power supply systems, system maintenance, system upgrade and Y2K-related preparation and testing activities. The remaining seven incidents were due to unscheduled maintenance, including system malfunctions and power failures. The average duration of service suspension due to scheduled and unscheduled maintenance was 18 hours and four hours respectively.

As scheduled maintenance was carried out during long public holidays and the duration of unscheduled maintenance was relatively short, in no circumstances would the provision of library services be seriously affected.

Since a greater part of the maintenance works carried out had to do with the power installations, the Hong Kong Public Libraries is planning to install a backup uninterruptible power supply system in the computer room later this year to minimize disruptions to the Internet library services arising from maintenance of power installations.

- (b) In 1999, 3.22 million items of public library materials were renewed through the Internet and by telephone, which was about 44% of the total number of renewals. The public libraries also handled 21 000 reservations made through the Internet, representing about 10% of the total number of reservations.
- (c) Database updating of the library automation systems must be suspended daily from 11.00 pm until 9.00 am on the following day to process backup and day-end jobs. Hence, at the present time the libraries can only provide 14 hours of renewal and reservation services each day on the Internet.

The Hong Kong Public Libraries is currently upgrading its Library Automation System. The project is scheduled for completion by the end of 2000. Upon completion, the libraries will be able to provide 24-hour renewal and reservation services on the web.

Public Works Projects Affected due to Cyberport or Hong Kong Disneyland Projects

15. **MISS EMILY LAU:** *Madam President, will the executive authorities inform this Council of the details of the public works projects which were shelved, postponed or cancelled due to the impending Cyberport or the Hong Kong Disneyland projects, including the names, the estimated project costs, the originally scheduled commencement dates or the forecast dates for upgrading to Category A in the public works programme?*

SECRETARY FOR THE TREASURY: Madam President, the Government has not shelved, postponed or cancelled any government capital works projects as a result of the impending Cyberport or the Hong Kong Disneyland projects.

Subject to the budgetary guidelines laid down by the Financial Secretary, we have been able to increase government expenditure on capital works annually since 1997-98. We anticipate that this will continue to be the case for the Medium Range Forecast period ending 2002-03. For example, in the coming fiscal year (2000-2001), capital works expenditure under the Capital Works Reserve Fund is expected to increase by 3% in real terms. For this fiscal year, we plan to upgrade some 80 new projects to Category A status. This is in addition to the 94 projects that Members already approved for upgrading to Category A in 1999-2000, including the two projects related to Cyberport and Disneyland theme park.

Meeting of the United Nations Convention on Biological Diversity

16. **MR LAU KONG-WAH** (in Chinese): *Madam President, the Parties to the United Nations Convention on Biological Diversity held a conference in Montreal, Canada from 24 to 28 January this year. In this connection, will the Government inform this Council:*

- (a) *whether it had been aware of the conference; if so, whether it had considered sending government officials to attend the conference; if it had decided not to do so after consideration, of the reasons for that; if not, of the reasons for that;*
- (b) *whether it plans to send government officials to attend future conferences of the Convention; if it has no such plans, of the reasons for that;*
- (c) *whether it knew the agenda of the conference and the countries that had sent delegates to attend the conference, as well as the consensus or conclusion reached at the conference; and*
- (d) *of the impact of the consensus or conclusion reached at the conference on the study being conducted at present on the best way to include the safety of genetically-modified foods in the legislation on food labelling in Hong Kong?*

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

- (a) The conference concerned is the Resumed First Session of the Extraordinary Conference of the Parties to the Convention on Biological Diversity for a Biosafety Protocol. We were aware of the conference before it took place. We did not send any officers to attend it because Hong Kong would not be involved in the negotiations and we could study any agreement reached at the conference after the event.

- (b) We will consider sending officers to attend future conferences on a need basis.
- (c) We were aware of the conference agenda and the conclusions reached during the conference.
- (d) We are studying the content of the protocol on biosafety agreed at the conference to assess its impact on Hong Kong and to consider the way forward. This includes the impact on the proposal for introducing a labelling system for genetically modified foods.

Statistics on Persons who Came to Settle in Hong Kong from the Mainland

17. **MR LAW CHI-KWONG** (in Chinese): *Madam President, will the Government inform this Council of the following statistics, broken down by sex and age (five years in a group), on persons who came to settle in Hong Kong from the Mainland last year:*

- (a) *the number of such persons in each group, and its percentage in the relevant grouping of the population of Hong Kong;*
- (b) *the number and percentage of holders of Certificate of Entitlement in each group;*
- (c) *the number and percentage of One-way Exit Permit holders entering Hong Kong to join immediate family members in each group; and*
- (d) *in respect of each group, the educational levels reached by such persons at the time they arrived, and how these compare to those in the previous two years?*

SECRETARY FOR SECURITY (in Chinese): Madam President, the statistics asked for in questions (a) to (d) are set out in the attached Tables (a) to (d) respectively.

Table (a): Number of One-way Permit holders entering Hong Kong in 1999 by sex by age

Age	Male		Female		Total	
	No.	%*	No.	%*	No.	%*
Below 5	4 711	2.8	4 433	2.9	9 144	2.8
5-9	4 271	2.0	4 129	2.1	8 400	2.1
10-14	2 922	1.4	3 244	1.6	6 166	1.5
15-19	1 210	0.5	1 210	0.6	2 420	0.5
20-24	331	0.1	394	0.2	725	0.1
25-29	840	0.3	3 643	1.3	4 483	0.8
30-34	844	0.3	7 717	2.3	8 561	1.4
35-39	664	0.2	6 954	1.9	7 618	1.0
40-44	469	0.1	2 480	0.7	2 949	0.4
45-49	280	0.1	1 219	0.5	1 499	0.3
50-54	132	0.1	648	0.3	780	0.2
55-59	55	#	394	0.3	449	0.2
60+	263	0.1	1 168	0.2	1 431	0.1
All ages	16 992	0.5	37 633	1.1	54 625	0.8

*: % refers to percentage in the same age group of Hong Kong end-1999 population. Figures are rounded to the nearest one decimal place.

#: refers to less than 0.05%.

Table (b): Number of Certificate of Entitlement holders entering Hong Kong from the Mainland in 1999 by age by sex

Age	Male		Female		Total	
	No.	%*	No.	%*	No.	%*
Below 5	4 459	94.7	4 215	95.1	8 674	94.9
5-9	3 613	84.6	3 491	84.5	7 104	84.6
10-14	1 438	49.2	1 616	49.8	3 054	49.5
15-19	476	39.3	556	46.0	1 032	42.6
20-24	313	94.6	334	84.8	647	89.2
25-29	747	88.9	822	22.6	1 569	35.0
30-34	610	72.3	701	9.1	1 311	15.3
35-39	345	52.0	343	4.9	688	9.0
40-44	88	18.8	80	3.2	168	5.7
45-49	6	2.1	5	0.4	11	0.7
50-54	1	0.8	-	-	1	0.1
55-59	-	-	1	0.3	1	0.2
60+	-	-	-	-	-	-
All ages	12 096	71.2	12 164	32.3	24 260	44.4

*: % refers to percentage in the same age group of all One-way Permit holders entering Hong Kong in 1999. Figures are rounded to the nearest one decimal place.

Table (c): Number of One-way Permit holders entering Hong Kong to join immediate family member(s) (that is, spouse/parent/children) in 1999 by sex by age

Age	Male		Female		Total	
	No.	%*	No.	%*	No.	%*
Below 5	4 710	100.0	4 431	100.0	9 141	100.0
5-9	4 267	99.9	4 122	99.8	8 389	99.9
10-14	2 920	99.9	3 242	99.9	6 162	99.9
15-19	1 201	99.3	1 206	99.7	2 407	99.5
20-24	321	97.0	382	97.0	703	97.0
25-29	815	97.0	3 617	99.3	4 432	98.9
30-34	789	93.5	7 692	99.7	8 481	99.1
35-39	600	90.4	6 931	99.7	7 531	98.9
40-44	409	87.2	2 464	99.4	2 873	97.4
45-49	249	88.9	1 213	99.5	1 462	97.5
50-54	119	90.2	646	99.7	765	98.1
55-59	52	94.5	392	99.5	444	98.9
60+	262	99.6	1 156	99.0	1 418	99.1
All ages	16 714	98.4	37 494	99.6	54 208	99.2

*: % refers to percentage in the same age group of all One-way Permit holders entering Hong Kong in 1999. Figures are rounded to the nearest one decimal place.

Table (d): Number of One-way Permit holders by age group by education attainment, 1997-1999

Educational Attainment*	1997		1998		1999		Change in % point(s) of	
	No.	% to total	No.	% to total	No.	% to total	1999/1998	1999/1997
<i>(1) Persons aged below 5</i>								
No Schooling/Kindergarten	2 139	100.0	2 272	100.0	9 144	100.0	-	-
Total	2 139	100.0	2 272	100.0	9 144	100.0		
<i>(2) Persons aged 5-9</i>								
No Schooling/Kindergarten	1 385	27.8	2 196	18.1	3 761	44.8	26.7	17.0
Primary	3 602	72.2	9 934	81.9	4 639	55.2	-26.7	-17.0
Total	4 987	100.0	12 130	100.0	8 400	100.0		

<i>Educational Attainment*</i>	<i>1997</i>		<i>1998</i>		<i>1999</i>		<i>Change in % point(s) of</i>	
	<i>No.</i>	<i>% to total</i>	<i>No.</i>	<i>% to total</i>	<i>No.</i>	<i>% to total</i>	<i>1999/1998</i>	<i>1999/1997</i>
<i>(3) Persons aged 10-14</i>								
No Schooling/Kindergarten	76	1.0	189	1.2	137	2.2	1.0	1.2
Primary	5 424	70.2	12 425	78.8	4 490	72.8	-6.0	2.6
Secondary	2 224	28.8	3 155	20.0	1 539	25.0	5.0	-3.8
Total	7 724	100.0	15 769	100.0	6 166	100.0		
<i>(4) Persons aged 15-19</i>								
No Schooling/Kindergarten	15	0.4	22	0.8	18	0.7	#	0.3
Primary	225	6.5	277	9.5	136	5.6	-3.9	-0.8
Secondary	3 184	91.4	2 575	88.6	2 246	92.8	4.2	1.4
Tertiary	61	1.8	32	1.1	20	0.8	-0.3	-0.9
Total	3 485	100.0	2 906	100.0	2 420	100.0		
<i>(5) Persons aged 20-24</i>								
No Schooling/Kindergarten	15	0.6	26	1.6	7	1.0	-0.6	0.4
Primary	317	7.8	97	6.0	34	4.7	-1.3	-3.1
Secondary	3 146	77.2	1 218	75.1	548	75.6	0.5	-1.6
Tertiary	586	14.4	281	17.3	136	18.8	1.4	4.4
Total	4 074	100.0	1 622	100.0	725	100.0		
<i>(6) Persons aged 25-29</i>								
No Schooling/Kindergarten	43	0.9	25	2.2	49	1.1	-1.1	0.2
Primary	472	9.9	133	11.7	353	7.9	-3.9	-2.0
Secondary	3 448	72.2	771	68.0	3 639	81.2	13.1	9.0
Tertiary	812	17.0	204	18.0	442	9.9	-8.1	-7.1
Total	4 775	100.0	1 133	100.0	4 483	100.0		

<i>Educational Attainment*</i>	<i>1997</i>		<i>1998</i>		<i>1999</i>		<i>Change in % point(s) of</i>	
	<i>No.</i>	<i>% to total</i>	<i>No.</i>	<i>% to total</i>	<i>No.</i>	<i>% to total</i>	<i>1999/1998</i>	<i>1999/1997</i>
<i>(7) Persons aged 30-34</i>								
No Schooling/Kindergarten	96	2.4	202	7.3	246	2.9	-4.4	0.4
Primary	777	19.8	939	33.7	2 076	24.2	-9.5	4.5
Secondary	2 530	64.4	1 449	52.0	5 856	68.4	16.4	4.0
Tertiary	523	13.3	195	7.0	383	4.5	-2.5	-8.8
Total	3 926	100.0	2 785	100.0	8 561	100.0		
<i>(8) Persons aged 35-39</i>								
No Schooling/Kindergarten	358	6.5	645	11.3	325	4.3	-7.0	-2.3
Primary	2 137	38.9	2 382	41.6	2 293	30.1	-11.5	-8.8
Secondary	2 686	48.9	2 557	44.6	4 772	62.6	18.0	13.7
Tertiary	311	5.7	148	2.6	228	3.0	0.4	-2.7
Total	5 492	100.0	5 732	100.0	7 618	100.0		
<i>(9) Persons aged 40-44</i>								
No Schooling/Kindergarten	436	7.3	565	14.1	198	6.7	-7.4	-0.6
Primary	3 003	50.2	1 930	48.1	1 087	36.9	-11.2	-13.3
Secondary	2 275	38.0	1 370	34.1	1 520	51.5	17.4	13.5
Tertiary	269	4.5	150	3.7	144	4.9	1.1	0.4
Total	5 983	100.0	4 015	100.0	2 949	100.0		
<i>(10) Persons aged 45-49</i>								
No Schooling/Kindergarten	374	11.2	343	15.3	133	8.9	-6.5	-2.4
Primary	1 873	56.2	1 252	56.0	650	43.4	-12.6	-12.9
Secondary	951	28.5	561	25.1	644	43.0	17.9	14.4
Tertiary	133	4.0	80	3.6	72	4.8	1.2	0.8
Total	3 331	100.0	2 236	100.0	1 499	100.0		

<i>Educational Attainment*</i>	1997		1998		1999		Change in % point(s) of	
	No.	% to total	No.	% to total	No.	% to total	1999/1998	1999/1997
<i>(11) Persons aged 50-54</i>								
No Schooling/Kindergarten	272	17.1	328	22.9	106	13.6	-9.3	-3.5
Primary	838	52.5	786	54.8	353	45.3	-9.6	-7.3
Secondary	379	23.8	270	18.8	267	34.2	15.4	10.5
Tertiary	106	6.6	49	3.4	54	6.9	3.5	0.3
Total	1 595	100.0	1 433	100.0	780	100.0		
<i>(12) Persons aged 55-59</i>								
No Schooling/Kindergarten	275	26.5	421	35.3	97	21.6	-13.7	-4.9
Primary	444	42.8	566	47.4	200	44.5	-2.9	1.8
Secondary	205	19.7	162	13.6	101	22.5	8.9	2.7
Tertiary	114	11.0	45	3.8	51	11.4	7.6	0.4
Total	1 038	100.0	1 194	100.0	449	100.0		
<i>(13) Persons aged 60 and above</i>								
No Schooling/Kindergarten	730	42.0	1 534	54.6	657	45.9	-8.6	3.9
Primary	513	29.5	937	33.3	463	32.4	-1.0	2.8
Secondary	300	17.3	227	8.1	207	14.5	6.4	-2.8
Tertiary	195	11.2	114	4.1	104	7.3	3.2	-4.0
Total	1 738	100.0	2 812	100.0	1 431	100.0		
<i>Overview of all persons aged 15 and above</i>								
No Schooling/Kindergarten	2 624	7.4	4 111	15.9	1 836	5.9	-10.0	-1.5
Primary	10 599	29.9	9 299	35.9	7 645	24.7	-11.2	-5.2
Secondary	19 104	53.9	11 160	43.1	19 800	64.0	20.9	10.1
Tertiary	3 110	8.8	1 298	5.0	1 634	5.3	0.3	-3.5
Total	35 437	100.0	25 868	100.0	30 915	100.0		

* refers to the educational level attained in the Mainland before they entered Hong Kong.

refers to percentage point of within ± 0.05 .

Figures in the percentage columns may not add up to totals because of rounding.

BILL**First Reading of Bill**

PRESIDENT: Bill: First Reading.

APPROPRIATION BILL 2000

CLERK (in Cantonese): Appropriation Bill 2000.

Bill read the First time and ordered to be set down for Second Reading pursuant to Rule 53(3) of the Rules of Procedure.

Second Reading of Bill

PRESIDENT: Bill: Second Reading.

APPROPRIATION BILL 2000

FINANCIAL SECRETARY (in Cantonese): Madam President, I move that the Appropriation Bill 2000 be read a Second time.

2. A short time ago the world welcomed the birth of a new century. As always, ringing out the old and ringing in the new meant different things to different people. For me it brought a time to reflect. Time to reflect on Hong Kong's amazing journey through the last century — a journey that has transformed this obscure trading port into one of the world's best-known economic miracles; and from a remote colony in the East to a capitalist Special Administrative Region reunited with a fast-growing China. Above all, my thoughts focused on the dramatic events of the last two years. Two years in which our record of uninterrupted economic growth was destroyed as we fell prey to a sharp and sudden economic downturn. All these twists and turns evoked feelings too complicated to put into words. But reminiscences aside, the dawn of a new era also brings a natural sense of hope and renewed vigour, urging us to look ahead and position Hong Kong for the future.

3. Today's Budget is the first after Hong Kong comes out of a deep economic recession. But more importantly it is the first Budget in the 21st century for the Special Administrative Region (SAR). This is a time for taking stock and a time for charting a new course for the future. This afternoon I want to consider the reasons for our past success, and look at the lessons we must learn from the recent turmoil. I want to re-emphasize our economic and fiscal policies. And I want to put forward proposals that should position Hong Kong for the 21st century. These proposals will help us achieve the policy objectives previously described by the Chief Executive and are consistent with the strategic framework recently outlined by his Commission on Strategic Development.

