

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 24 May 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 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 MARTIN LEE CHU-MING, S.C., J.P.

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

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

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

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

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

THE HONOURABLE NG LEUNG-SING

PROF THE HONOURABLE NG CHING-FAI

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

THE HONOURABLE RONALD ARCULLI, J.P.

THE HONOURABLE MA FUNG-KWOK

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING

THE HONOURABLE CHRISTINE LOH

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE 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 LAW CHI-KWONG, J.P.

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

THE HONOURABLE FUNG CHI-KIN

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

MEMBERS ABSENT:

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

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE MARGARET NG

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

PUBLIC OFFICERS ATTENDING:

MR GORDON SIU KWING-CHUE, J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

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

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

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

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

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 CLEMENT MAK CHING-HUNG, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

MR PATRICK LAU LAI-CHIU, J.P.
SECRETARY FOR PLANNING AND LANDS

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

MRS REBECCA LAI KO WING-YEE, J.P.
SECRETARY FOR FINANCIAL SERVICES

CLERKS IN ATTENDANCE:

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

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

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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Other Paper

Report of the Bills Committee on Securities (Amendment) Bill 1999

ORAL ANSWERS TO QUESTIONS**Channels for Secondary 3 Students to Pursue Further Education**

1. **MR CHAN KWOK-KEUNG** (in Cantonese): *Madam President, regarding the channels for students who have completed Secondary Three to pursue further education, will the Government inform this Council of:*

- (a) *the number of Secondary Three students who could not further their studies due to inadequacy of school places in each of the past three years;*
- (b) *the number and percentage of students who have completed Secondary Three among all students enrolled in the Certificate in Vocational Studies (CVS) course of the Vocational Training Council (VTC) for this school year; whether there will be a minimum number of places designated for such students in respect of the CVS course for the next school year; and*
- (c) *the channels available to students who have completed Secondary Three to pursue further education; and the respective numbers of places being and to be offered by these channels at present and in each of the next three years?*

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

(a) and (c)

I would like to give my reply to parts (a) and (c) of the question first. Our existing policy objective is to provide 85% of students of the relevant age group with subsidized Secondary Four places. Apart from subsidized Secondary Four places, Secondary Three graduates may also pursue further studies through the following channels:

- (i) Secondary Four places offered by private schools;

- (ii) Secondary Four evening courses run by the Education Department (ED);
- (iii) courses offered, for example, by the VTC, Construction Industry Training Authority and Clothing Industry Training Authority; and
- (iv) overseas studies.

In 1997, 1998 and 1999, there were 84 890, 81 413 and 78 009 Secondary Three graduates respectively. Apart from overseas studies, the number of places offered by each of the above channels is at Annex A.

Annex A shows that the provision of places for further studies should be able to meet the demand of Secondary Three students. In fact, according to relevant statistics, the provision of subsidized Secondary Four places has already exceeded our original 85% target. Furthermore, not all Secondary Three graduates choose to further their studies; there are students who wish to start working.

The provision of places by various channels in the coming three years is at Annex B. We do not have relevant information on Secondary Four places offered by private schools in the coming three years.

- (b) In the current school year, 823 students have enrolled in the first year full-time CVS course offered by the VTC. According to the VTC, 555 (67.4%) of them are with Secondary Three qualification. In addition, 456 students have enrolled in the first year part-time evening CVS course in the current school year. Among them, 173 (37.9%) are with Secondary Three qualification.

In the coming school year (that is, 2000-01 school year), the VTC will continue to offer the CVS course. Places for the first year full-time CVS course will be increased to 1 220 and another 480 places will be made available under the part-time evening mode. After discussion with the Government, the VTC undertakes to give priority to Secondary Three school leavers in the admission to the

full-time CVS course. Only when the number of places exceeds that of enrolment from Secondary Three school leavers will the VTC accept applications by persons with qualifications above Secondary Three level.

Annex A

Number of study places offered by different channels

<i>Year</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
Secondary Three school leavers ¹	84 890	81 413	78 009
Subsidized Secondary Four places ¹	73 024	73 524	73 749
Secondary Four places offered by private schools ¹	5 276	4 808	3 498
Secondary Four places of evening courses run by the ED	2 040	2 120	2 240
Full-time first year post Secondary Three places of industrial training offered by the VTC	4 540	4 256	2 572
First year post Secondary Three places of vocational education offered by the VTC	60	340	1 620
Full-time post Secondary Three places offered by the Construction Industry Training Authority	1 500	1 540	1 640
Full-time post Secondary Three places offered by the Clothing Industry Training Authority	60	60	60

¹ Figures of Secondary Three school leavers, Secondary Four subsidized places and Secondary Four places offered by private schools do not include places of English Schools Foundation Schools and international schools. Subsidized Secondary Four places include places offered in government schools, aided schools, caput schools, and schools under Bought Place Scheme and Direct Subsidy Scheme.

Annex B

Planned provision of study places offered by different channels
in the coming three years

<i>Year</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
Subsidized Secondary Four places	73 320	73 840	75 000
Secondary Four places of evening courses run by the ED	2 240	2 240	2 240
Full-time first year post Secondary Three places of industrial training offered by the VTC	2 783	2 813	2 828
First year post Secondary Three places of vocational education offered by the VTC	1 780	1 780	1 780
Full-time post Secondary Three places offered by the Construction Industry Training Authority	1 640	1 640	1 640
Full-time post Secondary Three places offered by the Clothing Industry Training Authority	60	60	60

MR CHAN KWOK-KEUNG (in Cantonese): *Madam President, some teachers and students have told me that graduates of the CVS course offered by the VTC for Secondary Three leavers cannot continue with their studies after graduation. Will the Government inform this Council what channels these students may pursue to further their studies; and if there are no such channels available, are there any enhancement courses in place to provide the links to help these CVS graduates to pursue further studies?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): *Madam President, students who have completed the two-year CVS course may now proceed to other more advanced courses offered by the VTC. These courses include, for example, the one-year full-time foundation diploma course for students with Secondary Five qualification. Besides that, these students*

may also enrol in other technician-level courses offered by the VTC. So if these CVS graduates wish to further their studies, the VTC has provided channels that would link them to the courses.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, the Secretary mentions in the first paragraph of part (b) of the main reply that 555 students with Secondary Three qualification have enrolled in the CVS course. I would like to ask the Secretary what the number of applicants for the CVS course is and what is the percentage of successful applicants against the total number?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): *Madam President, I do not have any figures on this at hand, but I can still give a brief reply. We are certainly aware that students with qualifications above Secondary Three have been admitted to the CVS course, so after discussing with the VTC, it has been agreed with the VTC that with effect from the coming academic year, that is 2000-01, priority will be given to Secondary Three leavers for the CVS course.*

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, may I ask if the Secretary could give us a written reply later to inform us of the number of Secondary Three leavers who apply for this course and how many of them are admitted?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): *Madam President, as I have said earlier, I do not have any figures on that, but I will ask the VTC. If information is available, I will be glad to give a written reply. (Annex I)*

MR CHEUNG MAN-KWONG (in Cantonese): *Madam President, the current criticism against the VTC is that it is not conforming to its own role and is being too aggressive. It is concerned about its upgrading into a post-secondary institution but is not paying due attention to the Secondary Three leavers. From the main reply we can see that both the full-time and part-time evening CVS courses only admit two thirds and one third of students with Secondary Three*

qualification respectively. From this it can be seen that the VTC has a lot of places in its courses which do not take in Secondary Three leavers. Will the Government undertake that the courses offered by the VTC in future will give priority to admitting Secondary Three leavers and that the remaining places are to be filled by other applicants, such as those with Secondary Five qualification?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, as I have pointed out in the second paragraph of part (b) of the main reply, as a result of discussions with us, the VTC undertakes to give priority to Secondary Three leavers in the admission to the full-time CVS course starting from the coming 2000-01 school year. Only when the number of places exceeds that of enrolment from Secondary Three leavers will the VTC accept applications by persons with qualifications above Secondary Three level. I would also like to add that the VTC also offers other courses for those with qualifications above Secondary Three level.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, from the information contained in Annex A of the main reply, it can be seen that some figures are obviously changing over the years. Take for example the number of Secondary Three leavers who apply for industrial training and vocational education courses, the two figures both show that there are problems in decision making. In 1997, the number of full-time first year post Secondary Three places for industrial training was about 4 000, and the number was reduced to about 2 000 places thereafter. In 1997, the number of full-time first year post Secondary Three places of vocational education was only about 60, but the number rose to more than 1 000 later. Madam President, just as Mr CHEUNG Man-kwong has said, we have discussed this issue for more than a year in this Council. How will the Government plan to provide training for Secondary Three leavers so that they can meet the requirement of our community? Could the Secretary give us an answer on this supplementary question raised on Annex A of the main reply by telling us what criteria are used to determine the number of such places?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, the change which Miss CHAN Yuen-han has just referred to in fact shows how the VTC makes adjustments in accordance with the market

changes and the economic restructuring in Hong Kong. Taking industrial training as an example, the number of places has been reduced since 1997. It is because with the economic restructuring and the relocation of some of the industries, the VTC discovered that there was no need for the training of certain types of skills in the local market, so there were some substantial reductions in certain courses such as those on machines and metal goods manufacturing. In the wake of economic restructuring, there have been more demands for the service industries and some general skills such as in languages and computer, so the VTC thinks that resources previously put in certain industrial training should be shifted to the provision of comprehensive vocational education. Therefore, a two-year CVS course has been designed to train Secondary Three leavers in the English and Chinese languages, as well in computer skills. Honourable Members can see from Annex A that the number of places for courses of this kind has been increased since 1997 and the change shows that the VTC has taken into account the social and economic changes to make adjustments as appropriate.