4. Over the past two years, the contagious impact of the Asian financial crisis brought Hong Kong its worst economic downturn for half a century. Few, if any, families or companies went unscathed. It was an extraordinary period demanding extraordinary measures. Throughout this period the economic, monetary and financial measures which we took were aimed at achieving three targets:

- to relieve the difficulties of the community;
- to restore confidence; and
- to turn the crisis into an opportunity for reform.

5. In the 1998 Budget, we introduced a series of tax and other concessions costing nearly \$100 billion over four years. But shortly after that Budget the need to act further became painfully apparent. Three months later, we took the extraordinary step of releasing a "mini-Budget" which contained a further package of relief measures. These were aimed at easing the credit crunch, providing further relief through reducing taxes and fees, and stabilizing the property market. In early 1999, when our economy had shown little sign of turning the corner, we accepted the need for a substantial Budget deficit. The aim was to provide further relief in the form of tax rebates, the continued freezing of fees and charges, and the commitment to maintain our spending plans despite a sharp fall in our revenues.

6. But last year's Budget went further than that. At a time when our economy was badly rocked, we decided that it was important to sustain Hong Kong's positive and enterprising spirit. That was why I took the exceptional step of announcing our plans for the Cyberport and for Disneyland.

7. But, of all the measures which we took during this period, the most extraordinary occurred in August 1998 with our unprecedented incursion into the stock and futures markets to safeguard our very economic survival.

8. Yet the economic crisis also opened windows of opportunity for domestic reform. The dizzying pace of change in the global financial market and the shocks to our system brought about by the massive flows of funds in and out of our stock and currency markets proved a catalyst for local unity. We have reached consensus in a number of areas at a speed previously unimaginable. With this new-found unity, we have introduced reforms to several areas of our financial systems.

9. We also took the opportunity to reform the Civil Service and to privatize the Mass Transit Railway Corporation (MTRC), so that the public sector could move on with the times and operate with greater efficiency.

10. Today, I will be reporting how our economy has started to bounce back and is doing so at a rate even faster than I dared hope a year ago.

11. Our currency regime has proven to be much stronger after the technical improvements we introduced. Our banking industry is now one of the most open and best-regulated in the world. The stocks that we purchased in defending our financial system have brought gains for the Exchange Fund and a revenue windfall for the Government. Not only that, we have lived up to our pledge to reduce these stock holdings progressively in a way that would not damage the market. By disposing of some of them through the Tracker Fund, we have enabled the community to share the fruits of our investments, and at the same time brought an innovative product to our stock market.

12. But the most exciting outcome of the financial reform must be the formal establishment just two days ago of the Hong Kong Exchange and Clearing Company. This puts Hong Kong at the forefront of the demutualization game worldwide and has much enhanced our position as an international financial centre.

13. Following the Legislative Council's approval of the Disneyland project, we are proceeding with the necessary preparatory work. Construction will begin once we have met all the statutory requirements. On opening, the project will give a quantum boost to our tourism industry and create additional job opportunities. Separately, the Legislative Council has also approved the funding for the Cyberport infrastructural works last year.

14. We have made some encouraging progress in the last 12 months on Civil Service reform. We are narrowing the gap between private and public sector pay by launching a new salaries and appointment package for Civil Service recruits. I shall be saying more on this important subject later. Our plans for the privatization of the MTRC are progressing well. Two weeks ago the Legislative Council passed the enabling legislation. Market conditions permitting, I envisage an initial public offering of shares by the autumn.

15. The pain of the last two years is dissipating. But we must make sure that we have not suffered in vain. We must draw lessons from our setbacks. We will be all the wiser if we keep these hard-learned lessons in mind. We should not forget that:

- rapid developments in information technology and globalization are making the global financial environment increasingly volatile and unpredictable. To respond to the challenges ahead, we must remain vigilant. We must continue to strengthen our defences and make improvements;
- our best defence against external attack and the biggest boost to confidence come from upholding the rule of law, running a clean, transparent and accountable government, maintaining free speech and a free flow of information, operating strictly in accordance with best international standards, and providing a level playing field for all businesses;
- the linked exchange rate system is still the best currency system for Hong Kong. It may bar us from adjusting interest rates freely. But therein lies its beauty. The system has the important merit of keeping Government's discretionary power to intervene in the currency market to a minimum. It allows market adjustments to take place autonomously and efficiently, and ensures a high degree

of credibility in our monetary policy. The link has withstood the test of time and remains sound to this day. For a small and entirely open economy like ours, this is still the safest and most reliable currency system, and one that our community and investors readily trust. We must preserve the link; and

- the prudent management of our public finances remains crucial. Only by controlling government spending can we leave the bulk of our economic resources in the hands of our people, while meeting the needs of the community. Only with a healthy level of fiscal reserves will we have the ammunition to defend ourselves, the means to relieve hardship, and the capacity to restore confidence.

16. Above all else, the events of the last two years have reinforced our commitment to some fundamental principles. In his 1999 policy address, the Chief Executive summed up the role of the Government in our economy. I want to take this opportunity to explain in more detail our economic and fiscal beliefs. We believe that:

- the economy must be market-led;
- the Government must stick to its rule of "maximum support and minimum intervention"; and
- the Government must live within its means and manage our public finances prudently.

17. Market-led means that Government does not seek to direct or plan the course that our economy or markets should take. Instead, we believe that investors and entrepreneurs understand markets far better than officials and that private initiatives are a surer way to build Hong Kong's prosperity than any bureaucrat's blueprints.

18. Our economy has transformed itself several times over the last 50 years. Every time one door closed, a new one opened leading to bigger and better opportunities. Through their own initiatives, our talented and hard-working people have managed to create these new opportunities for growth. The Government has had the good sense not to try to usurp the business sector's role, nor to seek to direct economic developments. Instead, it has confined itself to

creating the conditions that allow individuals and businesses to flourish. We started out as a modest trading port, which our people then transformed into a manufacturing centre. They developed global trading links. They ventured into the Mainland. They built Hong Kong into a world-class financial centre. And now, again driven by market forces, they are seizing new opportunities in cyberspace.

19. None of these successful transformations was the result of government planning or directing the economy. This lesson from the past must be the guiding principle for anyone entrusted with the management of Hong Kong's economic affairs.

20. The Government's primary role is to provide the most business-friendly conditions possible. It should provide the fundamental "software": personal liberty, the rule of law, a clean and efficient administration, and a level playing field for all businesses. It must also provide the land and the infrastructural "hardware" such as schools, roads and airports that Hong Kong needs for its growth.

21. In addition, the Government has a special responsibility for removing market restrictions and promoting fair competition. This has also been a focus of our endeavours in recent years. I mentioned earlier how we seized the window of opportunity offered by the crisis to introduce financial reforms. One essential component was the liberalization of the securities, futures and banking industries. We have also made considerable strides in opening up the telecommunications, information technology and broadcasting markets. Not surprisingly, increased competition has brought in more participants, both local and foreign. It has stimulated our businesses to raise their game both at home and abroad. Most of all, the consumer benefits from better quality of service and lower prices.

22. There are other responsibilities which only the Government can shoulder. We have a duty to protect and promote Hong Kong's commercial interests in the national and international arenas. We do this through our representation in, for example, the World Trade Organization (WTO) and the Asia-Pacific Economic Cooperation. And we do this by negotiating and entering into bilateral arrangements such as those for air services.

23. Minimum intervention means that the Government will consider intervening in the market only when the market fails to work or to invest in projects or programmes that would clearly yield overwhelming economic benefits for the community.

24. We have always prided ourselves on not intervening in the market. But as my widely-respected predecessor, the late Sir Philip HADDON-CAVE said some 20 years ago, we cannot let non-interventionism become an excuse for doing nothing. As he explained, "It is normally futile and damaging to the growth rate of an economy, particularly an open economy, for the Government to attempt to plan the allocation of resources available to the private sector and to frustrate the operation of market forces, no matter how uncomfortable may be their short term consequences."

25. Then he added an important qualification: "Generally speaking, the Government weighs up carefully the arguments for and against an act of interventionism in any sector of our economy and on the demand or supply side in the light of present and future circumstances. The Government then comes to a positive decision as to where the balance of advantage lies."

26. It is in this spirit that the Government has intervened sparingly in the market over the last 50 years. The most notable example was the establishment 16 years ago of the linked exchange rate system which stabilized our currency against the US dollar. Other government initiatives have included the development of the Mass Transit Railway System and the Convention and Exhibition Centre. Over the last two years, when our economy was suffering from a sudden and serious downturn and our financial markets were under severe attack, we also decided to take extraordinary action to defend our financial systems and to save the economy.

27. Our past success has clearly demonstrated the vital importance of trusting in the market and creating the conditions that give maximum support to the private sector as our principal engine of growth. No less important is exercising sound judgement on the need and timing of government intervention when necessary.

28. I did not invent these principles. Rather, they represent collective wisdom gleaned over the years. They have provided the bedrock of our prosperity. It is my firm belief that these familiar principles remain especially relevant in these times of rapid change.

29. We also stick to tradition in our fiscal policies. Our basic principle is "prudence". There is no magic, no mystery. All this means is that we apply some simple rules. We live within our means. We strive for a balanced Budget. We do not allow the growth of government spending to outstrip our Gross Domestic Product (GDP) growth. We are committed to a low, simple and predictable tax regime.

30. These rules have been enshrined in the Basic Law precisely because they have been tested over decades and have proved their worth as pillars of our prosperity. Thanks to these rules, we have been able to:

- maintain sufficient reserves to underpin our monetary stability and deal with emergencies;
- ensure that the public sector does not consume too much of the community's resources, allowing the private sector to function as the engine of wealth creation;
- provide the Government with sufficient resources to enhance our infrastructure and improve public services as our economy grows; and
- assure investors, both local and foreign, that Hong Kong is worthy of long-term investment.

31. We would be foolish to abandon these sound principles even if the Basic Law did not require us to follow them.

32. The recession in the last two years forced us to accept Budget deficits. I did that without regret, for the deficits were not the result of wasteful overspending or financial mismanagement. Rather, they were the outcome of our conscious decision to relieve the hardship of the community and not to drive the economy into even deeper decline by cutting back expenditure in an economic downturn.

33. But I have stated in unequivocal terms, both in my Budget last year and on many other occasions, that we must return to balanced Budgets in the medium term. With the recession behind us, the time has come for us to resume our normal fiscal behaviour. Our fiscal discipline is the best guarantee the Government can offer to ensure that we shall have the means to improve our public services and Hong Kong's competitiveness. It also serves to secure investor's confidence.

34. I turn now to our economic performance.

35. The Hong Kong economy staged a distinct turnaround in 1999. Positive growth returned in the second quarter of the year with a modest increase of 1.1%. The recovery then gathered momentum, bolstered by a distinct pick-up in exports of goods and services and a continued improvement in local consumer spending. GDP growth accelerated rapidly to 4.4% in the third quarter and further to 8.7% in the fourth quarter, giving 2.9% growth in real terms for the year as a whole.

36. The turnaround owed much to the remarkably flexible and adaptable attitudes of our workers and entrepreneurs. Amid the difficult business conditions, many companies have acted promptly to cut costs, raise efficiency and enhance productivity. Our workforce has had to cope with rising unemployment and falling pay. Rentals have come down markedly to ease business costs further. Along with virtually zero imported inflation, these cost reductions increased our competitiveness and at the same time resulted in consumer prices falling by an average of 4% in 1999, the first annual decline since the Composite Consumer Price Index (CPI) series became available in 1982.

37. The economic recovery was largely export-led, driven by the resurgence of demand in Asia after the slump in 1998, as well as stronger import absorption in the United States and the European Union. At the same time, the rebound in currency values across the region has made the prices of our own exports more competitive. For 1999 as a whole, total exports of goods grew by 3.7% in real terms, reversing the decline of 4.3% in 1998.

38. Exports of services also accelerated over the course of 1999. Inbound tourism revived and there was a strong rebound in offshore trading activities on the back of the distinct turnaround in the Mainland's exports. Exports of other trade-related, professional and business services also picked up in tandem with

the regional recovery. Overall, exports of services grew by 5.5% in real terms for 1999 as a whole, in stark contrast to the 6.6% decline in 1998.

39. The marked increase in the invisible trade surplus, together with a much reduced visible trade deficit, gave rise to a substantial surplus of \$54 billion in the combined visible and invisible trade account last year.

40. Local consumer spending was back on a growth track by the second quarter of 1999. It strengthened further in the third and fourth quarters, as local economic conditions progressively improved and the employment situation stabilized. For 1999 as a whole, consumer spending grew by 1.1% in real terms, reversing the 6.7% decline in 1998. But overall investment spending continued to fall, by 17.6% in real terms in 1999, after a 6.4% decline in 1998. Encouragingly, this decline moderated considerably in the latter part of the year.

41. Hong Kong's trade prospects remain promising in 2000. Economic activities in East Asia should intensify further. The Mainland, Hong Kong's production hinterland and most important growing export market, looks set to have another year of good economic growth. The recent distinct turnaround in the Mainland's exports, together with its sustained strong import demand, bodes well for Hong Kong's trade performance in the near term.

42. As for our traditional export markets, the United States has been enjoying continued robust growth accompanied by strong consumer demand, while the European Union is now back on an upswing with improving business confidence. On the other hand, the international trade environment may pose some challenges in the near term with a possible slow-down in the United States following recent interest rate hikes, a slower than expected pick-up in the European Union, and re-emerging doubts about the Japanese economy. Potential volatility in global financial markets will have to be watched very closely.

43. The ongoing cost and price adjustments in the local economy coupled with stronger currencies in the rest of Asia should help enhance Hong Kong's external competitiveness.

44. Taking these factors together, I expect the total exports of goods to attain a growth of 8% in real terms this year, comprising a decline of 4% in domestic exports and an increase of 10% in re-exports.

45. I also forecast a growth in the exports of services of 8% in real terms, with continued growth in inbound tourism and a further pick-up in exports of trade-related, professional and other business services.

46. In our domestic economy, both consumption and investor sentiment have improved visibly of late. The impressive growth in technology-related investments has been particularly encouraging. The earlier risk premium in local interest rates is largely removed, and bank liquidity is now abundant. The property market has remained steady, while the stock market has rallied in hectic trading upon a more optimistic business outlook.

47. With sentiment much improved and unemployment falling, local consumer spending looks set to pick up further. Yet the current restraint on wages will continue to dampen demand. I am forecasting only a modest growth in consumer spending of 2.5% in real terms for 2000.

48. The overhang of high real interest rates and the cautious attitude of the banks towards corporate lending may continue to affect private sector investment spending on machinery and equipment in the near term. Yet this financial stringency should ease in due course as business prospects turn better, giving renewed impetus to investment spending. We expect private sector building activity to stage an upturn over the course of this year, as projects commenced last year gather momentum. At the same time, public sector investment in infrastructure is also gathering pace, with a significant output boost from the priority railway projects and the continuation of the public housing programme. Overall, I forecast investment spending in 2000 to recover to a growth of around 6% in real terms.

49. Thanks to the favourable domestic and external environment, I expect the economy to continue its vigorous growth in 2000. For the year as a whole, I forecast GDP to grow by 5% in real terms. (Table 1)

50. Locally-generated price pressures should remain scant in the early part of this year. However, with the rebound in the economy, the downward drift in wages and rentals should decelerate. On the external front, import prices are likely to firm up in the near term, as world commodity prices pick up again and the effect of the earlier strengthening in the Japanese yen filters through. Fuel prices have already risen in recent months. Taking these factors together, I expect consumer prices to remain generally soft for the next few months and then

gradually edge up in the latter part of the year. For 2000 as a whole, I forecast the Composite CPI to be down by an average of 1%. (Table 2)

51. Hong Kong's economic outlook beyond the short term is favourable, underpinned in particular by sustained robust growth and further economic reform and liberalization in the Mainland after its accession to the WTO.

52. With much of the earlier concerns about Hong Kong's growth prospects now alleviated, we have raised our forecast of trend GDP growth. We are now forecasting a trend growth of 4% annually for the four-year period 2000-03, a rise of 0.5% against the 3.5% forecast in my previous Budget.

53. As the Chief Executive pointed out in his policy address last year, our prospects in the longer term will be influenced by several major developments. The two most important are the irreversible trend of globalization fuelled by technological advances and our country's more rapid development after entering the WTO. Domestically, Hong Kong is reinventing itself as a knowledge-based and technology-intensive economy, and this process will entail adjustments on the part of individuals and businesses as well as the Government. But if our experience in the last two difficult years has taught us anything, it must be that all challenges are but opportunities in disguise. I shall briefly discuss the likely impact of these developments. I shall also outline a number of initiatives that should help us turn the challenges to our advantage in accordance with the findings of the Commission on Strategic Development. Before I do so, perhaps it is timely to remind ourselves of some of Hong Kong's unique strengths.

54. We have recently been named yet again the world's freest economy by some of the world's most authoritative research institutes. The International Monetary Fund has called us "one of the most transparent, well-governed and least interventionist places for doing business".

55. Our telecommunications and Internet infrastructure is among the best in Asia, with a broadband network reaching practically all commercial buildings and over 80% of our households. We also have the most liberalized telecommunications market and the freest flows of information. All these will enable our businesses to expand their horizons into cyberspace and spur our future growth.

56. Our unique position as both a Special Administrative Region of China and a cosmopolitan international city gives us another important competitive edge. No other place offers the same level of experience, contacts and expertise in doing business with China. And as an international financial centre that runs on free market principles, Hong Kong will continue to play an active and special role in the exciting process of our nation's continuing economic reform and liberalization.