MR HOWARD YOUNG (in Cantonese): *Madam President, yesterday I attended a training board meeting in the VTC. The meeting also discussed the issue and it seems that the pledge made by the Secretary in the second paragraph of part (b) of the main reply has been accepted. However, it is somewhat different from what I understand it. The Secretary says that the "VTC undertakes to give priority to Secondary Three school leavers in the admission to the full-time CVS course. Only when the number of places exceeds that of enrolment from Secondary Three school leavers will the VTC accept applications by persons with qualifications above Secondary Three level." But I would like to ask the Secretary if he is aware of the fact that the courses for Secondary Three leavers can be divided into one-year and two-year courses. The VTC has targetted many courses at the catering and hotel industries, and if Secondary Three leavers have completed a one-year course in these disciplines, it will not be of much use because there is an age limit for licensed liquor-selling premises to employ their staff. All those below the prescribed age limit will not be employed. In this connection, I would like to ask the Secretary whether he was referring to one-year or two-year courses when he said that priority would be given to Secondary Three leavers for admission? It is a fact that when Secondary Three leavers have completed a one-year course, they are unable to find any job.*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I am thankful to Mr YOUNG for his supplementary question. In the second paragraph of part (b) of my main reply, I have pointed out that we are referring to the full-time two-year CVS course especially geared for the Secondary Three leavers. The VTC, however, also offers other kinds of industrial training which are by nature not vocation education and are especially geared for certain trades. The VTC will take into account the various needs of each trade, including the age requirements for certain trades, and make adjustments as and when appropriate. In other words, there are places in industrial training courses which are suitable for application by persons with qualifications above Secondary Three level and those applicants with such qualifications or are of an older age may also be admitted. This is done to meet the needs of the trades in question.

MR ANDREW CHENG (in Cantonese): *Madam President, Annex A of the main reply shows that there are in fact many Secondary Three leavers who cannot pursue their studies in Secondary Four, nor can they enrol for courses offered by the VTC, the Construction Industry Training Authority and the Clothing Industry Training Authority. Will the authorities consider, in line with the objective of continual education proposed by the Government, adopting the training coupon system which we have suggested many times before, to encourage the young people to enrol in courses recognized by the Education Department so that they can pursue further education?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I am afraid it will take us a lot of time if we are to discuss the training coupon system. This Friday, we will submit a paper to the Finance Committee of the Legislative Council to ask for appropriations for the Project Springboard which aims at enabling Secondary Five leavers to pursue further studies. The Project is to be held with the collaboration of the post-secondary institutions in Hong Kong. Under the Project, if a student has successfully completed a module, the Government will give a rebate of one third of the tuition fees to the student. To a certain extent, this is some form of subsidy for personal advancement. Though this is different from the coupon system, at least we have attempted some initiatives in this respect.

PRESIDENT (in Cantonese): We have spent more than 15 minutes on this question. The last supplementary question.

MR NG LEUNG-SING (in Cantonese): *Madam President, the Government in the main reply mentions three training organizations, that is, the VTC, the Construction Industry Training Authority and the Clothing Industry Training Authority and the courses they offer. I would like to ask whether the courses these organizations offer can meet demands and whether the provision of any courses fails to meet demands. In this connection, what plans the Government has in place to cope with the situation?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): *Madam President, with regard to these three training organizations, as the courses offered by the VTC meet the demands of the market, so there are many people who want to enrol in these courses. Provided that there are sufficient resources, we will continue to increase the number of places in these courses. As for the Construction Industry Training Authority and the Clothing Industry Training Authority, we can see that the number of places in the courses they offer does not change so much. Regarding the Construction Industry Training Authority, the information available shows that presently the Secondary Three leavers do not show too much interest in joining the construction industry. So, almost all of the applicants to the construction courses are admitted. As for the Clothing Industry Training Authority, with the relocation of most of the garment manufacturing processes into China in recent years, the demand for these courses is actually decreasing and so the places in these courses are kept at a very low level.*

Population Growth

2. **MR NG LEUNG-SING** (in Cantonese): *Madam President, the population of Hong Kong at the end of last year stood at 6.97 million, representing an increase of 2.5% from the end of the preceding year. In this connection, will the Government inform this Council:*

- (a) *how the aforesaid population growth rate compares to the annual growth rates over the past decade, and of the factors contributing to the population growth in Hong Kong;*
- (b) *of the projected annual growth rates of the Hong Kong population for the next decade, the reasons for the future population growth, and the basis on which such projections are made; and*

- (c) *of the implications of the population growth in Hong Kong on the demands on natural, social and economic resources; whether there is any plan to formulate a population policy that matches the available resources; if so, the details of the plan; if not, the reasons for that?*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President:

- (a) The average annual population growth rate of Hong Kong for the last decade is 2%. The main factors contributing to the population growth are natural growth and the net inflow of population.
- (b) According to the Census and Statistics Department's latest projection, the average annual population growth of Hong Kong in the next decade would be 1.2%. About 30% of the population growth arises from "natural growth" (births minus deaths) while about 70% from the "net population inflow" (arrivals minus departures).

Population projection is calculated on the basis of births, deaths, migration and so on and the trends of these figures are derived from studies on previous trends and potential development in future.

In recent years, there have been significant changes in both the residence pattern and mobility of the population. The Census and Statistics Department is currently examining ways to adjust the definition and compilation method of demographic data and the methodology adopted for population projection will also be fine-tuned accordingly.

- (c) Population growth has inevitably created pressure on our natural resources, particularly on the demand for land. In this connection, the Government has, on the basis of various population projection scenarios, mapped out its long-term planning strategies and assessed their respective implications on natural resources and the environment including the demand for housing, employment, transport, infrastructure and community facilities. As regards

social and economic implication, population growth will generate greater demands for medical, welfare, education and social services. The respective bureaux concerned will accordingly undertake detailed planning in light of the demographic conditions and provide the necessary services accordingly. On the other hand, population growth will bring additional manpower resources which may have a positive socio-economic impact on the society. The amount of usable resources is determined by many complex factors such as economic growth, technology advancement, people's way of living behaviour and habits, and so on. Many of these factors are beyond the Government's control. For these reasons, the Government has not attempted to assess the amount of usable natural resource or on that basis formulate a policy to restrict our population.

MR NG LEUNG-SING (in Cantonese): *Madam President, I am grateful to the Government for the comparisons made on population projections. The Secretary in part (c) of his main reply mentions that population growth has invariably created pressure on our natural resources, particularly on the demand for land. If as the Secretary says, the average annual population growth of Hong Kong in the next decade would be 1.2%, I would like to ask the Secretary, with regard to the existing land available, and not counting the land which will become available as a result of reclamation or other changes made, until which year can the supply of land be sustained before a shortage will appear?*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): *Madam President, we will base our planning and development of land on the population projections we have made. According to the present projection, I do not think too much pressure will be created on the demand for land in the next decade. We are planning to launch a new study on the long-term development of the territory and we shall start to have more in-depth exploration into that.*

DR DAVID LI: *Madam President, will the Government conduct more detailed studies on the impact on our education, employment and social welfare brought by immigrants from China and elsewhere in the coming years?*

SECRETARY FOR PLANNING AND LANDS: Madam President, as the Secretary for Planning and Lands, I regret very much that I am not in the position to answer this question from the Honourable Member. However, I will certainly relay this question to my colleague, the Secretary for Education and Manpower. (Annex II)

PROF NG CHING-FAI (in Cantonese): *Madam President, I would like to follow up part (c) of the Secretary's main reply. The Secretary says that due to the existence of many complex factors, it is difficult for the Government to assess the amount of usable natural resources. However, I would still like to ask the Secretary whether the Government will, on the basis of the socio-economic conditions and natural resources available, assess the kind of negative impact on the sustainable development of our society should population exceed a certain level?*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President, as I have said in the main reply, it is a very complicated question to ascertain the amount of social and natural resources that will be able to sustain a certain population size in the next 10, 20 or 30 years. I think 10, 20 or 50 years ago, the experts on population projection and planning in Hong Kong, as well as those in the world, all found it hard to envisage the implications of population growth on a global scale. For though population has grown, we can explore new kinds of natural resources such as solar energy and hydro-electric power. Developments in science and technology also enable genetic modifications and hence greatly increase our food production. Due to unforeseeable developments such as these, it is difficult to ascertain the population size in a certain place that can be sustained over a certain period of time, say in the next 10 or 20 years. As I have said, however, we will look into these as we seek to map out our long-term development strategies. We have briefed the Panel on Planning, Lands and Works in its meeting the day before yesterday on this point.