57. But above all else, Hong Kong's greatest strength is its people. It was the industry, nimble-mindedness, and enterprise of our citizens that created this economic miracle called Hong Kong in the last century. Casual observers might have focused only on the despondent mood of our people during the recent downturn. But the impressive speed with which our citizens and enterprises are embracing the new opportunities in information technology is proof enough that Hong Kong people have lost nothing of that well-known gumption and entrepreneurial spirit.

58. Armed with all these strengths, Hong Kong is set to benefit hugely from a more globalized economy and China's continuing growth.

59. The economic benefits of globalization are manifold. Trade and foreign investments have proven to be the major driving forces of global economic growth. As a result of the continued expansion of trade and capital flows over the three decades from 1960 to 1990, all economies that adopted an open market and free trade policies enjoyed significant growth in annual per capita income. During that period, Hong Kong's GDP increased by nine times and its per capita income increased by 4.5 times, both in real terms.

60. The growth of multinational business activities has led to the spread of knowledge and advanced technology and the cross-fertilization of business cultures. It has also helped to create jobs. Our latest figures show that 13% of our labour force are employed by multinational companies.

61. Advances in information technology and communications as well as the liberalization of these markets have slashed business costs and helped to level the playing field for individuals and small businesses. We estimate, for instance, that Hong Kong consumers saved some \$2.5 billion on IDD tariffs last year as a result of the full liberalization of the external telecommunications services market in January last year. The Internet will further reduce communication

costs and enhance operational efficiency and productivity. A recent study suggests that global operating costs fell by US\$17 billion last year thanks to e-commerce, and that such savings will rise to a staggering US\$1,250 billion by 2002.

62. But globalization also exacts a price. Instant and massive flows of capital are threatening to any small and open markets. The increase in off-shore or web-based business activities is likely to affect both the job prospects of low-skilled workers and government revenue. Growing global interdependence also means greater exposure to external volatility. The Asian financial crisis is a sobering reminder of this.

63. How should Hong Kong react to these powerful and engulfing forces? Research by the Harvard Institute for International Development indicates that the economies which have benefited the most from globalization in the past 15 years share some common features. They adopt an open trade policy, have a clean and accountable government, uphold the rule of law, place a high premium on education, charge low tax rates, and have a flexible labour market. Time and again Hong Kong is cited as a prime example. Our fundamental strategy in response to further globalization must be one that maintains and bolsters these advantages. In addition, we need to make better use of information technology to enhance Hong Kong's competitiveness if we are to maximize the benefits of globalization and minimize its risks.

64. The development in this century of the financial services sector, like all other sectors, will rely heavily on information technology. For this reason, I proposed in my Budget last year that we should upgrade our financial infrastructure to take full advantage of the exciting opportunities that information technology innovations might bring. I am glad to see that the Steering Committee on the Enhancement of the Financial Infrastructure chaired by the Chairman of the Securities and Futures Commission has completed its mission. It has produced the blueprint that will put Hong Kong in the technology forefront.

65. The most important recommendation of the Committee is the establishment of an open and secure electronic network that will allow all securities and derivatives transactions to be processed straight-through.

66. The newly-established Hong Kong Exchange and Clearing Company will need to complete the critical aspects of this new network within two years. This will include upgrading the securities clearing system and consolidating the clearing systems for various derivative products onto one platform. In the meantime, the organizations concerned will begin to implement other recommendations of the Committee. For example, the Securities and Futures Commission is ready to receive the filing of documentation from intermediaries on their intranet. The Hong Kong Exchange and Clearing Company expects to provide a new consolidated account reporting service within six months. Its securities clearing unit will also be able to offer better risk management functions through the Real Time Gross Settlement System.

67. The globalization of financial markets is constantly creating room for Hong Kong to reach out and expand. The strategic linkage between our Stock Exchange and NASDAQ last year has reinforced our position as the leading market for global shares in the Asian time zone. The next important step will be for us to develop a multi-currency capital market. Under this strategy, we will first, this year, build a US dollar-denominated capital market, with a Euro-denominated market as the next target.

68. To make this possible, the Hong Kong Monetary Authority is developing a reliable and efficient US dollar clearing system modelled on the present Hong Kong dollar Real Time Gross Settlement System. This new system will be introduced in phases beginning in the second half of this year. In parallel, the Hong Kong Exchange and Clearing Company will have ready a US dollar clearing system for securities. When both these clearing systems are in place, we will be able to build a new capital market that offers local and global investors access to a full spectrum of US dollar-denominated products. This will make Hong Kong the leading investment window in Asia. And, as all transactions will be US dollar-denominated, this will reinforce our monetary stability by reducing the pressure on the Hong Kong dollar since it will no longer be used for conducting non-domestic financial business.

69. Developing the debt markets of Hong Kong and the region is another important task. Expanding our global network and forming strategic alliances with other markets are also pivotal to the competitiveness of our debt market. I have asked the Financial Services Bureau and other interested parties to focus on three main areas in the coming year:

- to continue to attract companies outside Hong Kong, especially Mainland enterprises, to issue debt papers here, either in Hong Kong dollars or in foreign currencies, to increase the width and depth of our debt market;
- to establish linkages with more central clearing and depository systems outside Hong Kong. Direct clearing, settlement and payment linkages have already been established with New Zealand, Australia, and Korea, as well as CEDEL and Euroclear. We must build on this excellent basis and reach out further; and
- to continue to participate actively in Asia-Pacific Economic Cooperation activities and work closely with regional financial centres to cross-list and develop a liquid and mature Asian bond market.

70. That the banking sector in Hong Kong has weathered the storm so well during the Asian financial turmoil is no small achievement. But we must stay alert to the challenges of an ever-changing global financial environment.

71. Over the next two years, we will continue our programme of reform by:

- further deregulating the remaining interest rate rules covering time deposits and savings and current accounts;
- conducting a detailed study to identify new measures that will better protect depositors' interests, including the possible introduction of deposit insurance. This will be followed by public consultation;
- studying the feasibility of establishing a central credit register in Hong Kong to enable banks to better assess the creditworthiness and overall indebtedness of their customers; and
- strengthening bank supervision through the new risk-based approach.

72. I mentioned a moment ago that the volatility of large capital flows constitutes one of the biggest risks that comes with globalization. To date, there is a degree of recognition in the international financial community that the size, concentration of positions, and aggressive trading behaviour of highly leveraged institutions could pose systemic risks to small and open markets. Unfortunately there is, as yet, no consensus on how to reduce such risks.

73. As a member of the Financial Stability Forum, Hong Kong has been championing closer international co-operation to raise the disclosure and regulatory standards of international or offshore financial centres. We are now engaged in discussions with the international community on the development and implementation of a voluntary code of conduct for market participants, including highly leveraged institutions. The aim is to ensure fair and orderly transactions in the foreign exchange market.

74. Domestically, we need to press on with our efforts to improve Hong Kong's own regulatory regime and standards of corporate governance. We need to make sure that our risks defence system is adequately fortified and to make our financial market even more attractive to global investors.

75. We have largely completed drafting a new securities and futures bill. This will contain detailed and comprehensive proposals to enhance the efficiency, transparency and accountability of our regulatory regime as well as measures that will encourage listed companies to behave in a more open and responsible manner towards their shareholders. The bill also proposes improvements to the roles and powers of existing regulatory authorities.

76. As there is unlikely to be adequate time in the current legislative session for Members to consider this complicated bill, we have decided to publish it in April as a White Bill for a three-month consultation with the Legislative Council and with the market. Our target is to introduce the Bill into the Legislative Council as soon as its next Session begins, with a view to enactment by April 2001. We must lose no time. With the support of this Council and the industry, I hope to see early completion of the legislative process.

77. The standard of corporate governance in Hong Kong is among the highest in the region. But this does not mean that there is no room for improvement. Enhancement of corporate governance standards is a global trend. We need to stay ahead of the game if we are to maintain our status as an international

financial centre. I have asked the Secretary for Financial Services, with the help of the Standing Committee on Company Law Reform, to conduct a comprehensive study on this subject this year. We aim to identify and plug any gaps in our corporate governance regime and to become a benchmark in the region. The concerted efforts of the market bodies, professional organizations and regulators will be pivotal to this endeavour.

78. The exponential growth of trans-national investments and business activities is another prominent feature of economic globalization. We must capitalize on this trend in order to sharpen our competitive edge as an international financial centre. Hong Kong is already the regional headquarters for more than 800 multinational enterprises, the highest number for any Asian city. The growing presence here of multinational enterprises will reinforce our position as a world-class city. This will bring with it the transfer of advanced technology, expertise and management culture. It is important that we continue to attract these companies to come to Hong Kong.

79. That is why the Trade and Industry Bureau commissioned a consultancy study last year to see how we could do this better. The study's findings point to a need to develop a more proactive and professional investment promotion strategy focusing on areas where we already enjoy a competitive edge, such as financial and trade-related services.

80. A key recommendation was that we needed to change our institutional arrangements. We will set up a dedicated agency under the Trade and Industry Bureau to replace the inward investment unit in the Industry Department. Its sole responsibility will be to attract investment into Hong Kong and implement policies and initiatives formulated by a steering committee under my chairmanship.

81. The agency will work closely with all our Economic and Trade Offices and the overseas offices of the Hong Kong Trade Development Council. Together, they will implement a unified strategy to attract inward investment. Key positions in the agency will be filled by experts in the field to ensure a high degree of professionalism and commercial expertise. We will adopt a more focused, proactive and flexible approach to investment promotion. We will also provide better, more comprehensive services to potential and existing investors.

82. In parallel, the Trade and Industry Bureau will place greater emphasis on improving our support and services to the industrial and commercial sectors in Hong Kong. To help achieve this:

- we will merge the functions of the Business and Services Promotion Unit with the Trade and Industry Bureau. I will continue to oversee the business and services promotion programmes personally through my chairmanship of the two relevant committees;
- we will transfer responsibility for consumer protection and competition policy from the Trade and Industry Bureau to the Economic Services Bureau where it will fit better with the latter's existing functions;
- we will rename the Trade and Industry Bureau as the Commerce and Industry Bureau to reflect its new role; and
- we will transfer responsibility for supporting our industries and small and medium enterprises from the Industry Department to the Trade Department. This will provide more efficient one-stop services to business. We will rename the Trade Department as the Trade and Industry Department.

83. In order to enhance Hong Kong's competitiveness in an increasingly technology-driven world economy, we must harness the power of innovation and technology. We are implementing the recommendations of the Chief Executive's Commission on Innovation and Technology chaired by Prof TIEN Chang-lin. In the coming year, we will improve Government's institutional framework in accordance with the Commission's advice. The Chief Executive will appoint a new Council of Advisors on Innovation and Technology. The Council will advise on all aspects of our innovation and technology policy. To provide stronger policy support we will:

- set up an inter-bureau committee, which I will chair, to co-ordinate the Government's efforts. This committee will work closely with the Council of Advisors;

- set up a new Innovation and Technology Commission under the Commerce and Industry Bureau to manage and implement Government's programmes in this field. The Commission will take over the current innovation and technology-related functions of the Industry Department; and
- recruit experts in the field to assist the Innovation and Technology Commission full-time to enhance the Government's technological skills and capacity.

84. As a further measure, the Secretary for Information Technology and Broadcasting will report to me from the beginning of next month. This will strengthen policy co-ordination between information technology and other business-related services.

85. The new institutional arrangements which I have just described will provide greater and more concrete support to both our manufacturing industry and the wider commercial community.

86. Now I come to the opportunities and challenges arising from China's impending accession to the WTO.

87. China is now the world's sixth largest trading entity. Over the past two decades, its GDP grew at an average annual rate of 9.7%, driven mainly by external trade and foreign direct investment.

88. Hong Kong is China's closest economic partner in terms of both trade and external investment. The Mainland is Hong Kong's largest trading partner. In 1999, the Mainland's total trade with Hong Kong exceeded \$1,000 billion, representing about 40% of our total external trade. Hong Kong is also the most important entrepot for the Mainland as well as its largest source of foreign direct investment, handling around 40% of its re-exports and 52% of its inward investment. We expect that China's accession to the WTO will expand its trade links and investment relations with the rest of the world, bringing substantial gains to Hong Kong. Our initial assessment is that, as a result, our GDP will be 5.5% higher by 2010.

89. After China's accession to the WTO, the Mainland market will open up further. This will bring substantial business opportunities for Hong Kong enterprises as well as new business rivals from around the world. Economic liberalization in China will inevitably quicken the tempo of development in Mainland cities and they will also compete with Hong Kong. Indeed, opportunities and competition will come hand in hand. While we cannot have one without the other, our gains should far outweigh any losses.

90. For Hong Kong, the greatest gain comes from our national leaders' firm commitment to greater economic reform. As the business environment in China becomes more transparent and rule-based, our firms, especially small and medium ones, will benefit from fairer competition, reduced transaction costs and expanded trade and investment potential. The reform of state-owned enterprises and the opening up of China's services sector will generate abundant opportunities for our businesses. Our research indicates that Hong Kong's distributive trades, financial services, telecommunications, and tourism sectors as well as many other professional services will benefit handsomely.

91. Let the figures speak for themselves:

- With over 1.3 billion consumers, China is one of the largest markets in the world. Retail sales have increased at an annual rate of 15% over the past two decades.
- Hong Kong is now a major capital-raising centre for China. So far, 87 Mainland companies are listed on the Stock Exchange Main Board and on the Growth Enterprise Market, raising \$245.6 billion in total. More Mainland enterprises in the energy, petrochemicals, telecommunications and manufacturing sectors will be listed in Hong Kong this year. Such "H" share listings are expected to raise \$200 billion.
- In 1998, telecommunications revenue in China reached US\$23.5 billion, making it the world's fourth largest market after the United States, the European Union and Japan. From 1994 to 1998, the number of urban telephone subscribers almost tripled, from 22 million to 63 million. The number of mobile telephone subscribers increased at an even more staggering rate, from 1.6 million to 24 million.

- The information technology market grew by 14% from 1997 to 1998. The number of Internet users is expected to reach 40 million in 2001 and, by 2005, China should have overtaken the United States as the nation with the most Internet users in the world.
- In 1997, 58 million tourists visited the Mainland. According to the World Tourism Organization, China will become the world's top tourist destination by 2020, with visitor numbers growing by 8% a year in the interim.

92. This is good news for Hong Kong; these tremendous market opportunities correspond neatly to the strengths of our own services industry. As an advanced service economy, Hong Kong's function will no longer be limited to acting as an intermediary between the Mainland and foreign enterprises. Once China opens up the services sector further, we will assume a more important role as the hub for high-value-added services, providing essential professional and support services to the Mainland and contributing more significantly to China's economic liberalization.

93. Because of our many unique advantages we expect more Mainland and foreign enterprises to be interested in forming business partnerships with Hong Kong companies. Let me name a few of these advantages. Hong Kong is on Mainland China's doorstep and linked to the world by an excellent transport network. We are bilingual and have a business sector that knows how the Mainland and international markets operate. Our legal and intellectual property protection systems are well-established and reliable. We run an efficient and clean public sector. We impose no control over capital or information flows. Our tax rate is one of the lowest in the world and our tax system is simple and predictable. We are a low-crime cosmopolitan city known for the freedoms enjoyed by all its inhabitants. Many Asian cities have some of our advantages, but few can rival Hong Kong's overall attractiveness when it comes to choosing a partner for entering the Mainland or the international market.

94. China's accession to the WTO will open numerous doors to wealth for Hong Kong. They await the entrance of those with the vision and enterprise to lead Hong Kong into an era of even greater prosperity. We must not forget that, for the past two decades, it was tens of thousands of private citizens and

businesses, not the Government, that propelled Hong Kong's economic growth by capitalizing on China's economic reform and liberalization. They do not need government nannying of any kind. I firmly believe that the tapping of commercial opportunities is best left to our businesses. The Government's priority must be to make sure that Hong Kong remains an excellent place for doing business.

95. But this does not mean we in the Government will do nothing. On the contrary, the Chief Executive made clear in his policy address last year that we should step up further communication and co-operation with the mainland authorities. Since the establishment of an inter-bureau research group on China's accession to the WTO, we have been keeping close contact with the Central Government. This has allowed us to familiarize ourselves with the latest developments on China's accession to the WTO and its market liberalization programme. We have reflected to Central Government officials the views of our business sector on investing and conducting business in the Mainland. Our ultimate goal is to maximize the growth prospects for businesses in Hong Kong and the Mainland.

96. Last November, a Joint Commission on Commerce and Trade was established between the Ministry of Foreign Trade and Economic Co-operation of the State Council and the Trade and Industry Bureau of the Hong Kong SAR. We will continue to participate actively in the Commission's work.

97. We will also continue to enhance the transport links between the Mainland and Hong Kong by adding new facilities and making more effective use of existing ones. Last month, we signed an air services arrangement with the Mainland authorities. This establishes a clear legal framework for air services between Hong Kong and the Mainland. It is set to bring a substantial boost to our passenger and cargo traffic. We will build on this important achievement.

98. On land transport, the Chief Executive has detailed a number of projects to improve our cross-boundary links. We have been working hard to this end. Phase One of the Lok Ma Chau improvement programme, completed last December, has shortened cross-boundary trips by 15 minutes. Phase Two will commence later this year. When completed by September 2003, the crossing will be able to handle 35 000 passengers and 32 000 vehicles per day.