PROF NG CHING-FAI (in Cantonese): *Madam President, may I follow up the question?*

PRESIDENT (in Cantonese): Prof NG, is this part of the supplementary question which you have just asked?

PROF NG CHING-FAI (in Cantonese): *Yes, it is still part of the supplementary question.*

PRESIDENT (in Cantonese): Please ask the question first and if I think it is not related to the supplementary question which you have just asked, then you should wait for your turn again.

PROF NG CHING-FAI (in Cantonese): *My follow-up question is: if things are as the Secretary says, then should the Government consider using some kind of model to undertake some simulated studies while taking these complicated factors into account? Or has the Government undertaken such studies already?*

PRESIDENT (in Cantonese): Prof NG, the question you have asked has nothing to do with the supplementary question which you have raised earlier. Please wait for your turn.

PROF NG CHING-FAI (in Cantonese): *It seems that the Secretary has not answered my supplementary question.*

PRESIDENT (in Cantonese): Prof NG, I am very sorry. If you think that the Secretary has not answered any part of your supplementary question, all you need to do is to say which part or parts have not been answered and you should not raise another question.

MR GARY CHENG (in Cantonese): *Madam President, the Secretary in the last paragraph of part (b) of the main reply states that in recent years, there have been significant changes in both the residence pattern and mobility of the population. As far as I understand it, this would mean the incoming and outgoing patterns within and outside the territory. In part (c) of the main reply, the Secretary also mentions that the scope of the assessment includes areas like transport, infrastructure and community facilities. I would like to know if the internal population mobility has likewise been taken fully into consideration. For I recall some of the projections made in the 1980s on the population on Hong*

Kong Island were not that accurate after all. For example, some of the projections were that the population in certain areas would decrease in 10 years' time, but the outcome was that it had increased. Would considerations like these be included in the projections?

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President, I think this would be included in our study.

MISS EMILY LAU (in Cantonese): *Madam President, I would also like to follow up what the Secretary has said on the many factors, the exact number of which we are not sure, which affect the amount of usable resources. It is because of this that the Secretary has said that the Government has not been able to formulate a policy to restrict our population on that basis. In this connection, I would like to ask the Secretary whether the Government has referred to those countries which have a population policy to see what factors they would take into account to form a basis for the formulation of a population policy?*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President, on the question of studying population policy in other countries, I believe some of my colleagues are probably undertaking such a study at present. As for the details, as the issue of population is not within the scope of work of the Planning and Lands Bureau, I am afraid I cannot give any further details on that. (Annex III)

Madam President, I would like to add, however, that when we are mapping out planning strategies, we would do so on the basis of various population projection scenarios. For example, we may assume that the population would reach 8 million or 10 million in five years, then we will plan according to different population scenarios. In general, we will sketch the so-called high scenario, middle scenario and low scenario, that is to say, what will it be like when the population is high, medium or low. Then we will adjust the planning according to these different scenarios. In this connection, our principle is that if the population grows to a certain level, then we will need to provide for certain necessary facilities. That is the principle we go by in handling population policy.

PRESIDENT (in Cantonese): Miss LAU, which part of your supplementary question has not been answered?

MISS EMILY LAU (in Cantonese): *Madam President, my supplementary question is whether the Government has made reference to the practice in other countries and the first thing which the Secretary has said is that some of his colleagues should be making a study on this. But the Secretary himself is not conducting the study. I would like to ask the Secretary whether the study that his colleagues are undertaking can be submitted to the Legislative Council?*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President, I will relay Miss LAU's request to my colleagues.

MISS CHOY SO-YUK (in Cantonese): *Madam President, last year the population of Hong Kong grew by 2.5%, of which 70% was derived from the difference between the number of arrivals and departures. The Secretary has said that there are many complex factors accounting for the effect of population growth on usable resources in the society. So no attempt has been made to formulate a policy to restrict our population. Madam President, I would like to know that under circumstances as these, and according to the Government's estimates, how many more years ahead can we expect to be able to sustain population growth at the present rate comfortably without having to worry about it and in the absence of any population policy?*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President, as I have explained to Honourable Members earlier, our ability to sustain population growth would depend on the amount of resources that can be used. However, it is a very difficult thing for us to foresee the amount of usable resources we have in the next five or 10 years. For usable resources may vary at any time. At the present moment we may see that some resources are not sufficient, but it does not follow that these resources will certainly be depleted in five or 10 years. As I have said, the amount of resources available in future will depend on many factors. It is even possible that new social resources may

appear by that time. Therefore, the most important thing is for us to use our existing resources effectively, for example, by enforcing an environmental protection policy, reducing the depletion of natural resources and so on. That will increase the amount of usable resources and extend the time we may use these resources.

PRESIDENT (in Cantonese): Miss CHOY So-yuk, which part of your question has not been answered?

MISS CHOY SO-YUK (in Cantonese): *Madam President, my supplementary question is: for how many years can we be able to sustain the growth in population comfortably without having to worry about devising a population policy? The Secretary says that things are changing all the time, then in his opinion, how many years can he expect that growth can be sustained in the absence of a population policy?*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President, I have nothing to add to the answer I have just given.

MR JAMES TO (in Cantonese): *Madam President, the Baptist University has made a study on the post-handover situation in the territory and it is found that under a certain condition or situation, the percentage of people who would choose to leave Hong Kong will be as high as 85%. Such a percentage is surprisingly high when compared with the time immediately after the reunification. The reasons for leaving the territory may be very complicated and emigration may be to overseas countries or to the Mainland. I would like to ask the Government whether it has made such attitudinal surveys and whether such surveys will be helpful to making the projections on population?*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President, we have not conducted such kind of survey.

MR JAMES TO (in Cantonese): *Madam President, what I mean is whether the Government would think that it is helpful to undertake such kind of survey? Would the Secretary think that not undertaking such a kind of survey would mean that it is not useful? Would the Secretary confirm this point?*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President, we will certainly make a reference of the studies made by the private sector as well as those made by members of the public.

PRESIDENT (in Cantonese): We have spent more than 16 minutes on this question. The last supplementary question.

MR LAU KONG-WAH (in Cantonese): *Madam President, the Secretary says in the main reply that the average annual population growth rate of Hong Kong for the last decade is 2%, but the annual population growth rate of Hong Kong in the next decade would fall to 1.2%. Would that be an under-estimation? The Secretary also mentions that there have been significant changes in both the residence pattern and mobility of the population. Is there any information or data showing that the trend of a northward movement of the population is getting more pronounced in recent times?*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President, perhaps I should provide some figures on this point so that Honourable Members may understand why the estimates on population growth are lower than those in the past. In 1990, that is 10 years ago, our birth rate was 1.2%. But ever since 1990, our annual birth rate has been falling almost every year. The provisional figures for last year show that our birth rate has fallen from 1.2% in 1990 to 0.75% last year. At the same time, mortality rate has also fallen, though to a lesser extent. In 1990, the mortality rate was 0.52% and it has levelled off to 0.48% last year. After offsetting the birth rate and the mortality rate, our natural population growth indicates a drop from 0.68% in 1990 to 0.27% at present. It is on the basis of these figures and other analyses made that the Census and Statistics Department and our colleagues responsible for the making of population projections have produced some estimates which in the opinion of some Honourable Members are on the low side.

MR LAU KONG-WAH (in Cantonese): *Madam President, the Secretary has not replied to the part of my question on a northward movement of our population and whether any such statistical figures on that are available.*

SECRETARY FOR PLANNING AND LANDS (in Cantonese): Madam President, the Immigration Department only keeps a record of the arrival and departure figures of our residents and no record is kept on their relocation northwards. Hence we do not have such figures. However, when we are making population projections, we are also aware of this trend. But the trend is not necessarily that of a northward relocation, it may be a southward relocation as well. This shows precisely we need to redefine our population projections and census data. Our colleagues in the Census and Statistics Department are presently working on this.

Singletons Applying for Home Starter Loan Scheme

3. **MR TAM YIU-CHUNG** (in Cantonese): *Madam President, starting from the last fiscal year, singletons have been allowed to participate in the Home Starter Loan Scheme (HSLs). It is learnt that the Hong Kong Housing Society (HS) has so far received more than 7 400 applications from singletons. In this connection, will the Government inform this Council whether it knows:*

- (a) *the respective quotas of loans the HS has set aside for application by singletons in this and the last fiscal year; and*
- (b) *if the HS will increase the quota of loans for singletons in view of the large number of applications submitted; if it will not, of the reasons for that?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, under the HSLs, \$150 million will be made available each year for loans to eligible singletons. As the maximum loan for each singleton is \$300,000 and not everyone borrows this full amount, a little more than 500 loans may be issued each year.

In view of the large number of applications received, the Government is now considering whether the quota of loans for singletons should be increased. We shall assess the situation taking into consideration other housing assistance schemes now available to singletons before making a decision on this matter.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, the Government admits in its main reply that there is a large number of singletons. Given the existing quota, an applicant may have to wait more than 10 years before he can buy his own home. This shows a very obvious demand in this respect. When can the Government complete its studies and make a decision?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, the inclusion of singletons in the HSLs has only been implemented for some six months, but other housing schemes such as the Home Ownership Scheme and the Home Purchase Loan Scheme, which did not cover singletons as a separate category in the past, have just started to make arrangements in this direction. That is why we still have to observe how these housing schemes are going to operate.

I admit that many singletons have applied for loans under the HSLs, but I am of the view that we should still watch the progress of other housing schemes for three more months before we conduct a comprehensive assessment and make a decision.

DR TANG SIU-TONG (in Cantonese): *Madam President, according to the statistics, just about 500 loans can be offered each year, but the number of applicants is about 7 000. This means that all these applications cannot possibly be approved within the coming 10 years. In the meantime, the status of the applicants may change. Will the Government therefore consider the possibility of giving some sort of advance notice to the applicants on roughly when they can expect to get their loans, so that they can plan accordingly?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, it will be very difficult for us to give any advance notice to the applicants on when they can expect to get their loans. As far as procedure is concerned, we will accept their

applications. At the same time, we will also do our utmost to vet the applications received. Once an applicant is found to be eligible, we will issue him with a Certificate of Eligibility as soon as possible. Understandably, owing to the limited quota, we cannot issue too many Certificates of Eligibility. However, the number will in any case be greater than 500, because some applicants may withdraw subsequently. In any case, we will certainly do our utmost.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, will the Government consider the possibility of relaxing the requirement on property title for singletons applying for loans under the HSLs? For example, will it consider the idea of allowing two singletons with Certificates of Eligibility to purchase a housing unit as joint tenants?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, for the time being, we have no intention of relaxing the requirement in question, because we are still convinced that each singleton should purchase his own housing unit. If two singleton applicants find the need to share the same housing unit, they can actually apply for other forms of assistance. The HSLs for singletons will not be relaxed in this respect, and it will not entertain this type of applications.*

MISS CHOY SO-YUK (in Cantonese): *Madam President, when the Secretary answered Mr TAM's supplementary question, he said that the Government would require three months to observe whether other housing schemes could satisfy people's demand. However, I must say that there is such a huge difference between the number of applicants and the prescribed quota. Is the Secretary confident that these other housing schemes will be able to solve the problem? If not, why does he not slightly increase the quota while observing the progress of other housing schemes, and then make a final decision afterwards?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, the Government has no authority to unilaterally increase the quota for singletons under the HSLs, because the Scheme was scrutinized and approved by the Finance Committee of the Legislative Council. As I have pointed out, other housing schemes are now also taking applications from singletons. For*

example, the Home Purchase Loan Scheme operated by the Housing Authority is accepting applications from singletons for the first time. I hope that all these schemes can satisfy the demand of singletons. As I have pointed out, we will conduct a comprehensive review before making a decision.

MR LAU KONG-WAH (in Cantonese): *Madam President, the Government has received some 7 000 applications. Have all these applications been vetted? And, how many of the applicants have been found eligible? Will the Government make any pledge to the applicants as to when they will be notified of the results of their applications? Is there such a pledge or any prescribed processing time?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, we have been vetting the eligibility of applicants in accordance with the prescribed procedure. There is an annual quota of about 500 loans for singletons under this scheme, and so far, more than 650 Certificates of Eligibility have been issued. Depending on the situation, we may issue slightly more Certificates of Eligibility. However, it will be impossible for us to notify the applicants in advance as to when they can participate in the scheme.*

MR LAU KONG-WAH (in Cantonese): *Madam President, we simply do not know how long the 7 000th applicant will have to wait before he can be notified by the Government of the result of his application. Therefore, the entire absence of any processing time limit does not appear to be sensible at all. May I ask the Secretary whether any notification will be given? I understand that applicants have to wait for their turns. However, the Secretary has disclosed that only 600 loans have been approved so far. That being the case, what is 7 000th applicant going to do? When will the Government give him a notification?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, we have also considered this. That is to say, we have considered the possibility of notifying other applicants once we have finished vetting a certain number of applications. We also hope to conduct a general review in the coming one or two months (a comprehensive review will take three months). When we have*

done so, we will look at the situation to see if it is necessary to draw a line somewhere and inform the rest of the applicants that their chances of success are slim. Having said that, I also wish to add that with the commencement of the new financial year, we are now able to launch a new phase in the scheme and the quota can thus be slightly increased. Anyway, we will need to observe the overall situation before drawing a line and notifying applicants of their chances in advance.

Construction of a Gas-fired Power Plant on Lamma Island

4. **DR YEUNG SUM** (in Cantonese): *Madam President, the existing Scheme of Control Agreement (SCA) signed between the Government and the Hongkong Electric Company Limited (HEC), which is due to expire in 2008, guarantees shareholders of the HEC a permitted return. It has been reported that the Economic Services Bureau had recently agreed to the HEC's construction of a new gas-fired power plant on Lamma Island. In this connection, will the Government inform this Council:*

- (a) *of the total amount of investment in and the area of land occupied by the new power plant;*
- (b) *of the impact of the new power plant on the HEC's tariff and on the electricity reserve margins of Hong Kong Island and the territory as a whole, in each of the years from its commission date to 2008; and*
- (c) *whether it has reached any consensus with or made commitment to the HEC on the permitted return after 2008 in respect of its investment in the power plant in question; if there is any consensus or commitment, of the details; if there is none, the reasons for that?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President,

- (a) The Government is currently considering the HEC's proposal for the Lamma Extension and construction of additional generation facilities to be fired by natural gas. Under the HEC's proposal, the area of land to be occupied by the power plant extension would be

about 22 hectares. The HEC considers that since it may need to invite tenders for the project or negotiate with suppliers in future, the estimated total amount of investment in the project is commercially sensitive and should not be made public.

- (b) As projected reserve margins could be used to work out the demand forecasts, and the latter as well as the projected electricity tariffs are commercially sensitive information closely related to forecasts of the power companies' business and profits, the power companies have all along considered it inappropriate to make public such data. In fact, the Government and the power companies have explained on various occasions why it would not be appropriate to make public such commercially sensitive information, including at meetings of the Panel on Economic Services and the Public Accounts Committee, as well as in our written replies to questions from Members. Besides, in accordance with the provisions of the SCA, the actual basic tariff to be charged to consumers will only be determined at the end of the preceding year following discussion between the Government and the HEC during the Annual Tariff Review. In addition, electricity tariffs are affected by a number of factors. Whether to extend the power station and the amount of investment involved are just some of them.
- (c) The SCA between the Government and the HEC sets an upper limit for the return of the company but does not provide any guarantee. During the term of the SCA, the return of HEC will be regulated in accordance with its terms. The Administration has not made any commitment to the HEC in respect of the return on its investment beyond 2008. In fact, the Financial Plan submitted by the HEC for consideration by the Government covers only plans for the period between 1999 and 2004, and the regulatory arrangement for the power supply market after 2008 has not been determined.

DR YEUNG SUM (in Cantonese): *Madam President, at present, the China Light and Power Company Limited (CLP) is having surplus electricity supply, but the HEC is in need of further supply to meet customer demand. Even the consultant commissioned by the Government agrees that it is possible for the HEC to purchase the surplus supply of the CLP through interconnection.*

However, the Government has instead given its support to the power plant extension of the HEC. This is unwise, whether from the perspective of environmental protection or public interests. What does the Government have to say on this?

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, as mentioned in my main reply, the Government is still considering the proposal of the HEC.

MR LEE WING-TAT (in Cantonese): *Madam President, the Secretary says that the proposal is still under consideration, but it seems that the Executive Council has already endorsed it, though there is not yet any press coverage on this.*

I wish to follow up the question asked by Dr YEUNG Sum. If the Government really gives permission for the HEC to construct the proposed Lamma Extension and additional generation facilities, what explanation can it offer to the public, bearing in mind that while the CLP is having surplus supply and the residents of the New Territories and Kowloon have to pay exorbitant electricity tariffs, the residents of Hong Kong Island are not allowed to use the surplus supply of the CLP? Will the residents of the New Territories, Kowloon and Hong Kong Island have to pay even higher electricity tariffs as a result of the proposal in question?

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, let me repeat that the Government is still considering the proposal of the HEC. Once the Government comes up with any decision, it will follow the usual practice and report to the Economic Services Panel.