99. The Mainland already accounts for about half of our external telecommunications traffic. To strengthen our information links with the Mainland, the Telecommunications Authority will issue three licences for external cable-based field telecommunications network services. These will increase connectivity between us more than 10-fold.

100. This is only the beginning. With the support of the Central Government, we will reinforce our economic links with the Mainland and the Macau Special Administrative Region. This will include co-ordinating our infrastructural developments and increasing the flow of passengers, freight and information further.

101. Now I come to a subject of concern to Members and many of our citizens: Hong Kong's human resources and employment prospects.

102. In the midst of the Asian financial crisis, our unemployment rate shot up three percentage points in one year and stood at its highest, at 6.3%. It has come down to 6% in the fourth quarter of 1999 and further to 5.7% in the three months ending January this year. I believe that the employment situation will improve progressively as our economic recovery takes root. (Table 3)

103. Hong Kong's transformation into a knowledge-based economy, the impact of globalization and China's entry into the WTO have raised fears of continued high unemployment levels. Some Members have even suggested that one or two million of our workforce will be out of a job. I can understand such fears, but our own analysis shows that such dire consequences would not arise and there is really no cause for alarm.

104. First of all, there are enough examples outside Hong Kong to suggest that the demand for services will surge as the economy revives, benefiting even unskilled workers. The United States is a case in point. Its record low unemployment rate in recent years is due in no small measure to its economic prosperity and the vast expansion of job opportunities in the services industry. From 1983 to 1993, the fastest-growing jobs were in the retail, food and healthcare-related services sectors. Official United States estimates suggest that between 1998 and 2008, 90% of new jobs will still come from the services industry. Although demand from information technology-related services will be the greatest, the ten fastest growing job markets also include those for retail sales staff, truck drivers and clerks. This shows that even in a technology- and

knowledge-driven economy, the entire workforce stands to gain as long as the economy is vibrant and consumption continues to grow.

105. Nor must we forget that Hong Kong has been through economic restructuring before. The relocation of jobs and greater competition are no new challenges to us. I still remember how in the early eighties, when our factories started to move into the Mainland and Hong Kong began to become more services-oriented, there were frequent warnings that the trend of growing unemployment would be unstoppable. What happened was that in the nineties, when Hong Kong's transformation into a fully-fledged service economy was complete, our unemployment rate consistently remained very low, at between 2% and 3%.

106. But I agree fully with many academics and Members that for this round of transformation to succeed, we must have an educated and skilled workforce.

107. At present, Hong Kong's labour force stands at around 3.5 million, of which about 750 000 are low-skilled workers aged 40 or above, with average academic qualifications of Secondary Three or below. Every year some 20 000 of our young people between 15 and 19 leave school to look for a job. Within this group, 18% are Secondary Three school-leavers. Less than 10% have received any vocational or technical training. Last year, the unemployment rate of the 15 to 19 year olds reached 29%. In addition, we have around 50 000 new immigrants joining our community every year from the Mainland. Most of those adults have only attended primary or junior secondary schools, and many look for a job on arrival. Helping all these citizens to improve their skills and knowledge is pivotal to achieving full employment in our community and ultimately to Hong Kong's economic success.

108. Moreover, it is increasingly clear that as science and technology change our economy and way of life, the knowledge and skills required by many occupations will keep on changing as well. This trend will affect all workers, not only those with lower academic qualifications and skills. For example, many companies now expect their managers to raise efficiency through the use of information technology, and many factory owners have to learn the ABCs of e-trading. Likewise, every senior government official is expected to be computer-literate. In this new century, no one can rely on a single set of skills or knowledge to last for life. The reality is that we will all need to acquire new knowledge and skills continuously to keep pace with the changing times.

109. In his policy address last year, the Chief Executive highlighted the importance of education and lifelong learning. The Government has been stepping up its efforts in these two areas as a matter of priority. We must make sure that everybody, regardless of age and qualifications, will have the avenues to upgrade their knowledge and continue to add value to what they already possess. Opportunities in the new economy must not become the privilege of only a fortunate few. I shall shortly outline a number of expenditure proposals on education, training and employment-related services.

110. Let me now turn to the public sector. In almost all recent discussions on Budget deficits and possible new taxes, one message came over consistently loud and clear. The public sector must first exercise greater prudence in its spending before dipping into taxpayers' pockets. Last year, I said I firmly believed that, like the rest of the community, the public sector should take full advantage of the recession to strengthen its fundamentals. This afternoon, I shall review the progress which we have made and outline a few initiatives which will help position the public sector to meet the challenges of the 21st century.

111. With the groundwork done since the introduction of the Enhanced Productivity Programme (EPP), departments and agencies have now geared up to meet the target of 5% savings by 2002-03. To ensure that early savings are delivered to finance new initiatives, we required departments and agencies to reduce their operating expenditure by 1% in 2000-01. I am pleased to report that 40% of them have over-achieved the 1% target, with three delivering the full 5% savings in one go and four others fairly close to 5%. Total productivity savings amount to \$1,150 million. This helpful contribution has enabled us to introduce further expenditure initiatives in the coming year, which I shall announce later. In addition, the five Trading Fund departments have pledged total savings of \$310 million in 2000-01 which will be reflected in the pricing of their services.

112. Managing a savings programme affecting over \$100 billion of government expenditure is no easy task. The public, and Members of this Council, have expressed concern about the impact of EPP on the availability and quality of services. I can assure Members that we have fully addressed their concern. But I would not be doing justice to the management and staff at all levels if I tried to sum up their efforts in a few words. Instead, I commend to Members and the public the EPP Booklet which we published last Friday, together with the 2000-01 Draft Estimates of Expenditure. I also invite anyone interested to visit the

Finance Bureau web-site to study the EPP plans of individual departments and agencies, including the safeguards they have put in place to ensure that the quality of service will not be compromised.

113. I now turn to civil service reform. The controversies associated with the reform are, in my view, blessings in disguise. They reinforce our determination to reform the management system of the Civil Service to keep pace with the community it serves. They help shape some of the further measures I am about to outline.

114. The Civil Service Reform Consultation Document released in March 1999 covered an extensive range of Civil Service issues, from entry and exit mechanisms, pay and fringe benefits, to performance management and training. We have one common objective, and that is to make the Civil Service more flexible, open and motivated and to encourage a management culture based on providing the highest standards of service to the public.

115. Following the publication of the consultation document, public opinion has been very supportive of the direction of our proposals for reform. Most of the civil servant groups are in agreement with our objectives. And Members of the Legislative Council have given us their near-unanimous support. Indeed, some have criticized us for acting too slowly in comparison to the rapid changes in the private sector. Against this background, we could not but feel perplexed when Members initially rejected our proposals to lower the entry pay for new recruits. I hope Members will appreciate the old Chinese saying that "Drawing a circle with one hand and a square with the other will get us nowhere". There is no way we can achieve our shared objective of ensuring greater cost-effectiveness from the public service if Members demand fiscal prudence on the one hand but find themselves unable to support reasonable plans to rationalize spending and reduce costs on the other.

116. Last year, given our wish to proceed with wide-ranging reforms, particularly those associated with the appointment system, we instituted a general freeze on hiring into the permanent Civil Service. While we are now ready to recruit into the Civil Service on the new entry pay and appointment terms, we consider it necessary to continue to impose a tight control over the size of the Civil Service.

117. The size of the Civil Service, expressed in terms of establishment, has grown steadily over recent years at an average rate of 1.3% per year. Over the same period, a more rapid expansion in staff numbers has taken place in the subvented sector which now delivers the bulk of our hospital, education and social welfare services. The Civil Service establishment was previously estimated to exceed 200 000 by the end of 1999-2000. Thanks to EPP and efficiencies arising from the reorganization of municipal services, we have deleted a total of 3 000 posts during the year. The Draft Estimates of Expenditure published last Friday indicate a further net reduction of 617 posts in 2000-01. Albeit modest, this is the first time that in spite of service expansion to meet increases in demand and new initiatives, we have seen a drop in Civil Service numbers. By the end of March 2001, the total Civil Service establishment is now estimated to stand at around 198 000.

118. The Chief Secretary for Administration and I have reviewed the growth in the Civil Service in the light of the measures taken to reform the Civil Service management and to enhance public sector productivity. We believe that the Civil Service will benefit from a lean and fit structure and sustained efforts to contain its size will give the community better value for money. A firm grip over head-count in the Civil Service will add impetus to increasing private sector participation in the delivery of public services, encouraging greater initiative and innovation.

119. We aim to reduce the total Civil Service establishment by 10 000, or roughly 5%, over the period 2000-01 to 2002-03. This will then bring Civil Service numbers back to the 1995 level. We are confident of achieving this target. To do so, we will:

- continue the general freeze on Civil Service recruitment for the year 2000-01. Exceptional recruitment for essential services will have to be justified on a case-by-case basis;
- cease recruitment, until further notice, into those grades designated for the purpose of the Voluntary Retirement Scheme, an initiative I shall discuss shortly;
- require departments with a size of over 2 000 each to undertake an establishment review to devise medium-term department-specific targets to reduce or contain the number of civil servants;

- require all departments to delete their existing vacancies in favour of more contracting out or alternative modes of service provision, unless retention of in-house staffing resources is clearly justified;
- ask Heads of Grades to draw up manpower plans on a grade-by-grade basis, taking account of the known and anticipated wastage, service requirements, the scope for in-service regrading and promotions from other grades of staff, before further intake into a grade is contemplated; and
- ensure that, in future, the creation of Civil Service posts to meet the growth in demand for services will be the exception rather than the rule, and will only be allowed if out-sourcing proves to be impossible. To promote these endeavours, we will set up a help desk to assist departments in undertaking out-sourcing. (Table 4)

120. Whilst we are embarking on further reforms, let me make it clear that changing the way we provide services will not reduce the Government's responsibility for such services in any way. Through these management reforms, we are bringing in the more customer-oriented, innovative private sector providers to deliver certain public services. We are injecting an entrepreneurial spirit into the public sector to enhance its productivity.

121. We also have a responsibility to the thousands of civil servants who have served the community well through their dedication and professionalism. We are committed to avoiding redundancy. To this end, departments have planned their efficiency measures in line with natural wastage. We have put in place a central clearing house mechanism to help redeploy surplus staff who cannot be absorbed by their own departments. Whilst these measures have achieved their intended purpose, they are inevitably constraining the scope and pace of greater efficiency. Moreover, our experience so far suggests that re-absorption within the service is not without its problems. It creates unnecessary tension between staff and management and some staff are finding it difficult to adapt to changing job requirements or their new working environment.

122. In the light of feedback from staff associations, we are proposing to introduce in 2000-01 a Voluntary Retirement Scheme for existing staff in designated grades to leave the Civil Service on a strictly voluntary basis. We have designed a compensation package for the Voluntary Retirement Scheme which we believe is fair and sufficiently attractive to staff and will bring about longer-term savings in government expenditure. Following further consultation with staff and approval of the scheme by the Chief Executive in Council, we will approach the Legislative Council for the voting of funds.

123. No discussion of public sector efficiency would be complete without acknowledging the role and contribution of the many subvented organizations. Currently, the subventions provided to these organizations account for nearly 40% of the Government's total recurrent expenditure. This amounts to \$76 billion in 2000-01. Together they employ a workforce of over 140 000.

124. I am pleased to know that our counterparts in the subvented sector are likewise vigorously pursuing the EPP. Some, such as the Hospital Authority, have drawn up manpower plans similar to those of the Government. But in order to develop the full potential of these non-government organizations in the public sector, we need to institute fundamental changes to the mode of subventions, service level agreements and funding arrangements. Basically, we need to liberalize the control on inputs currently exercised by Government over these organizations and to shift our emphasis to output- and performance-based evaluation. This process of change will strengthen our partnership and collaboration.

125. In the coming year, we will see a number of improvements to the subvention system:

- in the social welfare sector, we will extend the lump-sum funding arrangement to all non-government organizations in receipt of subvention. The current system applies to 186 agencies running over 3 000 service units. It is rigid and administratively cumbersome. The new funding arrangement will provide them with greater flexibility and incentives for efficiency and innovation. To ensure that no agency will be worse off by migrating to the new funding arrangement, we have earmarked additional funding of \$150 million for its implementation over the next two years;

- in the aided school sector, we will give schools greater funding flexibility to support school-based management. As a start, in the coming school year, we will disburse the existing item-by-item non-salary grants to schools in the form of a single recurrent block grant. Schools will be able to use the funds within the block grant in a flexible manner and to retain any unspent funds for future use;
- we will enter into a new memorandum of understanding with the Vocational Training Council. This will provide greater funding flexibility and, as a corollary, the Council will need to commit to clear performance targets; and
- we will commence discussions with the Hospital Authority on an alternative funding basis with reference to the population served as opposed to the current bed-based formula which is not conducive to the promotion of preventive health and community care.

126. Let me now discuss our public finances. First, the outturn for the current financial year. I now estimate a small deficit of \$1.6 billion for the year. That is \$34.9 billion better than the \$36.5 billion deficit originally estimated.

127. This dramatic improvement in our financial position (*laughter*) comes about almost single-handedly from an unexpected growth in the earnings on our fiscal reserves invested with the Exchange Fund. The increase in the Hang Seng Index from 10 049 at the end of 1998 to 16 962 at the end of 1999 has boosted the value of the portfolio of Hong Kong stocks acquired by the Exchange Fund in 1998. As a result, the investment earnings on our fiscal reserves have soared to \$44 billion, almost double our original estimate of \$22.2 billion. In addition, revenue from land premia is expected to be \$3.1 billion higher than previously estimated.

128. Other items of revenue have also shown some fluctuations from the original estimate. We have seen lower than forecast receipts from stamp duties, betting duties and excise duties but higher than expected receipts from salaries tax. But these ups and downs have virtually cancelled each other out.

129. In total, we estimate that revenue collections for the year will be \$229.3 billion, or \$24.2 billion higher than the original estimate of \$205.1 billion.

130. A larger than expected income should be welcome, but I must add a word of caution. Receipts from land sales and especially the exceptional level of investment earnings this year are not sources of steady and recurrent income. Certainly we cannot expect a repeat of this windfall in investment earnings fuelled as it was by a near 70% rise in the Hang Seng Index.

131. A lower than expected level of expenditure also contributed to the reduced deficit.

132. Expenditure in the General Revenue Account was \$7.1 billion less than we forecast a year ago. Of this saving, \$1.5 billion arose from a slow-down in the growth of Comprehensive Social Security Assistance (CSSA) payments. There were also savings from lower than anticipated pension payments and as a result of the dissolution of the two Provisional Municipal Councils totalling \$1 billion. The remaining saving of \$4.6 billion came partly from reduced spending across government departments and partly from lower prices for goods and services.

133. After taking into account reduced demand on a number of loan schemes, we now expect total expenditure in the current year to be \$230.9 billion, or \$10.7 billion lower than forecast.

134. Let me turn to the estimates for the 2000-01 financial year. In formulating my expenditure and revenue proposals for the coming financial year, I had three objectives in mind:

- to strike a balance between the need to improve our financial position and my wish not to undermine our economic recovery;
- to exercise discipline in controlling the growth of our expenditure by returning after two exceptional years to the principle of keeping it commensurate, over time, with our economic growth; and
- to continue to meet the needs of the community through funding essential public services.

135. Indeed all of these are in line with our long-held principles of fiscal management, and reflect the collective wisdom of our citizens, Members of this Council, academics and the media. All the views that we received have played a significant role in refining our thoughts throughout the Budgetary process. We have taken on board a number of the key points made to us in formulating our expenditure and revenue proposals for the coming year.

136. I will deal with the estimates of revenue first. After taking into account the effect of my revenue proposals which I will explain shortly, I am forecasting total revenue to pick up to \$244.2 billion.

137. While our recurrent revenues will start to pick up, two of our main sources of income — profits tax and rates — will do so at a rate much slower than our forecast GDP growth rate of 5%, principally as a result of three factors:

- under our provisional tax system, profits tax is calculated on the basis of profits in the previous year. This means that even if the economy improves this year, we will only start to collect a higher level of profits tax in the following financial year, that is, in 2001-02;
- the ability of companies to carry forward previous years' losses to offset against current year's profits will also depress profit tax collections in the short-term; and
- the annual rating revaluation reflecting the continued decline in market rentals will depress our revenue from rates in the short term.

138. Before turning to the expenditure figures for the new financial year, I must reiterate the message that I have stressed repeatedly since the last Budget. That is, in order to put our medium-term finances on a healthy footing we will need to exercise strict control over the growth in government expenditure. The Administration and politicians must resist the temptation to erode this fiscal discipline even when the economy picks up faster than expected.

139. In last year's Medium Range Forecast, I said that, in order to bring the cumulative growth in government expenditure fully back in line with cumulative economic growth over time, we would need to restrain the growth in government expenditure to a level lower than the trend growth of the economy. I indicated then that I would contain growth to 3% for 2000-01 and 2.5% for subsequent years, against a 3.5% trend growth rate of GDP. Even with an increased trend growth forecast of 4%, I do not intend to ease these constraints. This will allow us to restore the balance between the growth in government spending and the growth in the economy over the next four years. (Table 5)

140. Indeed, I am now pleased to report that with the combined effects of EPP and stabilized expenditure under the CSSA Scheme, we are able to restrain the growth in recurrent government spending to 2.5% in 2000-01 and still have room for new spending initiatives. I have referred to progress on EPP earlier. Let me now discuss CSSA and welfare spending in general.