MR CHAN KAM-LAM (in Cantonese): *Madam President, will the Government please tell us whether during the process of consideration, it will first listen to our views before making any decision? I wish to ask this question because we are really very concerned following the lesson of the CLP incident.*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, if Members wish to give us any suggestions, we are always willing to listen.

MR FRED LI (in Cantonese): *Madam President, I hope the Secretary is not going to answer my question by saying once again that the proposal is still under consideration.*

Madam President, in the process of vetting the application of the HEC for the construction of the power plant extension facilities on Lamma Island, has the Government tried to learn lessons from the surplus supply of the CLP? Can the Government tell us what lessons it has learnt? Has it thus put in place any mechanism for vetting applications from the HEC, so as to avoid committing similar mistakes?

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, following the CLP incident, the Government has introduced a number of measures in several areas.

For demand forecasts, the Government has introduced a number of changes, and I have already given a detailed account of this to the Legislative Council in March. To begin with, in the past, the Government would only make one independent forecast through its Economic Analysis Division. However, we now also ask our independent consultant to conduct an independent analysis on its own besides asking it to assess the forecast made by the CLP. This means that there are basically three independent analyses. Second, when they make their forecasts, the relevant bodies will apply several different approaches as a means of internal assessment. Third, in case there are any discrepancies among the forecast findings of these bodies, we will submit all the findings to other bodies for further analysis, so as to see whether any improvements can be made.

Besides, as Members may all be very clear, following the intermediate review on the SCA conducted between 1997 and 1998, the Government and the power companies have agreed to adopt a series of improvement measures. One of these measures is that the construction of new generation facilities will be approved on a unit-to-unit basis instead of as whole batches. It is also agreed

that before the power companies sign any purchase agreements, they will carry out studies on their latest demand forecasts in conjunction with the Government. Besides, a mechanism on handling possible surplus supply in the future has been set up after the interim review.

MR ALBERT HO (in Cantonese): *Madam President, the Secretary has told us that following the serious inaccuracies of the CLP demand forecast last time, the Government has learnt its lessons and introduced some improvement measures. However, during the question time today, it simply refuses to disclose some important information on, for example, the reserve margins and demand forecast. If the Government does not disclose such sensitive information, it will be impossible for members of the public to check whether the future forecasts of the Government are accurate and proper.*

Madam President, my question is: If the Government continues to work behind closed doors, if it refuses to disclose more information, and if it insists on keeping all the information confidential on the ground of commercial secrecy, then once it commits an error again, how is it going to hold itself accountable? Will the Secretary for Economic Services then resign?

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, as I have already explained, once we have come up with any decision, we will definitely report to the Economic Services Panel and offer a detailed explanation.

In regard to sensitive information, as I have already explained in the main reply, since the disclosure of commercially sensitive information may in some cases affect the price negotiations between the power company and its suppliers, the power company does not think that such information should be disclosed.

Besides, on various different occasions, the Government and the power company have both explained that since the HEC is a public listed company, it has to comply with the general requirements on the disclosure of price sensitive information to public shareholders and investors. The Listing Rules of the Hong Kong Stock Exchange stipulates that if a development project may create significant impacts on the market activities or prices of any listed stocks, the directors of the company concerned must assume the direct responsibility of

maintaining the absolute confidentiality of all relevant information until the making of a formal announcement. This is intended to ensure fair transactions in the market. Therefore, I hope that Members can appreciate that we do have proper reasons for not disclosing commercially sensitive information.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, in his replies to my colleagues' questions, the Secretary has repeatedly said that the Government is still considering the proposal. However, we must not thus lose sight of the aftermath of the CLP surplus supply problem. Besides affecting the natural environment and wasting huge sums of public money, this problem has also caused losses on the part of its employees, because the expansion of the CLP has been followed by layoffs and departure of its key employees. The Government maintains that such information is commercially sensitive and must be kept confidential. However, I am of the view that the Government should draw lessons from the CLP incident.*

PRESIDENT (in Cantonese): Miss CHAN Yuen-han, please state your supplementary question directly.

MISS CHAN YUEN-HAN (in Cantonese): *My question is that the Government must disclose the information to us at the end of the day. To disclose it now is certainly better than to disclose it at the hearings of the Public Accounts Committee.*

PRESIDENT (in Cantonese): Miss CHAN Yuen-han, this is not a question, I must say.

MISS CHAN YUEN-HAN (in Cantonese): *My point is to ask the Secretary to disclose the information to us.*

PRESIDENT (in Cantonese): Miss CHAN Yuen-han, so, you mean to ask whether the Secretary can disclose the information. Secretary, please give your reply.

MISS CHAN YUEN-HAN (in Cantonese): *Yes, thank you, Madam President.*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, as I have already pointed out, the Government and the power company have offered an explanation on this on many different occasions, including even at the meetings of the Public Accounts Committee.

MISS CHAN YUEN-HAN (in Cantonese): *My question was based on the presumption that the CLP incident might repeat itself. From this perspective, it will be better for the Government to disclose the information to us now than to disclose it at the hearings of the Public Accounts Committee. Should the Government disclose some information to us now following its analysis of the CLP incident, so that we can conduct studies of our own? Madam President, may I seek the comments of the Secretary on this?*

PRESIDENT (in Cantonese): Secretary, do you have anything to add?

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, on the disclosure of commercially sensitive information, I have nothing to add.

MR LAW CHI-KWONG (in Cantonese): *Madam President, the refusal of the Government to disclose any information to us is of course based on the hope that we can all trust the Government. However, can the Government give an undertaking to the community and the Legislative Council that the construction of the HEC power plant extension will not lead to any tariff increase?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I think I can just repeat my previous reply that the Government is still considering the proposal of the HEC.

DR RAYMOND HO (in Cantonese): *Madam President, according to the Secretary, the regulatory regime for the power supply market after 2008 has not been determined. However, I must say that there should always be long-term planning for our energy supply. When is the Secretary going to conduct a review on this? When will a new regulatory regime for power supply be established?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): *Madam President, I very much agree with Dr Raymond HO that there should be long-term planning for energy supply. We will give thoughts to this issue as soon as possible.*

MISS EMILY LAU (in Cantonese): *Madam President, may I ask the Secretary whether the issues to be considered will also cover the sale of electricity by the CLP to the HEC? If yes, what major difficulties are there?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): *Madam President, as I said just now, we are still considering the proposal of the HEC. We will consider all relevant factors in the process.*

MISS EMILY LAU (in Cantonese): *Madam President, the Secretary has answered the first part of my supplementary question only. For the other part of my question, I also asked what difficulties would arise in considering the case in which the HEC would really purchase electricity from the CLP. This has nothing to do with any State secret as such.*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): *Madam President, at a time when we are still considering the proposal, I do not think that it is appropriate to disclose the factors we consider and the details of our consideration.*

MR LEE WING-TAT (in Cantonese): *Madam President, throughout the time spent on this question so far, the only two words I can get are "under consideration". First, it was said in the main reply that sensitive information was involved, and such information could not be disclosed because it was commercial secret. Then, when one colleague asked whether the Secretary could guarantee that there would not be any tariff increase, she refused. And, even when Miss Emily LAU asked such a simple question, the Secretary still replied that consideration was required.*

May I ask the Secretary whether it is the special status and background of the owner of the company that have caused her to consider so many issues? Is it because this is a company owned by Mr LI Ka-shing, and so the Government cannot disclose any information at all during the process of consideration?

PRESIDENT (in Cantonese): Mr LEE Wing-tat, although you have finished asking your supplementary question, I still have to remind you that under the Rules of Procedure, when asking an oral question, a Member shall not mention the names of any particular persons if he or she can already adequately put across the message of his or her question without so doing. I hope that the next time when you ask a question, you can bear this rule in mind.

MR LEE WING-TAT (in Cantonese): *I wish to raise a query.*

PRESIDENT (in Cantonese): Mr LEE Wing-tat, please go ahead.

MR LEE WING-TAT (in Cantonese): *I think it is necessary for me to mention the name concerned. My colleagues in this Council have asked 12 supplementary questions on this issue today, but the Secretary has failed completely to give us any reply. This leads me to wonder whether the Government has found it necessary to consider so many issues just because this company is owned by the person I have mentioned. Therefore, I think the question I raised is a proper one.*

PRESIDENT (in Cantonese): Mr LEE Wing-tat, let me remind you once again that in your supplementary question, you already mentioned that the person concerned was a highly influential person. This could already put across your message, and so, there should not be any additional need to mention the name of the person. The Rules of Procedure of this Council was drawn up by Members. The Rules of Procedure states that Members should not mention the names of any persons unless strictly necessary. In your case, you can already put across your message by other means. So, my ruling is that there is no need for you to mention the name of any particular person, because you can put across your message even without doing so.