141. In 2000-01, recurrent spending on social welfare will reach nearly \$30 billion. Slightly over half, or \$15.5 billion, goes to the CSSA Scheme. Corresponding figures five years ago were \$13.2 billion and \$4.8 billion. We accept that social welfare is one of government's primary obligations and caring for those who are least able to look after themselves is essential to any compassionate society. But given the economic and financial limits to how much the Government can spend and the overriding constraint to live within our means, substantial increases in welfare spending year after year are clearly not sustainable. We must ensure that CSSA will not become an alternative to work. In other welfare services, we must instil a sense of shared responsibility.

142. Last June, we introduced some modifications to the CSSA Scheme which aimed at removing dependence on CSSA. They have achieved some encouraging results. The total CSSA caseload has declined by 2% since June 1999, and that of the unemployed has dropped by 13%. Total CSSA expenditure for the year 1999-2000 is now estimated to be \$14 billion. This is \$1.5 billion lower than the original estimate but still represents an increase of \$1 billion over the previous year. For 2000-01, we are seeking a provision of \$15.5 billion which we believe should be adequate to meet CSSA demands from an ageing population and any contingencies.

143. Total welfare recurrent spending in 2000-01 will grow by 9.2% in real terms. While this is a welcome fiscal relief when compared to the double-digit growth of recent years, it still significantly outstrips the growth in other equally pressing areas, like education, health, and the environment. I look forward to receiving proposals from the Secretary for Health and Welfare to achieve cost-effectiveness in welfare expenditure and a sustainable social welfare programme in the medium and longer term.

144. The Harvard Report on Hong Kong's Health Care System may not have forged a consensus on the way forward, but it has certainly focused minds on the need for different sources of financing for the quality service that the community now enjoys. The Secretary for Health and Welfare will shortly unveil the Government's proposals in the form of a green paper for public consultation.

145. Members will be pleased to know that recurrent spending on environmental protection will rise by 7.6% in real terms for the coming financial year. As the Chief Executive announced in his policy address, we will be making available \$1.4 billion for various incentives aimed at assisting the transport industry to reduce exhaust emissions. I have earmarked sufficient money in 2000-01 for us to make a start on those items which are ready for implementation. In addition, we have set aside \$100 million for carrying out community education programmes that should help our citizens understand more about the importance of environmental protection and conservation.

146. For 2000-01, total government spending, including payments from the Capital Investment Fund, will rise to \$250.4 billion. Members will have noticed from the Draft Estimates of Expenditure published last Friday that we have made provision for all the improvement initiatives announced in the Chief Executive's three policy addresses.

147. I am happy to be able to announce a considerable number of additional spending initiatives for the coming year. Members will notice that these spending proposals reflect the views they expressed during our Budget consultations.

(A hubbub in the public gallery)

PRESIDENT (in Cantonese): Silence in the public gallery please. (*A woman in the public gallery continued to clamour*)

PRESIDENT (in Cantonese): Please sit down again. (*Security Assistants hastened to ask the woman to sit down, but she kept standing and clamouring*)

PRESIDENT (in Cantonese): Security Assistants, please take her away. (*Security Assistants escorted the woman out of the public gallery*)

PRESIDENT (in Cantonese): Financial Secretary, please continue.

FINANCIAL SECRETARY (in Cantonese):

148. Although the economy is recovering quickly and unemployment is falling, Members are unanimously of the view that promoting employment must be one of our top priorities. I agree and have earmarked \$300 million of recurrent expenditure for implementing a package of training, retraining and employment-related initiatives. Most of the proposals are based on the success of similar schemes launched under the guidance of the Task Force on Employment. The Secretary for Education and Manpower will introduce these measures in the next few days. I shall only outline them in brief:

- we will continue and enhance the Youth Pre-employment Training Programme for over 10 000 secondary school leavers aged 15 to 19 each year, including an additional on-the-job training programme;
- we will expand the programme for training junior information technology technicians, providing a total of 1 000 places each year;
- we will provide an additional 1 500 training places in the Vocational Training Council for Secondary Three and Secondary Five school leavers;

- we will support the introduction of bridging programmes by the Federation of Continuing Education in Tertiary Institutions to provide expanded continuing education opportunities for secondary school leavers and to support these students financially in pursuing their studies; and
- we will widen the scope of the non-means-tested loan scheme to benefit more people pursuing continuing education.

149. These measures will enable our citizens to upgrade their knowledge and skills as they gear up for the challenges ahead.

150. The initial success of the Support for Self-reliance programme introduced last June shows that it is important to help able-bodied CSSA recipients and potential recipients to overcome barriers to work. Accordingly, I have set aside \$200 million in the coming year for the implementation of a service-oriented strategy. This strategy will offer targeted assistance to unemployed, low-income and single-parent CSSA recipients. It will also provide supporting services to the more vulnerable to prevent them from falling into the CSSA net. The Secretary for Health and Welfare will brief Members fully on these measures, which include:

- extending the Active Employment Assistance scheme to all able-bodied CSSA recipients and offering special assistance to those who have been away from the job market for some time;
- undertaking a pilot programme of job matching to help CSSA recipients to fill vacancies available under the Supplementary Labour Scheme;
- expanding support services such as extended hours of child care facilities, after school programmes, community support for the aged and the sick so that the parents and the carers may go out to work. This service expansion proposal will also boost employment;
- strengthening support services for single-parent families, new arrival families and victims of domestic violence; and

- encouraging CSSA recipients to take up a job, by relaxing the current restrictions on disregarded earnings.

151. The development of residential services for the elderly and the disabled is often constrained by a lack of new premises. It is important that we make the fullest use of the facilities currently available. In consultation with the agencies concerned, the Director of Social Welfare has identified room for service expansion in existing facilities. In 2000-01, we will make available an extra \$80 million for this purpose. This will provide an extra 870 residential places for the elderly and 250 residential places, 150 day places and 60 pre-school places for the disabled.

152. When I consulted Members on this year's Budget, some suggested that the Government should improve the student financial assistance schemes to relieve low-income families of the cost of schooling for their children, when they are striving to make ends meet in the present economic circumstances. I am happy to agree to this and to provide \$140 million a year to improve the textbook assistance and travel subsidy schemes beginning in the new school year in September.

153. In his 1999 policy address, the Chief Executive referred to our commitment to providing the community with a safe living environment. While we are pressing ahead with a new and proactive urban renewal approach, there are thousands of substandard buildings or unauthorized structures posing a threat to life and property. To tackle this problem, we will provide:

- in phases over the next two years, 66 additional staff to Fire Services Department and 47 additional staff to Buildings Department to step up fire inspection and enforcement in private buildings, with particular attention paid to old composite buildings; and
- \$90 million over the next three years to the Buildings Department to launch a large scale operation to clear unauthorized rooftop structures and building works on external walls of buildings.

154. Quality education for our citizens has always been one of the Chief Executive's top policy priorities. I am pleased to note that the Quality Education Fund which we established in 1998 with a \$5 billion grant has since risen to \$6.4 billion, thanks to good financial management. This was achieved after disbursement of \$400 million for over a thousand expenditure items.

155. I intend to allocate more funds to promote quality education in the coming financial year. The Education Commission has done excellent work in the first two stages of public consultation and no doubt will come up with a comprehensive proposal to reform our education system in due course. I have set aside a sum of \$800 million in 2000-01, which will enable us to make an early start on those recommendations of the Commission that the Government and the community consider to warrant priority action. At the same time, I expect the public, particularly those benefiting from the fruits of education, to shoulder a greater share of the substantial additional cost involved in the implementation of the agreed reform package.

156. In total, our estimated expenditure for the coming financial year will be higher than our estimated revenue. I am therefore forecasting a deficit of \$6.2 billion.

157. This deficit forecast for 2000-01 means that we will have to endure a third successive year of Budget deficits. As I made clear last year, this can only be acceptable if it is set in the context of a return to fiscal balance over the medium term.

158. My Medium Range Forecast, which is published as an annex to the printed version of this speech, shows that this is only marginally the case. The forecast is based on the increased forecast of trend GDP growth of 4% which I have referred to earlier. It also assumes that we will restrict the growth of government expenditure to 2.5% a year throughout the remaining years of the forecast period and, as last year, it assumes that we will receive \$15 billion in both 2000-01 and 2001-02 from the partial privatization of the MTRC. Even on this basis, we will achieve a modest Budget surplus only at the end of the forecast period, in 2003-04. (Table 6)

159. This would leave the fiscal reserves within the guidelines which I set out in my 1998 Budget speech, albeit towards the lower end of the range. (Table 7)

160. While this scenario appears acceptable, I must caution that our fiscal balance hinges on achieving a sufficient level of recurrent income. And, as always, my Medium Range Forecast assumes that, over the forecast period, we will be able to increase our revenue from items such as fees and charges and fixed duty rates in line with inflation. If not, the overriding need to achieve a sustainable fiscal position will leave us with no option but to increase existing taxes, introduce new taxes or a combination of the two. This is a theme to which I will return later.

161. In formulating any revenue proposals for the coming financial year, I have had to balance the needs on two fronts. The long-term interests of Hong Kong demand that I improve our financial position as much as possible and work towards a balanced Budget. On the other hand, I also need to take account of the fact that our economy has only just begun to turn around and many citizens and businesses have not yet fully recovered from the turmoil of the last two years.

162. After taking these factors into consideration, I have decided to leave most revenue items as they are. Let me begin with the small number of revenue measures that I propose for the coming year.

163. I propose to reduce the rate of stamp duty on stock transactions by 10%, from 0.25% to 0.225%.

164. The purpose of this proposal is to help maintain the competitiveness of Hong Kong in the global financial marketplace. Many major stock markets around the world, including the United States, Japan, and New Zealand, are already not charging stamp duty on stock transactions to increase their transaction volumes. There is a practical need for Hong Kong to reduce its stock transaction costs as well for our market to remain attractive.

165. But I must point out that stamp duty is only a part of the total transaction cost. Brokerage commissions, which constitute two-thirds of that cost, also need to be reduced if we are to achieve a real impact in making our stock market more competitive. The market also needs to open up further to bring in more competition. I understand that the new Exchange will be studying these issues.

I look forward to receiving some good news on lowered brokerage commissions. This will certainly help me look more sympathetically at any subsequent request from the industry for future reductions in the stamp duty on stock transactions.

166. I estimate that this proposal will cost the Government \$520 million in 2000-01 and \$2.9 billion over the period of the Medium Range Forecast to 2003-04.

167. In June 1998, we reduced diesel duty from \$2.89 to \$2.00 per litre as part of our relief measures. I extended this temporary concession to 31 March 2000 in my Budget last year.

168. I now propose to extend the concession for a further nine months to 31 December 2000, after which the rate of duty will revert to \$2.89 per litre.

169. The concession on diesel duty was introduced during a time of recession. I expect our economy to have much improved by January 2001, and that there should no longer be any grounds for continuing with the concession.

170. In addition, I have earmarked funds for helping diesel taxis to switch to LPG-fuelled vehicles in the coming financial year. I therefore expect that, by next January, the transport industry should find it much easier to reduce its dependence on diesel, and the impact of this proposal should diminish considerably.

171. My proposal to extend the concession on diesel duty is expected to cost \$460 million in 2000-01.

172. I now come to another revenue proposal that helps to reduce exhaust pollution. In order to make electric vehicles more attractive by reducing their cost, I have, in my 1997 Budget, extended the exemption from first registration tax for such vehicles by a further three years to 31 March 2000. As another part of our package to combat air pollution, I now propose to extend this exemption for another three years in the hope of further encouraging the use and development of this type of environmentally-friendly vehicle.

173. On first registration tax for all other vehicles, my only proposal relates to the scope of exemptions.

174. In 1994, we reformed the basis on which first registration tax was calculated by charging an *ad valorem* rate on the published retail price of a vehicle instead of its cost, insurance and freight value. Reflecting trade practices of the time, the relevant Ordinance provides exemption for certain items when calculating the taxable value. These include air conditioners, audio equipment, anti-theft devices and distributors' warranties.

175. As trade practices have changed, the rationale for granting such exemptions may no longer be valid. We will conduct a comprehensive review of the scope of exemptions from first registration tax with a view to updating the system. We will consult the transport industry after the review is completed before submitting more detailed proposals to the Legislative Council.

176. That concludes my revenue proposals this year. My proposals to maintain the reduced diesel duty rate for another nine months and exempt electric vehicles from first registration tax for another three years will take effect from 1 April 2000 under a Public Revenue Protection Order. The proposal to reduce the rate of stamp duty on stock transactions will come into effect after this Council has passed the necessary legislation.

177. Of all the tax items on which I propose no change, profits tax, salaries tax and rates are the three that generate the highest level of income. Let me explain why I am not introducing any change this year.

178. I shall begin with rates. While I am proposing no change to the rates percentage charge, the latest general revaluation shows that the rateable values for properties have fallen on average by 7%, reflecting the continued decline in market rentals. The vast majority of ratepayers will benefit from this reduction, which will take effect from 1 April this year.

179. Our existing profits tax rate and system are already extremely business-friendly by international standards. There is simply no case for further concessions in our present fiscal situation.

180. We charge a standard rate of 16% on the profits of all incorporated companies. This is the lowest rate in the region and one of the lowest around the world.

181. Under our territorial source system, we charge tax only on profits originating in Hong Kong. This is in contrast to the far more common practice in other tax jurisdictions, whereby all profits made by resident enterprises, including those made overseas, are chargeable to tax. And we have an extensive range of depreciation allowances and deductions, some of which were enhanced in my 1998 Budget following our profits tax review.

182. We have carefully deliberated the pros and cons of the various profits tax proposals put forward to us. One suggestion was that we should introduce a progressive tax system. The argument for requiring enterprises with bigger marginal profits to pay tax at a higher rate is that this would be a fairer system which would also increase income for the Government. But our assessment is that this might only be true in theory. In practice, such a system might achieve the opposite results and leave us worse off. For example, it would place the tax burden on an even smaller number of companies. This could dampen the enthusiasm of investors and lead to more rampant avoidance by splitting up companies into smaller ones.

183. Another important argument against such a change is that it will complicate our tax system and undermine our well-known principle of keeping it as simple as can be. Such a move would clearly not be a very helpful addition to all our efforts to raise Hong Kong's competitiveness.

184. As a result of the salaries tax concessions granted in recent years, more than 60% of our working population do not have to pay salaries tax. 17% of our taxpayers contribute almost 80% of our salaries tax income. And only 0.3% of the entire working population pay the tax at the very low standard rate of 15%.

185. Given the reduction in prices in the past two years, there is a strong case for reducing personal and other allowances. This would help widen the tax net. The tax burden would then be shared among a larger group of salary earners instead of resting on a restricted few. But I have decided not to take such a course of action this year because our economy is still at an early stage of recovery.

186. I proposed in my last Budget that we should rethink our policy on tobacco duty in view of the growth in the number of smokers and the drop in sales of duty-paid cigarettes. Our review showed that smuggling and the sale of

contraband cigarettes remain rampant. Increasing the rate of tobacco duty would only make such cigarettes even more attractive. Bringing down the rate is not a viable option either as this would run counter to our objective of protecting health.

187. But I believe that we need to take more active steps to achieve the dual purposes of protecting the health of the public and increasing our revenue. To this end, we have reserved \$20 million for the Council on Smoking and Health to carry out a three-year programme aimed at enhancing anti-smoking education and services.

188. We will also make an annual provision of \$12 million available to the Customs and Excise Department for three years beginning from 2000-01. A special task force will be set up in the Department to step up its enforcement action against the sale of contraband cigarettes at street level. We will be monitoring the situation closely and will consider legislative measures if we need to take stronger action against such crime.

189. I now come to the subject of departure tax. In my Budget last year, I proposed that we should study the question of introducing a land and sea departure tax. This would provide a reliable and growing source of additional revenue and eliminate the inequitable treatment under which only some passengers leaving the territory are subject to departure tax.

190. An inter-departmental group convened by the Finance Bureau has been considering the detailed arrangements involved in this proposal. The scope of that study covers the collection mechanism, exemption arrangements, and safeguards against abuse.

191. I am grateful for all the views expressed by the community and Members in recent months. Objections to this tax have focused mainly on two areas. Some questioned the principle, while others expressed concern about the timing of its introduction. I remain convinced that the principle is unquestionably correct. But in view of our nascent economic recovery, I have decided not to introduce a land and sea departure tax in the coming financial year in order not to put an additional burden on the community. When the time is ripe and we have completed our detailed implementation study, we will consult the industry and the Legislative Council on our proposals.

192. Government fees and charges are another important source of steady revenue. We froze most of them in February 1998. The reason for this is well known to Members and the community: we did not wish to impose an additional financial burden on the people of Hong Kong during the recession. But I have stated repeatedly that this was only an exceptional relief measure at a time of economic setback, and that as the economy improved, we would have to restore the fair "user pays" principle.

193. Some have urged us to continue with a blanket freeze on all fees and charges with no target end date. This is tantamount to asking taxpayers to keep subsidizing the users of these services indefinitely and at an increasing cost. It means in effect that the public will have to keep providing semi-free lunches to users who should pay a slightly higher fee, such as mahjong parlour licensees and owners of factories producing chemical waste. I cannot believe that the public and Members think that it would be fair for taxpayers to continue to subsidize such businesses. It is certainly not a very prudent way of managing public finances for a government that has to deal with the vexed question of a lingering deficit.

194. We will be coming to this Council to discuss how to deal with the revision of fees for different types of public services. We will first deal with fees that do not directly affect people's livelihood or general business activities. I look forward to Members giving our proposals a fair hearing, with a calmness of mind. *(Laughter)*

195. Whatever our proposals, I can assure Members that we will continue to exercise vigorous cost control to reduce the pressure for fee increases.

196. Finally, I need to address the important question of our future public financial position, particularly the recurrent portion which represents the most significant part of our fiscal system.

197. From the figures published this afternoon, members of the public and this Council will see that we will have an operating deficit in 2000-01. Broadly speaking, this means our recurrent expenditure is estimated to exceed our recurrent revenue. This repeats our experience in 1998-99 and 1999-2000 and is forecast to continue for a third year up to 2002-03. This has not happened in the 50 years before 1998. If it persists, we will have a serious fiscal problem. (Table 8)

198. For the moment, we do not know whether the phenomenon of successive operating deficits is simply cyclical in nature, or whether it represents a more serious structural problem. We will know the answer only when we can see the extent to which our revenue picks up as the economy gathers momentum. This will take some time. But as a responsible Government, we simply cannot afford to scramble for solutions only when all the signs are there that Hong Kong does actually face a structural financial problem. To safeguard the long-term interests of the community, we need to take active steps now to make sure that we have ready some well-deliberated and feasible measures to keep Hong Kong safe from fiscal instability even under the worst case scenario and to maintain investors' confidence in our economy.

199. We also need to be alert to potential problems that may erode our revenue base. These include our very narrow and shrinking profits and salaries tax nets; the possible loss of profits tax due to globalization; a decrease in revenue because of our inability to revise fees and charges for public services; threats to our betting duty yield from illegal gambling and the spread of e-gambling; and the erosive impact of global competition on our yields from stamp duty on stock transactions.

200. Our improved land supply mechanism has already brought a more abundant and steady supply of land to the market. As a result, we can expect that income from land transactions will be less volatile and unlikely to produce the kind of windfalls which we have seen in the past. The same applies to other types of land- and property-related revenue such as stamp duty on property transactions, and possibly even profits tax collections from the property and banking sectors.

201. I sincerely hope that our package of measures to encourage the transport industry to switch from diesel to LPG for environmental reasons proves successful. But if it does, one effect will be a gradual drop in our income from diesel duty from as early as next year.

202. The greatest uncertainty stems from the likely exponential growth of e-commerce and its impact on our tax regime. As more commercial activities take place on the Web, we can expect greater complications and difficulties in tax assessment and collection. This is a subject now being studied by many governments and international organizations. Hong Kong's territorial-based tax system, under which we tax only locally-derived income, is likely to make our revenue yield even more vulnerable to the impact of e-commerce.

203. If government revenue became unsustainable because of these factors, we could deal with the problem in three ways. The first is to exercise strict control over government expenditure. Indeed this is already what we are doing. My decision to reduce the growth rate of recurrent expenditure to 2.5% for 2000-01, plus our EPP efforts and the measures to control Civil Service numbers outlined today, are solid proof that we are determined to achieve this aim. But there is an emerging school of thought that cutting down on government spending will cure all fiscal ills, as if this Government has been engaging in profligate spending. Nothing is further from the truth. The vast bulk of our expenditure is spent on the direct provision of public services such as housing, education, medical services, law and order and social welfare, which all require manpower input. Drastic cuts in expenditure in these areas would inevitably affect the level and quality of services to the public, and the ones to suffer most would be those in the low-income bracket. Such an outcome is not acceptable to the Government and I am sure it is unpalatable to Members and the entire community, not to mention that it would also undermine Hong Kong's long-term interests.

204. The second option is to do nothing about the structural deficits but to dip into our reserves every time expenditure outstrips income, until the time comes when our reserves are depleted and we have to find another way out. Such reckless behaviour would clearly be against the Basic Law requirement to strive for fiscal balance. It would also mean that, as our reserves run down, we would no longer have adequate means to defend our currency, provide relief to our citizens or maintain our spending programmes in an economic downturn. I cannot believe this is what Hong Kong people want. And investors would quit Hong Kong in droves.

205. The only remaining option is to increase revenue to make sure that the Government will have enough income to pay its bills. This could be achieved through widening our tax net and tax base, raising existing tax rates, or introducing new taxes. We know very well that any of these could have an impact on our economy and the livelihood of our citizens. Indeed, that is one reason why I have not tinkered with any major tax item this year. But a possible loss in revenue due to changing global and domestic circumstances could be a problem. We would be failing in our duty if we hid our heads in the sand and hoped that the problem would never arise or somehow disappear. This is especially true if we want to make sure that Hong Kong remains fiscally sound in the years to come and that the Government will continue to have the means to maintain and improve public services and enhance Hong Kong's competitiveness.

206. I have decided to take a two-pronged approach that would enable us to study the extent and nature of the problem as well as find the solutions. The Secretary for the Treasury will head a Task Force which will continue to monitor the correlation between our recurrent income and economic growth. This should enable us to identify whether we are indeed facing a short-term cyclical problem or a fundamental shift in our revenue base needing more radical remedies. In addition, the Task Force will critically examine the viability of our existing tax regime. In this process, it will elicit the views of the Legislative Council and experts in the field.

207. In parallel, we will set up an independent committee comprising tax experts, professionals and academics. This committee will be tasked specifically to look into the suitability of introducing new types of broad-based taxes, including a consumption-based tax, and to consider what form such taxes should take and their practical implications. The job of the committee will be to weigh the relative pros and cons of the different options, and recommend to me as soon as possible the most feasible and desirable ones. The committee will publish its report.

208. In this context, I wish to make one point clear: maintaining our low, simple and predictable tax regime is an important building block of our prosperity. This is also in line with Article 108 of the Basic Law. Under no circumstances will I depart from this important principle and sacrifice Hong Kong's competitiveness.

209. This year I have proposed fewer revenue measures than in any of my previous Budgets. This does not mean that we are bereft of ideas. *(Laughter)* It is our considered view that the interests of the community are best served at this time by a gentle hand on the tiller. We also need to have a clearer idea of our future revenue position.

210. If Members look back, they will find generous tax concessions in all my four previous Budgets. During the good times when the economy was buoyant and growing fast, we gave back as much as we could by reducing the tax burden on the community through substantial concessions. And when the economic climate turned foul, we had no hesitation in providing relief from hardship through tax rebates and by freezing fees and charges.

211. The storm has now passed and our economy is back on a growth track, although Government finances are still in the red. On balance, I have decided that this is a year for consolidation rather than dramatic steps. In this Budget, I have sought to:

- re-affirm the economic and financial principles behind Hong Kong's success as we enter the 21st century;
- and to position ourselves to take advantage of the enormous opportunities presented to us in this new era;
- strengthening our human capital and encouraging our citizens to acquire new knowledge and skills;
- continue to improve our financial position and our public services through controlling government spending and through public sector reform; and
- stimulating more informed discussions on the way forward.

212. Hong Kong's past successes and the events of the last two years continue to remind us of the importance of sticking to our basic values. The new challenges ahead demand that we learn from past setbacks and remain vigilant. And the advent of a new century invites us to seize the fresh opportunities that lie in store for us.

213. Looking back at what we as a community achieved in the last century and the recent rapid rebound of our economy, I am confident that Hong Kong will continue to outdo itself in scaling new heights.

Today is 8 March, the Women's Day. I wish the President and the lady Members of this Council lasting youthfulness and every amicability in their life. Today is also the Ash Wednesday, a day of introspection and forgiveness for we Catholics. I hope that the male Members of this Council can also look at the Budget today with the same kind of attitude.

Thank you.

(Applause from some Members)

PRESIDENT (in Cantonese): Quite please. I now propose the question to you and that is: That the Appropriation Bill 2000 be read the Second time.

PRESIDENT (in Cantonese): In accordance with Rules 67 and 71 of the Rules of Procedure, the debate on the Second Reading of the Appropriation Bill 2000 is now adjourned, and the draft Estimates are referred to the Finance Committee for examination before the debate on the Bill resumes.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 15 March 2000.

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

Table 1

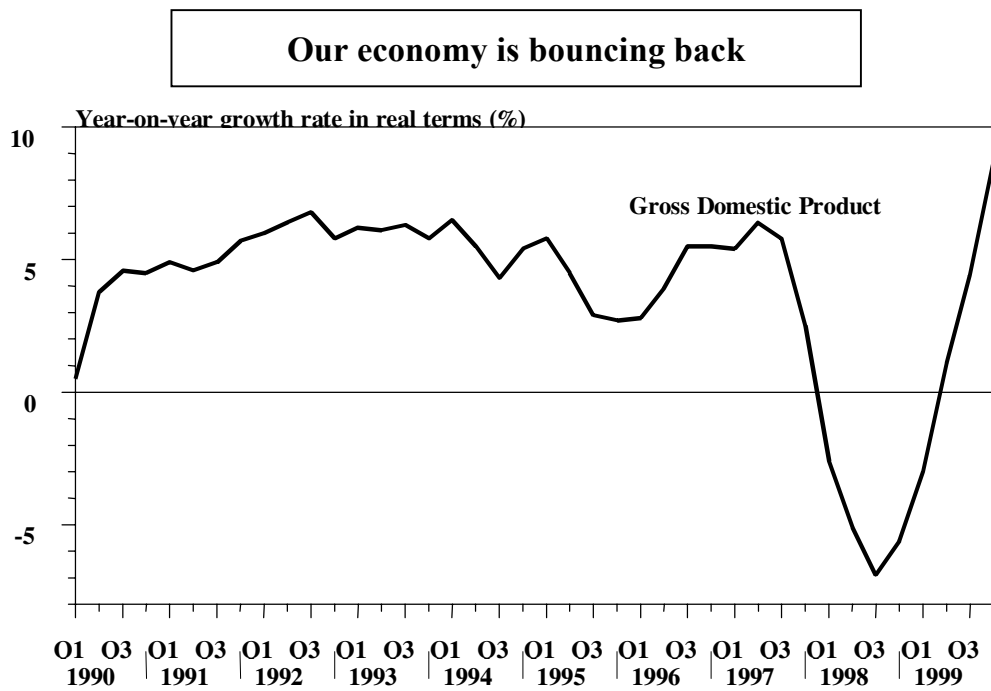


Table 2

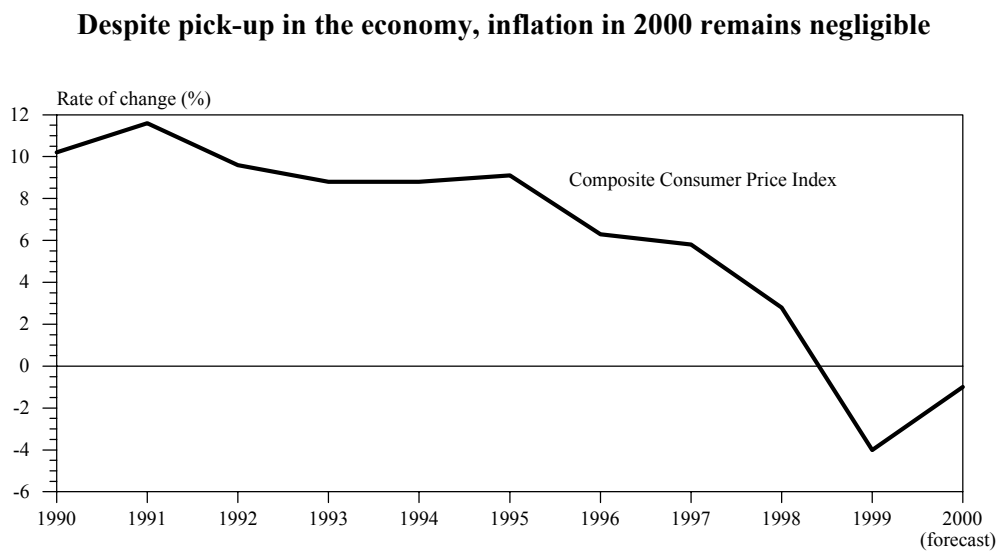


Table 3

Employment market stabilises

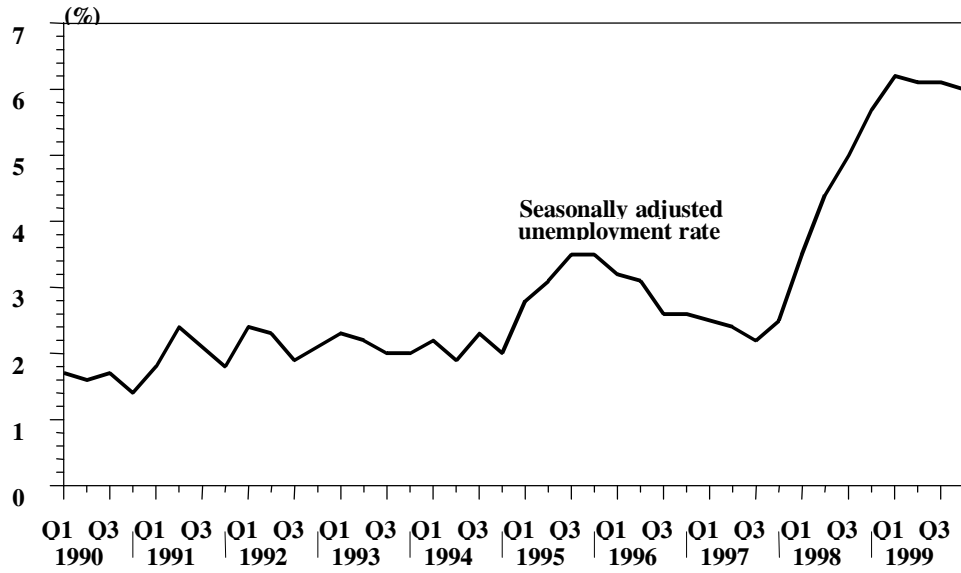


Table 4

Table 5

Table 6

**A Return to a Reasonable Level of Budget Surplus
Only at the End of the Forecast Period**

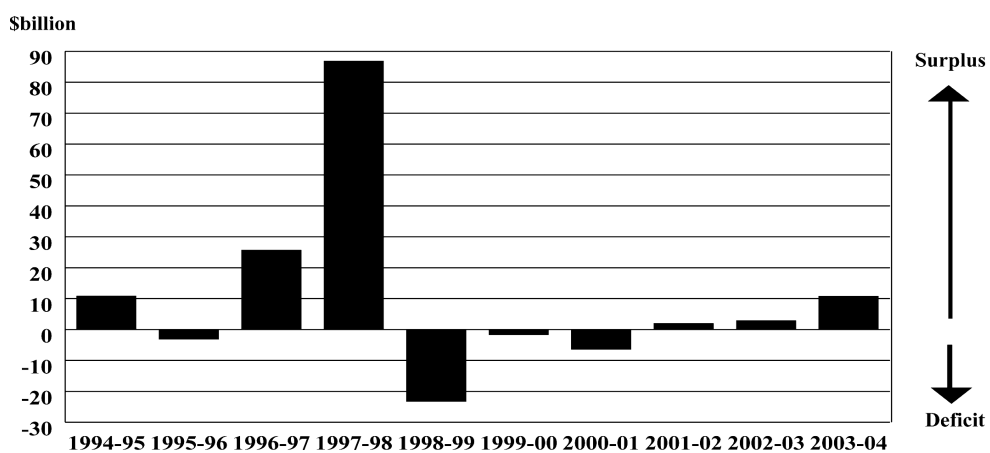
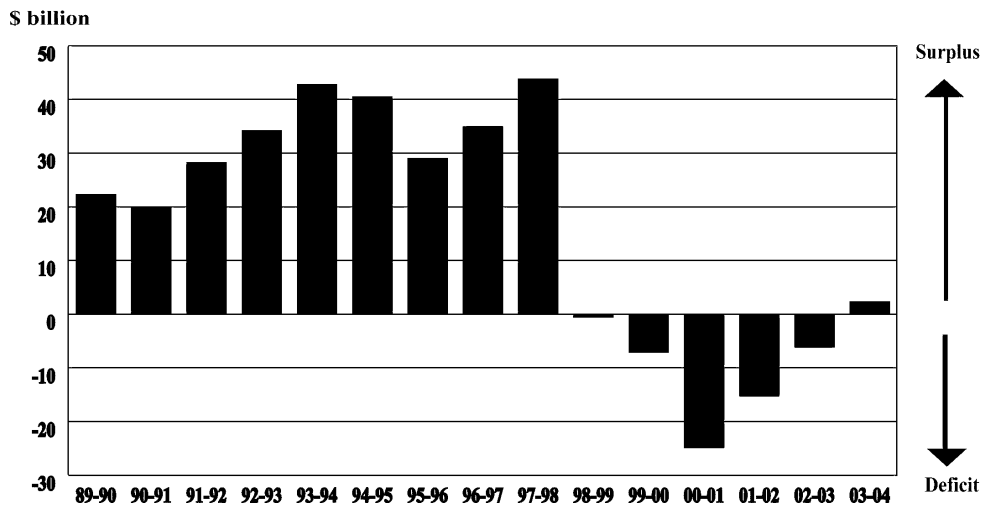


Table 7

Table 8

**There is a Consolidated Operating Deficit
from 1998-99 to 2002-03,
A Phenomenon Not Seen in the Past**



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Please visit our web-site at www.info.gov.hk/eindex.htm for all documents, appendices, and statistics related to the 2000-1 Budget. The Chinese versions can be found at www.info.gov.hk.