MR LEE WING-TAT (in Cantonese): *I wish to raise one more point. My colleagues wish to ask supplementary questions, because they have in mind something to say. We cannot possibly ask, "Madam President, can I mention this name? Is it appropriate for me to do so?" That being the case, how are we going to make our judgment? As far as my judgment goes, the name can be mentioned. Madam President, I accept your ruling this time around, and I will not challenge it. However, the next time when I wish to ask a similar question, before I actually do so, should I first stand up and seek your ruling on whether or not I can mention a certain name?*

PRESIDENT (in Cantonese): Mr LEE Wing-tat, please sit down first. If you really want me to make a ruling, I would say that one possibility is that I would request you to withdraw your remark and then direct the government official not to answer your question. I feel that it is based on your own subjective judgment that there is a need for you to mention the name of a particular person, so as to make your question clear and to make Members better understand the idea behind your question. A moment ago, I reminded you that the next time you asked a question, you should not do so anymore. In the future, if you still mention the name of any particular person without any absolute need, I will make an appropriate ruling. As for how I am going to make a ruling then, I will decide what to do when the time comes. I am pleased that you accept my ruling this time, and I will continue to do what I should do as the President of the Legislative Council. Secretary for Economic Services, please give your reply.

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I will not comment on questions of a hypothetical nature. However, I still wish to make one point here. I have referred repeatedly to the need for consideration because this is what the actual situation is. That is why I can only answer in this way.

Besides, on the question of tariffs, as I have mentioned in my main reply, under the SCA, the actual basic tariff of any one year will only be determined at the end of the preceding year by the HEC and the Government in the light of the latest situation. Therefore, it is simply impossible to give a guarantee.

PRESIDENT (in Cantonese): The discussion between Mr LEE Wing-tat and I a moment ago took us more than two minutes. So, although we have spent more than 18 minutes on this question, I will still allow one last supplementary question from Members.

DR YEUNG SUM (in Cantonese): *Madam President, I am sure that the Secretary will be able to answer this supplementary question, without any need for consideration.*

According to the practice in the past, if a power company increases its investments, its level of permitted profits will go up correspondingly. The HEC now proposes to construct a power plant extension, and the Government has agreed to let it reclaim an area measuring 22 hectares. The costs of reclamation will be borne by the HEC; this means that the investments of the HEC will increase. That being the case, its level of permitted profits should also go up as a result. The logical conclusion is that electricity tariffs will also go up in the end. This is a deduction based on past practice. Will the Secretary tell me whether my analysis is logical?

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I can only say that the HEC has proposed to construct a power plant extension measuring about 22 hectares in area, but the Government has not yet made any decision. On the question of investments mentioned by Dr YEUNG Sum, my reply is that under the SCA, there is an upper limit to the profits of the power companies.

Foreigners Deterred from Taking Licensing Examination for Medical Practitioners

5. **MR MICHAEL HO** (in Cantonese): *Madam President, it is learnt that the Medical Council of Hong Kong (MCHK) is now considering prohibiting non-Hong Kong residents who have been trained overseas from taking the Licensing Examination for medical practitioners, so as to relieve the over-supply of medical practitioners in Hong Kong. Regarding the regulation of non-Hong Kong residents practising in Hong Kong by various medical and nursing regulatory bodies, will the Government inform this Council:*

- (a) *whether it has assessed if the MCHK is obligated or has the authority to regulate the number of local medical practitioners through the Licensing Examination;*
- (b) *whether it has assessed if it is a breach of any international agreements and a failure to fulfil international obligations to prohibit foreigners from taking the Licensing Examination on the grounds that they are not Hong Kong residents or for the reason of regulating the number of medical practitioners; and*
- (c) *of the measures in place to ensure that various medical and nursing regulatory bodies will fairly deal with the issue of foreigners from different countries and regions practising in Hong Kong?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): *Madam President, as I understand it, the MCHK has no plans to prohibit overseas medical graduates who are not Hong Kong residents from taking its Licensing Examination. I shall now address the different parts of the questions, as follows:*

- (a) *The MCHK is established under the Medical Registration Ordinance (Cap. 161). Its functions include the registration of medical practitioners, the conduct of licensing examination and the promotion of medical ethics, professional standards and discipline in the profession.*

The MCHK conducts the Licensing Examination in accordance with sections 7 and 7A of the Ordinance. There is no provision in the Ordinance empowering the MCHK to regulate the number of medical practitioners practising in Hong Kong through the Licensing Examination.

- (b) Under the present legislation, doctors from outside Hong Kong with the appropriate medical training may apply to sit the Licensing Examination conducted by the MCHK. This has been our practice, despite that Hong Kong Special Administrative Region is currently not obligated under any international agreement to do so.
- (c) The regulatory authorities of health care professionals are established under their respective ordinances. Their functions and powers are stipulated in these ordinances. The regulatory measures are regularly reviewed to ensure that they serve to safeguard the quality of service and professional integrity, and are administered in a reasonable, objective and impartial manner, including how practitioners from places outside Hong Kong are dealt with. The Government monitors the various professional regulatory authorities to ensure that all regulatory regimes are in line with Hong Kong's obligations under the World Trade Organization.

MR MICHAEL HO (in Cantonese): *Madam President, just now the Secretary stated in the main reply that the MCHK has no plans to prohibit overseas medical graduates who are not Hong Kong residents from taking its Licensing Examination. But there are criticisms from some members of the MCHK that the existing open policy which allows overseas doctors to sit the Licensing Examination will result in an over-supply of medical practitioners in Hong Kong. Given the prevalence of this view in the MCHK, how can the Government ensure that the implementation of this open policy will not be made impossible or thwarted?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, as I explained just now, under the laws of Hong Kong, the MCHK has no power to regulate the number of medical practitioners practising in Hong

Kong through the Licensing Examination. There are, in fact, government officials serving as members of the MCHK, so they can monitor the work of the MCHK to ensure compliance with the provisions of the Ordinance.

DR LEONG CHE-HUNG (in Cantonese): *Madam President, with regard to part (b) of the main question about prohibiting foreigners from taking the Licensing Examination for the reason of regulating the number of medical practitioners, I wonder if you, Madam President, would allow this supplementary question: The Secretary said that there is no such prohibition for medical practitioners, but I would like to know if foreigners are prohibited from taking the relevant licensing examination in other professions in Hong Kong so as to regulate the number of people practising in the field.*

PRESIDENT (in Cantonese): Dr LEONG Che-hung, please sit down. Your supplementary question does not seem to be directly related to the main question. Secretary for Health and Welfare, can you answer it?

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, as far as I know, the policies of the medical and nursing professions do not allow the prohibition of any professional from taking the licensing examination on the ground that he or she is a foreigner.

PRESIDENT (in Cantonese): Dr LEONG, I know that the Secretary did not answer your supplementary question directly. *(Laughter)* Perhaps the Secretary for Health and Welfare can relay your question to other Bureau Secretaries concerned and give Dr LEONG a reply if necessary.

DR TANG SIU-TONG (in Cantonese): *Madam President, according to the Government's reply, overseas medical students are not subject to any restriction as regards the Examination. But as medical students are normally required to take up internship after they have passed in the Examination, will the Hospital Authority (HA) impose restrictions on them in this regard, thus making it impossible for overseas medical students to take part in it and practise in Hong Kong?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, under the existing provisions, medical students are required to complete a one-year internship in public hospitals after they have passed in the Licensing Examination. The placement of interns is decided by the MCHK and the two universities in the light of the institutional training capacity of the various public hospitals. As supervision by experienced personnel is required for medical students on internship, there is a quota of interns in each public hospital. The MCHK has currently set aside 300-odd places for interns and so far, there is no need to impose restrictions in respect of the quota because all along, the number of graduates has not outnumbered the quota of interns.

PRESIDENT (in Cantonese): Dr TANG, which part of your supplementary question has not been answered?

DR TANG SIU-TONG (in Cantonese): *Madam President, to put it more clearly, I would like to know whether a medical graduate who is not a Hong Kong resident will be prohibited from taking up internship in hospitals under the HA?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, we do not have such a policy.

MR LAW CHI-KWONG (in Cantonese): *Madam President, in part (a) of the main reply the Secretary stated that there is no provision in the Ordinance empowering the MCHK to regulate the number of medical practitioners practising in Hong Kong through the Licensing Examination. Does this imply that it is also not in compliance with the spirit of the Ordinance if the MCHK discussed in its meetings any method to regulate the number of medical practitioners in Hong Kong, including raising the standard of the Examination, in order to reduce the number of examinees who passed in the Examination?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, at present, under the MCHK there are different committees and subcommittees discussing and handling matters in different areas. In respect of eligibility for the Examination, we have a special subcommittee exclusively

responsible for monitoring the examination system. Moreover, there is participation from overseas experts in the Licensing Examination for medical practitioners. Under the existing examination system, local doctors and overseas doctors take the Examination together, including the part on clinical examination, and their standards are comparable.