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The 73 new primary schools which will commence operation from 1998-99 school year to 2002-03 school year

(I) For conversion of existing bi-sessional primary schools into whole-day operation

	Name / address of bi-sessional school before conversion	District	Primary One Allocation Net <small>(Note 1)</small>	Name / address of whole-day school after conversion	District	Primary One Allocation Net <small>(Note 1)</small>
New schools starting operation in the 1999-2000 school year						
1.	Pentecostal Gin Mao Sheng Primary School (AM) Pik Fung Road, Fanling, NT	North	81	Pentecostal Yu Leung Fat Primary School Fai Ming Road, Fanling, NT	North	81
2.	Hoi Pa Street Government Primary School (PM) Kai Chi Close, Tsuen Wan, NT	Tsuen Wan	62	Tsuen Wan Government Primary School (Belvedere Garden), Tsuen Wan, NT	Tsuen Wan	62
3.	PLK Luk Hing Too Primary School (PM) Po Lam Estate, Tseung Kwan O, NT	Sai Kung	95	PLK Wong Wing Shu Primary School Area 57 (School 1), Tseung Kwan O, NT	Sai Kung	95
4.	King Lam Catholic Primary School (AM) King Lam Estate, Tseung Kwan O, NT	Sai Kung	95	Tseung Kwan O Catholic Primary School Area 57 (School 2), Tseung Kwan O, NT	Sai Kung	95
5.	Tai Po Government Primary School (AM, PM) Wan Tau Kok Path, Tai Po, NT	Tai Po	84	Tai Po Government Primary School Tai Po Tai Wo Road, Tai Po, NT	Tai Po	84
6.	QES Old Students' Association Branch Primary School (PM) Phase 1, Tin Yiu Estate, Tin Shui Wai, Yuen Long	Yuen Long	72	QES Old Students' Association Branch Primary School Area 3, Phase 4, Tin Shui Wai, Yuen Long, NT	Yuen Long	72

	Name / address of bi-sessional school before conversion	District	Primary One Allocation Net <small>(Note 1)</small>	Name / address of whole-day school after conversion	District	Primary One Allocation Net <small>(Note 1)</small>
7.	TWGH Yiu Dak Chi Mem Primary School (PM) Tin Shui Estate, Tin Shui Wai, NT	Yuen Long	72	TWGH Leo Tung Hai Lee Primary School Tin Tan Street, Tin Shui Wai, Yuen Long, NT	Yuen Long	72
8.	SKH Chi Fu Chi Nam Primary School (AM) Chi Fu Close, Pokfulam, HK	Southern	17	SKH Tin Wan Chi Nam Primary School Tin Wan, Aberdeen, HK	Southern	18
9.	Ka Ling School of the Precious Blood Yuen Chau Street Estate, Sham Shui Po, Kln	Sham Shui Po	39	Ka Ling School of the Precious Blood Hai Tan Street, Sham Shui Po, Kln	Sham Shui Po	39
New schools starting operation in the 2000-01 school year <small>(Note 2) (Note 3)</small>						
10.	Java Road Government Primary School Tong Shui Road, North Point, HK	Eastern	14	(School name pending) Aldrich Bay Reclamation	Eastern	15
11.	Yaumati Catholic Primary School Tung Kun Street, Yau Ma Tei, Kln	Yau Tsim Mong	31	(School name pending) West Kowloon Reclamation (Yau Tsim Mong)	Yau Tsim Mong	31
12.	St. Bonaventure Catholic Primary School Fung Lai Road, Fung Tak Estate, Diamond Hill, Kln	Wong Tai Sin	45	(School name pending) Tsz Ching Estate Phase 2 Redevelopment	Wong Tai Sin	45
13.	Ngau Tau Kok Catholic Primary School Upper Ngau Tau Kok Estate, Kwun Tong, Kln	Kwun Tong	48	(School name pending) Lok Wah Estate, Kwun Tong	Kwun Tong	48
14.	PLK Chong Kee Ting Primary School Yiu On Estate, Ma On Shan, Sha Tin, NT	Sha Tin	89	(School name pending) Area 100, Ma On Shan	Sha Tin	89

	Name / address of bi-sessional school before conversion	District	Primary One Allocation Net <small>(Note 1)</small>	Name / address of whole-day school after conversion	District	Primary One Allocation Net <small>(Note 1)</small>
15.	Shatin Methodist Primary School Kwong Yuen Estate, Sha Tin, NT	Sha Tin	91	(School name pending) Area 90B, Ma On Shan	Sha Tin	89
16.	SKH Holy Spirit Primary School Lek Yuen Estate, Sha Tin, NT	Sha Tin	90	(School name pending) Area 77, Ma On Shan	Sha Tin	89
17.	SKH Wing Chun Primary School Kat Cheung Crescent, Shek Wu Hui, Sheung Shui, NT	North	80	(School name pending) Area 39A, Fanling	North	81
18.	SKH Chu Oi Primary School Blk 8, Shek Lei Estate, Kwai Chung, NT	Kwai Tsing	64	(School name pending) Shek Yam Estate, Phase 2 Redevelopment, Kwai Tsing	Kwai Tsing	64
19.	SKH Ho Chak Wan Primary School Cheung Hang Estate, Tsing Yi Island NT	Kwai Tsing	66	(School name pending) Area 1, Tsing Yi, Kwai Tsing	Kwai Tsing	66
20.	Precious Blood Primary School (Wah Fu Estate) Wah Fu Estate, Pokfulam, HK	Southern	18	(School name pending) South Horizons, Apleichau	Southern	18
21.	(Pending School Allocation Committee's decision)			West Kowloon Reclamation (Tai Kok Tsui)	Yau Tsim Mong	32
New schools starting operation in the 2001-02 school year <small>(Note 3) (Note 4)</small>						
22.	HK & Macau Lutheran Church Primary School Chap Fuk Road, Tseung Kwan O, NT	Sai Kung	95	(School name pending) Phase 3, Area 74, Tseung Kwan O, Sai Kung, NT	Sai Kung	95

	Name / address of bi-sessional school before conversion	District	Primary One Allocation Net <small>(Note 1)</small>	Name / address of whole-day school after conversion	District	Primary One Allocation Net <small>(Note 1)</small>
23.	(Pending School Allocation Committee's decision)			St George's School Site, Kowloon Tong (School 1)	Kowloon City	41
24.	(Pending School Allocation Committee's decision)			St George's School Site, Kowloon Tong (School 2)	Kowloon City	41
25.	(Pending School Allocation Committee's decision)			Whampoa Garden Hung Hom (School 4)	Kowloon City	35
26.	(Pending School Allocation Committee's decision)			Hung Hom Bay Reclamation	Kowloon City	35
27.	(Pending School Allocation Committee's decision)			Sau Mau Ping Estate Redevelopment, Phase 9	Kwun Tong	48
28.	(Pending School Allocation Committee's decision)			Area 29, Tuen Mun	Tuen Mun	70
New schools starting operation in the 2002-03 school year <small>(Note 3) (Note 4)</small>						
29.	(Pending School Allocation Committee's decision)			Phase 4, Aldrich Bay Reclamation	Eastern	15
30.	(Pending School Allocation Committee's decision)			Cheung Man Road, Chai Wan	Eastern	16
31.	(Pending School Allocation Committee's decision)			Fat Tseung Street, Sham Shui Po	Sham Shui Po	39
32.	(Pending School Allocation Committee's decision)			Po Kong Village Road, Wong Tai Sin (School 1)	Wong Tai Sin	45
33.	(Pending School Allocation Committee's decision)			Po Kong Village Road, Wong Tai Sin (School 2)	Wong Tai Sin	45
34.	(Pending School Allocation Committee's decision)			Po Kong Village Road, Wong Tai Sin (School 3)	Wong Tai Sin	45
35.	(Pending School Allocation Committee's decision)			Kai Lai Road, Kowloon Bay	Kwun Tong	46

	Name / address of bi-sessional school before conversion	District	Primary One Allocation Net <small>(Note 1)</small>	Name / address of whole-day school after conversion	District	Primary One Allocation Net <small>(Note 1)</small>
36.	(Pending School Allocation Committee's decision)			Wang Chiu Road, Kowloon Bay	Kwun Tong	46
37.	(Pending School Allocation Committee's decision)			Area 12, Tai Po	Tai Po	85
38.	(Pending School Allocation Committee's decision)			Sheung Kok Street, Tai Wo Hau, Kwai Chung	Kwai Tsing	65
39.	(Pending School Allocation Committee's decision)			Lai Chi Kok Public Housing Estate, Phase 4	Kwai Tsing	65
40.	(Pending School Allocation Committee's decision)			Kwai Chung Estate Redevelopment	Kwai Tsing	65

(Note 1) The Primary One Allocation (POA) nets will be revised from time to time. The POA nets of schools that come into operation in the 1999-2000 and 2000-01 school years are allocated in accordance with the respective POA netting arrangements of the relevant years in which these schools commence operation. The POA nets of schools that will come into operation in or after the 2001-02 school year are tentatively allocated according to the POA netting arrangement in 2000. The lists of POA nets for 1999 and 2000 are at Appendix 1 and Appendix 2 respectively.

(Note 2) Apart from school number 21, the School Allocation Committee (SAC) has already allocated all the new school premises which will commence operation in the 2000-01 school year. However, the relevant school sponsoring bodies have not yet decided on whether to move the AM or PM session of existing schools to the new school premises, as well as on the name of the new schools.

(Note 3) Those new school premises which will come into operation in the 2000-01 to 2002-03 school years are still being constructed. The addresses of these schools can only be confirmed after the school premises are completed.

(Note 4) Apart from school number 22, the SAC has not yet decided how to allocate the new school premises which will commence operation in the 2001-02 and 2002-03 school years. The school sponsoring body of school number 22 has not yet decided on whether to move the AM or PM session to the new school premises, as well as on the name of the new school.

Graduates of UGC-funded Programmes in "Computer Science/Information Technology" and "Engineering/Technology" in 1999

(headcount)¹

		MODE	DURATION(years)				Full-time total	Part-time						Part-time total	Grand Total
		Full-time	1	2	3	4		1 & below	2	3	4	5	6		
HEI	LEVEL														
CityU	Sub-degree	-	-	361	-	361	-	-	49	22	-	-	71	432	
	Undergraduate	-	-	478	105	583	-	-	-	117	-	47	164	747	
	Taught postgraduate	20	-	-	-	20	-	96	20	-	-	-	116	136	
	Research postgraduate	-	18	13	-	30	-	-	-	18	-	4	21	51	
CityU Total		20	18	852	105	994	-	96	69	157	-	51	372	1 366	
HKBU	Undergraduate	-	-	113	-	113	-	-	-	-	-	-	-	113	
	Taught postgraduate	-	-	-	-	-	-	13	-	-	-	-	13	13	
	Research postgraduate	-	2	1	-	3	-	-	-	-	-	-	-	3	
HKBU Total		-	2	114	-	116	-	13	-	-	-	-	13	129	
CUHK	Undergraduate	-	-	497	-	497	-	-	-	-	-	-	-	497	
	Taught postgraduate	7	-	-	-	7	-	4	-	-	-	-	4	11	
	Research postgraduate	-	64	7	-	71	-	-	-	-	-	-	-	71	
CUHK Total		7	64	504	-	575	-	4	-	-	-	-	4	579	
HKIEd	Sub-degree	10	36	12	-	59	182	12	-	-	-	-	194	253	
HKIEd Total		10	36	12	-	59	182	12	-	-	-	-	194	253	
PolyU	Sub-degree	-	549	-	-	549	-	-	121	26	-	-	147	696	
	Undergraduate	-	-	195	453	648	-	-	72	109	-	-	181	829	
	Taught postgraduate	79	-	-	-	79	-	13	-	277	-	-	290	369	
	Research postgraduate	-	16	29	-	45	-	-	13	-	18	-	31	75	
PolyU Total		79	565	224	453	1 321	-	13	206	412	18	-	649	1 969	
HKUST	Undergraduate	-	-	741	-	741	-	-	-	-	-	-	-	741	
	Taught postgraduate	-	18	-	-	18	-	-	-	66	-	-	66	84	
	Research postgraduate	-	81	26	-	107	-	-	-	17	-	6	23	130	
HKUST Total		-	99	767	-	866	-	-	-	83	-	6	89	955	
HKU	Undergraduate	-	-	521	-	521	-	-	-	-	-	-	-	521	
	Taught postgraduate	11	-	-	-	11	-	193	-	-	-	-	193	204	
	Research postgraduate	-	17	4	-	21	-	-	25	26	-	-	51	72	
HKU Total		11	17	525	-	553	-	193	25	26	-	-	244	797	
	Sub-degree total ²	10	585	373	-	969	182	12	170	48	-	-	412	1 381	
	Undergraduate total ³	-	-	2 545	558	3 103	-	-	72	226	-	47	345	3 448	
	Taught postgraduate total ⁴	117	18	-	-	135	-	319	20	343	-	-	681	817	
	Research postgraduate total	-	197	80	-	277	-	-	38	61	18	10	126	402	
Grand Total		128	801	2 998	558	4 484	182	331	299	677	18	57	1 564	6 048	

Projected Graduates of UGC-funded Programmes in "Computer Science/Information Technology" and "Engineering/Technology" in 2000

(headcount)¹

		MODE		DURATION(years)				Full-time total						Part-time						Part-time total		Grand Total	
		Full-time												1 & below									
HEI	LEVEL	1	2	3	4							1	2	3	4	5	6						
CityU	Sub-degree	-	-	312	-							-	-	68	29	-	-	97		409			
	Undergraduate	-	-	575	103							-	-	-	113	92	53	258		936			
	Taught postgraduate	46	-	-	-							-	118	21	-	-	-	139		185			
	Research postgraduate	-	20	9	-							-	-	-	11	-	8	19		47			
CityU Total		46	20	896	103	1 064						-	118	89	153	92	61	513		1 577			
HKBU	Undergraduate	-	-	124	-	124						-	-	-	-	-	-	-		124			
	Taught postgraduate	-	-	-	-	-						-	25	-	-	-	-	25		25			
	Research postgraduate	-	5	1	-	6						-	-	-	1	-	-	1		7			
HKBU Total		-	5	125	-	130						-	25	-	1	-	-	26		156			
LU	Research postgraduate	-	1	-	-	1						-	-	-	-	-	-	-		1			
LU Total		-	1	-	-	1						-	-	-	-	-	-	-		1			
CUHK	Undergraduate	-	-	523	-	523						-	-	-	-	-	-	-		523			
	Taught postgraduate	2	-	-	-	2						-	-	-	-	-	-	-		2			
	Research postgraduate	-	97	32	-	129						-	-	5	1	-	-	6		135			
CUHK Total		2	97	555	-	654						-	-	5	1	-	-	6		660			
HKIEd	Sub-degree	10	33	16	-	59						431	12	0	-	-	-	444		503			
	Taught postgraduate	6	-	-	-	6						-	-	-	-	-	-	-		6			
HKIEd Total		16	33	16	-	65						431	12	0	-	-	-	444		509			
PolyU	Sub-degree	-	563	-	-	563						-	20	97	17	-	-	134		697			
	Undergraduate	-	-	229	430	659						-	-	72	109	-	-	181		840			
	Taught postgraduate	81	-	-	-	81						-	15	-	260	-	-	275		356			
	Research postgraduate	-	48	45	-	92						-	-	15	-	22	-	37		129			
PolyU Total		81	611	274	430	1 395						-	35	184	386	22	-	626		2 022			
HKUST	Undergraduate	-	-	734	-	734						-	-	-	-	-	-	-		734			
	Taught postgraduate	-	15	-	-	15						-	-	-	77	-	-	77		92			
	Research postgraduate	-	102	28	-	130						-	-	-	11	-	3	14		144			
HKUST Total		-	117	762	-	879						-	-	-	88	-	3	91		970			
HKU	Undergraduate	-	-	586	-	586						-	-	-	-	-	-	-		586			
	Taught postgraduate	17	-	-	-	17						-	301	-	-	-	-	301		318			
	Research postgraduate	-	35	19	-	54						-	-	10	2	-	-	12		66			
HKU Total		17	35	605	-	657						-	301	10	2	-	-	313		970			
	Sub-degree total ²	10	596	328	-	934						431	32	165	46	-	-	675		1 609			
	Undergraduate total ³	-	-	2 771	533	3 304						-	-	72	222	92	53	439		3 743			
	Taught postgraduate total ⁴	151	15	-	-	166						-	459	21	337	-	-	817		983			
	Research postgraduate total	-	307	133	-	441						-	-	30	26	22	11	89		530			
Grand Total		161	919	3 233	533	4 846						431	492	288	631	114	64	2 020		6 865			

Projected Graduates of UGC-funded Programmes in "Computer Science/Information Technology" and "Engineering/Technology" in 2001

(headcount)¹

		MODE	DURATION(years)				Full-time total	Part-time						Part-time total	Grand Total
		Full-time	1	2	3	4		1 & below	2	3	4	5	6		
HEI	LEVEL														
CityU	Sub-degree	-	-	333	-	333	-	-	30	31	-	-	61	394	
	Undergraduate	-	-	542	114	656	-	-	-	118	50	-	168	824	
	Taught postgraduate	38	-	-	-	38	-	100	17	-	-	-	117	155	
	Research postgraduate	-	33	7	-	40	-	-	-	15	-	6	21	60	
CityU Total		38	33	882	114	1 067	-	100	47	164	50	6	367	1 433	
HKBU	Undergraduate	-	-	68	-	68	-	-	-	-	-	-	-	68	
	Taught postgraduate	-	-	-	-	-	-	20	-	-	-	-	20	20	
	Research postgraduate	-	3	1	-	4	-	-	-	-	-	-	-	4	
HKBU Total		-	3	69	-	72	-	20	-	-	-	-	20	92	
LU	Research postgraduate	-	1	-	-	1	-	-	-	-	-	-	-	1	
LU Total		-	1	-	-	1	-	-	-	-	-	-	-	1	
CUHK	Undergraduate	-	-	488	-	488	-	-	-	-	-	-	-	488	
	Taught postgraduate	1	-	-	-	1	-	-	-	-	-	-	-	1	
	Research postgraduate	-	103	34	-	137	-	-	1	-	-	-	1	138	
CUHK Total		1	103	522	-	626	-	-	1	-	-	-	1	627	
HKIEd	Sub-degree	13	34	19	-	66	437	18	0	-	-	-	454	520	
	Undergraduate	-	27	-	-	27	-	-	-	-	-	-	-	27	
	Taught postgraduate	14	-	-	-	14	-	8	-	-	-	-	8	22	
HKIEd Total		27	61	19	-	107	437	25	0	-	-	-	462	568 ⁵	
PolyU	Sub-degree	-	614	138	-	752	-	53	46	38	-	-	137	888	
	Undergraduate	-	-	218	450	668	-	-	95	132	-	-	227	895	
	Taught postgraduate	92	-	-	-	92	-	24	-	272	-	-	296	388	
	Research postgraduate	-	96	45	-	141	-	-	14	-	10	-	24	165	
PolyU Total		92	710	401	450	1 653	-	77	155	442	10	-	683	2 336	
HKUST	Undergraduate	-	-	715	-	715	-	-	-	-	-	-	-	715	
	Taught postgraduate	-	19	-	-	19	-	-	-	61	-	-	61	80	
	Research postgraduate	-	105	45	-	150	-	-	-	11	-	7	18	168	
HKUST Total		-	124	760	-	884	-	-	-	72	-	7	79	963	
HKU	Undergraduate	-	-	574	-	574	-	-	-	-	-	-	-	574	
	Taught postgraduate	17	-	-	-	17	-	274	-	-	-	-	274	291	
	Research postgraduate	-	74	64	-	138	-	-	6	1	-	-	7	145	
HKU Total		17	74	638	-	729	-	274	6	1	-	-	281	1 010	
	Sub-degree total ²	13	648	490	-	1 151	437	71	76	69	-	-	652	1 803	
	Undergraduate total ³	-	27	2 604	564	3 195	-	-	95	250	50	-	395	3 590	
	Taught postgraduate total ⁴	162	19	-	-	181	-	426	17	333	-	-	775	956	
	Research postgraduate total	-	414	196	-	611	-	-	21	27	10	13	71	681	
Grand Total		175	1 108	3 291	564	5 138	437	497	208	678	60	13	1 893	7 030 ⁶	

Projected Graduates of UGC-funded Programmes in "Computer Science/Information Technology" and "Engineering/Technology" in 2002

(headcount)¹

		MODE		DURATION(years)				Full-time total	Part-time						Part-time total	Grand Total
		Full-time							1 & below							
HEI	LEVEL	1	2	3	4											
CityU	Sub-degree	-	-	319	-	319	-	-	34	28	-	-	62	381		
	Undergraduate	-	-	526	95	621	-	-	-	80	76	-	156	777		
	Taught postgraduate	38	-	-	-	38	-	93	17	-	-	-	110	148		
	Research postgraduate	-	36	6	-	42	-	-	-	12	-	3	15	56		
CityU Total		38	36	851	95	1 020	-	93	51	120	76	3	342	1 362		
HKBU	Undergraduate	-	-	83	-	83	-	-	-	-	-	-	-	83		
	Taught postgraduate	-	-	-	-	-	-	22	-	-	-	-	22	22		
	Research postgraduate	-	-	1	-	1	-	-	-	-	-	-	-	1		
HKBU Total		-	-	84	-	84	-	22	-	-	-	-	22	106		
LU	Research postgraduate	-	1	-	-	1	-	-	-	-	-	-	-	1		
LU Total		-	1	-	-	1	-	-	-	-	-	-	-	1		
CUHK	Undergraduate	-	-	479	-	479	-	-	-	-	-	-	-	479		
	Taught postgraduate	1	-	-	-	1	-	-	-	-	-	-	-	1		
	Research postgraduate	-	70	28	-	98	-	-	1	1	-	-	2	100		
CUHK Total		1	70	507	-	578	-	-	1	1	-	-	2	580		
HKIED	Sub-degree	12	12	16	-	40	36	17	0	-	-	-	53	93		
	Undergraduate	-	19	-	-	19	-	-	-	-	-	-	-	19		
	Taught postgraduate	35	-	-	-	35	-	14	-	-	-	-	14	49		
HKIED Total		47	31	16	-	94	36	30	0	-	-	-	67	161		
PolyU	Sub-degree	-	744	138	-	881	-	84	84	-	-	-	168	1 049		
	Undergraduate	-	-	216	442	658	-	-	102	118	-	-	220	878		
	Taught postgraduate	90	-	-	-	90	-	14	-	244	-	-	258	348		
	Research postgraduate	-	75	50	-	125	-	-	19	-	20	-	39	163		
PolyU Total		90	818	404	442	1 754	-	98	204	362	20	-	684	2 438		
HKUST	Undergraduate	-	-	697	-	697	-	-	-	-	-	-	-	697		
	Taught postgraduate	-	17	-	-	17	-	-	-	47	-	-	47	64		
	Research postgraduate	-	101	36	-	137	-	-	-	9	-	8	17	154		
HKUST Total		-	118	733	-	851	-	-	-	56	-	8	64	915		
HKU	Undergraduate	-	-	574	-	574	-	-	-	-	-	-	-	574		
	Taught postgraduate	17	-	-	-	17	-	209	-	-	-	-	209	226		
	Research postgraduate	-	122	68	-	190	-	-	10	6	-	-	16	206		
HKU Total		17	122	642	-	781	-	209	10	6	-	-	225	1 006		
	Sub-degree total ²	12	756	473	-	1 241	36	101	118	28	-	-	283	1 523		
	Undergraduate total ³	-	19	2 575	537	3 131	-	-	102	198	76	-	376	3 507		
	Taught postgraduate total ⁴	181	17	-	-	198	-	351	17	291	-	-	659	858		
	Research postgraduate total	-	404	189	-	593	-	-	30	28	20	11	88	681		
Grand Total		193	1 196	3 237	537	5 163	36	452	267	545	96	11	1 406	6 569		

Note:

1. As some of the UGC-funded programmes are mapped to more than one academic programme category (APC), numbers of graduates of these programmes are distributed pro rata among the APCs concerned. This results in some APCs having decimal graduate figures which have all been rounded to the nearest whole number and thus may not add up to the respective totals.

2. Sub-degree programmes include -

Institution	Programme	Mode of Attendance
CityU	HD Building Services Engineering	Full-time/Part-time evening
CityU	HD Computer Studies	Full-time/Part-time evening
CityU	HD Surveying	Full-time/Part-time
PolyU	Cert Land Surveying and Cartography	Part-time day
PolyU	HD Building Services Engineering	Full-time
PolyU	HD Civil Engineering	Full-time
PolyU	HD Electrical Engineering	Full-time
PolyU	HD Electronic & Information Engineering	Full-time
PolyU	HD Geomatics	Full-time
PolyU	HD Information Systems	Full-time
PolyU	HD Manufacturing Engineering	Full-time
PolyU	HD Mechanical Engineering	Full-time
PolyU	Post-experience Scheme Engineering	Part-time
HKIED	Technical Teacher's Certificate (1-Year full-time)	Full-time
HKIED	In-service Short Course for Technical/ Commercial Teachers in Secondary Schools	Part-time
HKIED	In-service Course for Teaching and Instructional Staff Working with the Handicapped	Part-time
HKIED	Refresher Training Course for Serving Secondary School Teachers (Technical)	Part-time

3. Undergraduate programmes include -

Institution	Programme	Mode of Attendance
CityU	BEng(Hons) Building Services Engg	Full-time
CityU	BEng(Hons) Computer Engineering	Full-time
CityU	BEng(Hons) Electronic Engineering	Full-time/Part-time evening
CityU	BEng(Hons) Manufacturing Engineering	Full-time/Part-time evening
CityU	BEng(Hons) Mechatronic Engineering	Full-time/Part-time evening
CityU	BSc(Hons) Building Surveying	Full-time
CityU	BSc(Hons) Computer Studies	Sandwich/Part-time evening
CityU	BSc(Hons) Construction Engg & Mgt	Full-time
CityU	BSc(Hons) Engg Science & Technology Mgt	Full-time
CityU	BSc(Hons) Ind Engg & Engg Mgt	Full-time
CityU	BSc(Hons) Information Technology	Full-time
CityU	BSc(Hons) Materials Technology	Full-time
CityU	BSc(Hons) Quantity Surveying	Full-time

Institution	Programme	Mode of Attendance
HKBU	BSc Computer Science (Computer Systems)	Full-time
HKBU	BSc Computing Studies (Information Systems)	Full-time
CUHK	BEng Computer Engineering	Full-time
CUHK	BEng Electronic Engineering	Full-time
CUHK	BEng Information Engineering	Full-time
CUHK	BEng Mechanical & Automation Engineering	Full-time
CUHK	BEng Systems Engineering & Engineering Management	Full-time
CUHK	BSc Computer Science	Full-time
PolyU	BA (Hons) Computing	Sandwich
PolyU	BEng (Hons) Building Services Engineering	Sandwich
PolyU	BEng (Hons) Civil Engineering	Sandwich/Part-time
PolyU	BEng (Hons) Electrical Engineering	Sandwich/Part-time
PolyU	BEng (Hons) Electronic & Information Engineering	Sandwich/Part-time
PolyU	BEng (Hons) Environmental Engineering	Full-time
PolyU	BEng (Hons) Manufacturing Engineering	Sandwich/Part-time
PolyU	BEng (Hons) Mechanical Engineering	Sandwich/Part-time
PolyU	BSc (Hons) Building Surveying	Full-time
PolyU	BSc (Hons) Engineering Physics	Full-time/Part-time
PolyU	BSc (Hons) Information Technology	Full-time
PolyU	BSc (Hons) Surveying & Geo-informatics	Full-time
PolyU	BSc (Hons) Textiles	Full-time/Part-time
HKUST	BEng Chemical and Environmental Engineering	Full-time
HKUST	BEng Chemical and Polymer Engineering	Full-time
HKUST	BEng Chemical Engineering	Full-time
HKUST	BEng Civil & Structural Engineering	Full-time
HKUST	BEng Computer Engineering	Full-time
HKUST	BEng Computer Science	Full-time
HKUST	BEng Computer Science & Computer Engineering	Full-time
HKUST	BEng Computer Science (Information Engineering)	Full-time
HKUST	BEng Electronic Engineering	Full-time
HKUST	BEng Industrial Engineering & Engineering Management	Full-time
HKUST	BEng Mechanical Engineering	Full-time
HKUST	BEng Mechanical Engineering (Building Services)	Full-time
HKU	BEng (Civil Engineering)	Full-time
HKU	BEng (Computer Engineering)	Full-time
HKU	BEng (Electrical and Electronic Engineering)	Full-time
HKU	BEng (Electrical Energy Systems Engineering)	Full-time
HKU	BEng (Industrial Management & Manufacturing Systems Engineering)	Full-time
HKU	BEng (Mechanical Engineering)	Full-time
HKU	BSc in Computer Science	Full-time

4. Taught Postgraduate programmes include -

Institution	Programme	Mode of Attendance
CityU	MA Information Systems (Development)	Part-time evening
CityU	MA Information Systems(Management)	Part-time evening
CityU	MSc Automation Systems and Management	Part-time evening
CityU	MSc Computer Science	Part-time evening
CityU	MSc Electronic Engineering	Part-time evening
CityU	MSc Engineering Management	Part-time evening
CityU	MSc Materials Management & Technology	Part-time evening
HKBU	MSc Scientific Computing	Part-time
CUHK	MEng Computer Science and Engineering	Full-time
CUHK	MEng Information Engineering	Full-time
CUHK	MEng Systems Engineering & Eng. Management	Part-time
PolyU	MEng Building Services Engineering	Full-time
PolyU	MEng Civil Engineering	Full-time
PolyU	MEng Electrical Engineering	Full-time
PolyU	MEng Electronic Engineering	Full-time
PolyU	MEng Environmental Engineering	Full-time
PolyU	MEng Manufacturing Engineering	Full-time
PolyU	MEng Mechanical Engineering	Full-time
PolyU	Modular Postgraduate Scheme in Construction	Part-time
PolyU	Modular Postgraduate Scheme in Engineering	Part-time
PolyU	Modular Postgraduate Scheme In Textiles & Clothing	Part-time
PolyU	MSc Information Systems	Part-time
HKUST	MSc Chemical Engineering	Full-time/Part-time
HKUST	MSc Civil & Structural Engineering	Part-time
HKUST	MSc Civil Engineering	Full-time
HKUST	MSc Computer Science	Full-time/Part-time
HKUST	MSc Electrical & Electronic Engineering	Part-time
HKUST	MSc Environmental Engineering	Full-time/Part-time
HKUST	MSc Environmental Science	Full-time/Part-time
HKUST	MSc Industrial Engineering & Engineering Management	Full-time/Part-time
HKUST	MSc Materials Science & Engineering	Full-time/Part-time
HKUST	MSc Mechanical Engineering	Full-time/Part-time
HKU	MSc in Computer Science	Full-time/Part-time
HKU	MSc in Engineering	Part-time
HKIED	Postgraduate Diploma in Education (Technology)	Part-time

upgrading the sub-degree courses offered by the Hong Kong Institute of Education (HKIED) to degree or above level. Some existing IT-related courses offered by the HKIED will be replaced by teacher training courses offered by the HKIED and other institutions. Hence, about 400 places will no longer be classified as IT-related.

6. University Grants Committee (UGC) Secretariat has updated the projected number of graduates of UGC-funded institutions in 2001 and 2002. The projected figures for 2001 and 2002 listed in Annex A are higher than the previous estimates by around 100 respectively.

Enrolment of IT-related courses run by IVE in 1999-2000

Mode	Level	Duration (Year)	Enrolment 1999-2000
Full-time	Higher Technician	3	900
Full-time	Higher Technician/Technician	3/2	1 858
Full-time	Technician	2	1 056
Full-time	Craft	1	40
Par-time Day-release	Higher Technician	2	155
Par-time Day-release	Technician	2	137
Part-time Evening	Higher Technician	3	1 649
Part-time Evening	Higher Technician	2	715
Part-time Evening	Technician	3	644
Part-time Evening	Technician	2	810
Total:			7 964

IT-related courses offered by IVE in 1999-2000Computing and Mathematics

Mode	Level	Title
Full-time	Higher Technician	HD in Software Engineering
Full-time	Higher Technician	HD in Information Systems
Full-time	Higher Technician	HD in Information Technology
Full-time	Higher Technician/Technician	Computer Systems Administration & Software Engineering Subject G
Full-time	Higher Technician/Technician	Information Systems & Network Applications Subject Group
Full-time	Technician	Diploma in CS (Commercial Applications)
Full-time	Technician	Diploma in CS (Communications)
Full-time	Technician	Diploma in CS (Technical Applications)
Full-time	Technician	Diploma in Commercial Computing Application
Par-time Day-release	Technician	Certificate in Computing Studies
Part-time Evening	Higher Technician	HC in Software Engineering
Part-time Evening	Higher Technician	HC in Information Systems
Part-time Evening	Higher Technician	HC in Information Technology
Part-time Evening	Higher Technician	HC in Applied Computing
Part-time Evening	Higher Technician	HD in Computing
Part-time Evening	Higher Technician	HD in Software Engineering
Part-time Evening	Technician	Certificate in Computing Studies
Part-time Evening	Technician	Certificate in Computing

Electrical and Electronic Engineering

<u>Mode</u>	<u>Level</u>	<u>Title</u>
Full-time	Higher Technician	HD in Electronic Engineering
Full-time	Higher Technician	HD in Computer Engineering
Full-time	Higher Technician	HD in Communications Engineering
Full-time	Higher Technician/Technician	Electronic & Information Engineering Subject Group
Full-time	Higher Technician/Technician	HD/D in Telecommunications Engineering
Full-time	Technician	Diploma in Electronics & Communications
Full-time	Technician	Diploma in Computer & Communications Engineering
Par-time Day-release	Higher Technician	HC in Electronic Engineering
Par-time Day-release	Higher Technician	HC in Computer Engineering
Par-time Day-release	Technician	Certificate in Electronics
Par-time Day-release	Technician	Certificate in Computer & Communications Engineering
Par-time Day-release	Technician	Certificate in Electronic & Communications Engineering
Part-time Evening	Higher Technician	HC in Electronic Engineering
Part-time Evening	Higher Technician	HC in Computer Engineering
Part-time Evening	Higher Technician	HC in Electronic & Communications Engineering
Part-time Evening	Higher Technician	HD in Electronic and Computer Engineering
Part-time Evening	Higher Technician	HD in Electronic & Communications Engineering
Part-time Evening	Higher Technician	Associateship in Engineering (Electronic)
Part-time Evening	Technician	Certificate in Electronics
Part-time Evening	Technician	Certificate in Computer & Communications Engineering
Part-time Evening	Technician	Certificate in Electronic & Communications

Business Administration

<u>Mode</u>	<u>Level</u>	<u>Title</u>
Full-time	Craft	Certificate in Word Processing & Office Practice