MR LEE WING-TAT (in Cantonese): *Madam President, it is reported that recently, at least one doctors' association openly expressing their wish to raise the standard of the Examination so that fewer overseas doctors will be able to pass it. May I ask the Secretary if he has examined or participated in examining the standard of the Examination? If he has, did he find that the standard of the Examination has been raised unreasonably, thus making it difficult for overseas medical practitioners or professionals to pass the Examination?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, as I have already explained just now, a special subcommittee under the MCHK is responsible for matters concerning the examination system, and its members are also tasked with quality assurance. The Licensing Examination consists of three parts. The first part aims at assessing the examinees' medical knowledge. The questions for overseas medical students are the same as those for students of the medical schools of the two local universities. Some of the questions are assessed prior to their incorporation in the Examination to see if they are reasonable and if they meet the requisite standards. As far as I know, an examination quality assurance survey was conducted by the subcommittee in 1997. Another part of the Examination is the clinical examination, which is a special professional examination normally held in December. Overseas medical students as well as medical students of the University of Hong Kong and the Chinese University of Hong Kong take the examination at the same time. The examiners are also doctors, some of whom are professors being invited to Hong Kong for the examination. They can ensure that the quality of overseas medical students is comparable with that of local medical students.

PRESIDENT (in Cantonese): Mr LEE Wing-tat, which part of your supplementary question has not been answered?

MR LEE WING-TAT (in Cantonese): *Madam President, perhaps I did not make my supplementary question clear enough. I was not asking whether the MCHK has done that. My question is whether the Health and Welfare Bureau or the Secretary or his colleagues have actually seen the questions of the Examination. If so, do they think that the standard of the questions is reasonable, and that the questions are not set at too high a standard such that it will be difficult for overseas doctors or professionals to pass the Examination?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, the membership of the different committees and subcommittees under the MCHK also includes government officials. In the examination subcommittee, there is also a representative of the Department of Health who will monitor the implementation of the examination system. While he will not examine the standard of each and every examination, he will supervise the whole process to ensure that all examinations are conducted in a reasonable manner.

MISS EMILY LAU (in Cantonese): *Madam President, we are happy to learn from the Secretary that overseas medical graduates are not subject to any restriction. However, if they obtained the qualification to practise in Hong Kong, they might face problems arising from their unfamiliarity with the local language and culture. Does the Secretary consider it necessary to draw up measures to assist them, or does he think otherwise, for they can just treat patients coming from their own countries while practising in Hong Kong?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, the arrangement for a one-year internship is precisely a measure to enable them to adapt to the system, needs and culture of Hong Kong. This is actually an objective of the one-year internship.

MISS EMILY LAU (in Cantonese): *Madam President, part of my supplementary question is about the language aspect. I believe that overseas doctors are unlikely to be able to speak the local language in just one year's time. What can the Administration do to assist them?*

PRESIDENT (in Cantonese): Secretary, do you have anything to add?

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, the assistance provided to them is the arrangement for a one-year internship.

DR LEONG CHE-HUNG: *Madam President, in the second part of the main reply, the Secretary mentioned that medical doctors from outside Hong Kong with the appropriate medical training may apply for sitting the Licensing Examination. In short, Hong Kong has a very fair and proper system which is based on the standard of the doctors. Can the Secretary inform this Council whether this is a norm for doctors to practise in other parts of the world, and are there any countries where residency is a necessary criterion for taking the Licensing Examination; if so, how many countries and what are they?*

SECRETARY FOR HEALTH AND WELFARE: Madam President, I am afraid that I do not have the answer to Dr LEONG's question at the moment. I will certainly give Dr LEONG the answer in writing. (Annex IV)

MR MICHAEL HO (in Cantonese): *Madam President, for those non-Hong Kong residents who have successfully obtained the qualification to practise in Hong Kong, will the Government control their supply through the system whereby employment visas are approved? Besides, in what way are different professions being regulated under the manpower policy of the Government? Which kinds of professionals can be granted an employment visa and which kinds of professionals cannot be granted?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, the employment visa system is within the purview of the Immigration Department. If the need arises for an importation of medical professionals to Hong Kong, it will be easier for them to be granted approval to come to work in Hong Kong. The Immigration Department will generally consult the Department of Health first. In the past few years, the Department of Health did not raise any objection to the issuance of employment visas for overseas medical

practitioners who wish to be registered in Hong Kong. With regard to the demand for professionals in the community of Hong Kong, the Health and Welfare Bureau will review the situation with the Education and Manpower Bureau from time to time, and assessment will be made yearly on the future demand for professionals in Hong Kong.

PRESIDENT (in Cantonese): Last supplementary question.

MR HOWARD YOUNG: *Madam President, can the Secretary enlighten us whether there are any inherent factors in the Examination itself that might unfairly discriminate against overseas medical graduates? For instance, in taking a certain level of examination, is the complexity or standard of the questions for overseas graduates on a par with that of the questions designed for local graduates, or would the questions for overseas medical graduates being set at a much higher level so that they cannot pass the Examination easily?*

SECRETARY FOR HEALTH AND WELFARE: Madam President, according to the Ordinance, the Medical Council is to ensure that the standards set for overseas graduates can protect the interests of the patients. As such, these standards are comparable to the ones that are set for local graduates. Besides, we have the education committee that oversees the standards of medical education. As I have also explained, there is the examination subcommittee that really looks at the types of questions in the Examination.

The Examination consists of three parts. The first part is the multiple choice questions. There is a databank of a few thousands questions which have been tested. In fact, they test the questions with the databank in Canada where they look at the discriminating powers of some of these questions in discerning the ability of the examinees and in assessing their medical knowledge. So that is a system of testing through multiple choice questions. And the same bank of questions is also being used for the two medical schools. Thus, that is the knowledge part of the Examination. The second part of the Examination is the test of English, and it is only required for those graduates who have not been trained in schools where English is taught. Thus, for people who are taught in Singapore or in the United States where English is taught, they do not have to take the second part of the Examination. This is purely to make sure that their

English knowledge in medical terms is up to standard so that they can continue to practise with updated knowledge which we do in English in Hong Kong. The third part of the Examination is the clinical examination. The clinical examination is held in parallel with the two universities in the December supplementary examination. All examinees will take the examination on the same date, while the same group of external examiners will be present for both Hong Kong students and overseas students. So far, we have no complaints from the overseas examiners about being pressured on the differential standards.

Measures to Deal with Unruly Air Passengers

6. **MR HOWARD YOUNG:** *Madam President, will the Government inform this Council whether it has any measures to deal with unruly passengers on board aircrafts arriving in or departing from Hong Kong; if so, of the details of the measures; if not, whether it will consider introducing such measures?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, according to the police record, unruly behaviour of passengers on board aircraft was mainly associated with drunkenness, cigarette-smoking, drug-taking, or emotional or psychiatric problems of individual passengers. Apart from causing nuisance to other passengers or the cabin crew, such behaviour generally did not endanger aviation safety or safety of the aircraft.

At present, legislative provisions are in place to deal with unruly passengers. The Air Navigation (Hong Kong) Order 1995 provides for the control of reckless or negligent act that is likely to endanger the safety of the aircraft or any person therein, as well as drunkenness or smoking in aircraft. The Order is applicable to all aircraft when they are within Hong Kong, and aircraft registered in Hong Kong wherever they may be.

In addition, depending on the circumstances, the police may, under the Aviation Security Ordinance (ASO), invoke relevant criminal laws, such as the Crimes Ordinance, the Offences against the Person Ordinance, to take legal proceedings against illegal acts on board aircraft. The ASO also empowers the commander of an aircraft in flight to take measures as may be necessary, including restraint of a person, to protect the safety of the aircraft and passengers or to maintain good order and discipline on board, if there are reasonable

grounds to believe that the way a person on board behaves may jeopardizes the safety of the aircraft, or of persons or property on it. Generally speaking, the scope of application of criminal laws under the ASO is similar to that of the Air Navigation (Hong Kong) Order 1995.

The Government attaches great importance to the problem of unruly passengers on board aircraft. The police and the Civil Aviation Department have been working closely to encourage airlines to report cases involving unruly passengers on board. The police will also investigate into each complaint case received and take prosecution action as appropriate if any unruly or illegal act is involved.

MR HOWARD YOUNG (in Cantonese): *Madam President, the Air Navigation (Hong Kong) Order 1995 and the ASO referred to by the Secretary were generally extended from the United Kingdom for implementation in Hong Kong before the reunification of Hong Kong with China. Later, the two pieces of legislation were enacted in Hong Kong and so they are very similar in terms of contents. Has the Secretary learnt recently that the United Kingdom will introduce amendments in the legislation in this area in a bid to extend the scope of legislation substantially so that it will no longer be confined to aircraft within Hong Kong and aircraft registered in Hong Kong, as mentioned by the Secretary earlier? Has the Secretary received this message or a request to extend the scope of legislation? Will the Government make consideration if such a request is received?*

PRESIDENT (in Cantonese): Which Secretary is to make a reply? Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, there is actually one distinction between the Air Navigation (Hong Kong) Order 1995 and the ASO. The Air Navigation (Hong Kong) Order 1995 mainly deals with actions that do not pose real threat to the safety of aircraft or passengers. Examples are unruly or insulting acts or acts of nuisance, such as smoking in non-smoking areas, drunkenness and so on. The ASO, on the other hand, mainly deals with acts which will impose danger of a more serious nature to the safety of aircraft and passengers.

We are aware that the ASO was amended in the United Kingdom in 1996 to deal with unruly acts which are less serious in nature, such as intimidating or insulting acts or acts of nuisance. After the amendment, in the event of such an act, the United Kingdom authorities can take prosecution action so long as the next destination of an aircraft is the United Kingdom, that is, any airport in the United Kingdom, and the related act will constitute a criminal offence should it take place in the United Kingdom territory even if the act occurs aboard a foreign aircraft or outside the United Kingdom. This amendment has resulted in the expansion of the scope of application of the ASO. This is because, under the Air Navigation (Hong Kong) Order 1995, the act must take place in Hong Kong or aboard aircraft registered in Hong Kong before the Order can be applied. After the British legislation has been amended, it is applicable even if the relevant act takes place aboard a foreign aircraft or outside the United Kingdom, provided the aircraft will land in the United Kingdom.

We noted this legal development and the fact that ad hoc groups had been set up by the International Civil Aviation Organization (ICAO) and the International Air Transport Association (IATA) respectively to examine whether it was necessary to expand the powers of various countries over criminal matters. As this involves extraterritorial jurisdiction and some issues pertaining to the international law, we will consider amending legislation after the findings of the reviews conducted by the ICAO and the IATA have been concluded.

MR ALBERT HO (in Cantonese): *Madam President, as far as I know, according to current legislation and the Government's law enforcement policies, passengers or particularly drivers on board certain public transport, such as buses and taxis, will be prosecuted and convicted for using abusive language. Will similar standards be applied to Hong Kong aircraft, and will they be applicable to all languages, as long as the languages are comprehensible to law enforcement officers?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, according to my understanding, a bus driver or taxi driver or even any member of the public might contravene the Crimes Ordinance of Hong Kong if he uses abusive or vulgar language to smear another person. In the case of an aircraft flying over Hong Kong, if a crew member or any passenger on board uses abusive language, he might contravene the Ordinance, though this point is not set out in

the Air Navigation (Hong Kong) Order 1995. However, anyone using abusive language freely might contravene the law.

MR ALBERT HO (in Cantonese): *Madam President, the Secretary has not answered my question in relation to the choice of language. Are all languages included?*

SECRETARY FOR SECURITY (in Cantonese): *Madam President, I have not examined this question in an in-depth manner. I believe no matter what language is used in speaking abusive language, the person in question might contravene the law if the court accepts that the language he used is insulting.*

MR HO SAI-CHU (in Cantonese): *Madam President, the Secretary mentioned aircraft within Hong Kong in the second paragraph of the main reply. Are aircraft "within Hong Kong" referred to aircraft landing in Hong Kong or inclusive of those flying over Hong Kong? I wonder if the Secretary can expound on this again.*

SECRETARY FOR SECURITY (in Cantonese): *Madam President, aircraft flying over Hong Kong are included.*

MR JAMES TO (in Cantonese): *Madam President, I would like to follow up the supplementary question just raised by Mr Albert HO. Was the reply made by the Secretary for Security based on legal advice? If not, will it be necessary for the Secretary to make a written reply after consulting legal advice in detail?*

SECRETARY FOR SECURITY (in Cantonese): *Madam President, we have of course consulted legal advice. However, the answer I gave just now was not purely based on legal advice. In terms of policy, we have taken into account the fact that the relevant legislation has been amended in the United Kingdom. However, as ad hoc groups have been set up by the ICAO and the IATA to examine this issue, we will not consider whether it is necessary to amend the relevant Ordinance until the study has been completed.*

MR JAMES TO (in Cantonese): *Madam President, perhaps I have not stated my point clearly. I was only referring to a narrow scope as to whether the use of abusive language on board an aircraft will constitute a criminal offence.*

SECRETARY FOR SECURITY (in Cantonese): *Madam President, my answer is based on my knowledge of the ordinance relating to crimes. As far as I understand it, the use of abusive language within Hong Kong or the jurisdiction of Hong Kong might constitute a criminal offence. I believe this also covers the use of abusive language on board an aircraft flying over Hong Kong.*

MR HOWARD YOUNG (in Cantonese): *Madam President, the Secretary for Security mentioned earlier that law enforcement and prosecution actions would be taken. If the Secretary does not have the information on hand, can she provide examples of cases where arrests have been successfully made or prosecutions successfully taken as a result of co-operation between the police and airline companies over the past few years?*

SECRETARY FOR SECURITY (in Cantonese): *Madam President, I have at hand some information collected after the opening of the new airport at Chek Lap Kok. There were four such incidents in 1998, 21 in 1999, and three this year. In other words, there were a total of 28 such incidents in the past two-odd years, with eight cases being prosecuted successfully. The crimes mainly involved assault, indecent assault on cabin attendants, drunkenness, misconduct and so on.*

MR HOWARD YOUNG (in Cantonese): *Madam President, as not many Members are waiting for their turn to raise questions, I want to raise one more supplementary question. Will the Secretary inform this Council whether she has received any views put forward by the ICAO or other civil aviation organizations on the apparent rising tendency of such incidents throughout the world in recent years, which has attracted attention from the aviation industry? Have we received such information?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have consulted the police in this respect. According to the Police, as up to 30 million people use the new airport after its opening every year, the occurrence of 28 such incidents over the past two-odd years is actually not a high figure. Since the police is unable to provide figures related to the Kai Tak airport immediately, I have the impression that such incidents have not seen an unusual increase. As regards whether the ICAO has reflected its concern in this area, I think I need to ask the Secretary for Economic Services if she has received any additional information.

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I have consulted the Civil Aviation Department and was told that we had not received any information in this aspect from the ICAO. Nevertheless, as an ad hoc group has been set up by the IATA for the purpose of conducting a number of studies and formulating guidelines while some documents have been handed to the ICAO Aviation Security Panel for scrutiny, I believe some issues in this area will definitely attract the attention of the civil aviation industry. The Civil Aviation Department has also attended the meetings held by the ad hoc group. We will follow up the progress closely and consider whether it is necessary to amend legislation in Hong Kong.

MR JAMES TO (in Cantonese): *Madam President, I do not mean to show disrespect but I wonder if the Secretary for Justice has anything to add or clarify in relation to the legal analysis or the point of view made by the Secretary for Security earlier. This is because I attach great importance to the legal point of view given just now and I think the answer provided earlier is wrong.*

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I will follow up this question later for I have not made any preparation at the moment. (Annex V)

PRESIDENT (in Cantonese): Question time shall end here.

WRITTEN ANSWERS TO QUESTIONS

Discharge Volumes of Watercloset Fitments

7. **MR JAMES TO** (in Chinese): *Madam President, according to the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) Regulations (the Regulations) (Cap. 123, sub. leg.), discharge to the watercloset fitment on each occasion should not be less than nine litres. In this connection, will the Government inform this Council whether, in order to avoid wasting flushing water, the above regulations will be amended to provide that newly installed watercloset fitments should have two different discharge volumes for users to choose according to their needs?*

SECRETARY FOR PLANNING AND LANDS (in Chinese): Madam President, Regulation 19 of the Regulations under the Buildings Ordinance (Cap. 123) requires flushing cisterns of watercloset fitments to have a discharge of between nine and 14 litres.

With modern design, the effectiveness of flushing can be maintained with a reduced discharge. To conserve water, the Building Authority has decided to relax the use of syphonic flushing cisterns with discharge less than that required by the current regulations, provided that the associated toilet bowls are compatible with the cisterns and the syphonic action is sufficient for the wastes in the toilet bowls to be cleared effectively by a single wash.

Having consulted building practitioners, the Building Authority has promulgated this relaxation to building professionals by way of a Practice Note for Authorized Persons and Registered Structural Engineers (PNAP) which was issued in the middle of May 2000. A copy of the PNAP is at the Annex.

The Administration will introduce appropriate amendments to the Regulations as soon as possible. Meanwhile, the Building Authority will consider applications for modification of the minimum discharge requirement under Regulation 19 of the Regulations for individual new watercloset systems which comply with the PNAP.

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Flushing Volume for Flushing Cisterns

Current Requirements

Regulation 19 of the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) Regulations (Drainage Regulations) requires flushing cisterns of watercloset fitments to have a discharge between nine and 14 litres. Under the current Waterworks Regulations, flushing cisterns shall be of the valveless syphonic type and the flushing volume shall be within the range of 7.5 and 15 litres.

Relaxation

2. With the application of modern technology in the design of water closet flushing system, the effectiveness of flushing can be maintained with a reduced discharge. Therefore, to conserve our valuable water resources, both the Building Authority (BA) and Water Authority would have no objection to relaxing the use of syphonic flushing cisterns with discharge less than that required by the current regulations provided that the associated toilet bowls are compatible with the cisterns and the syphonic action is sufficient for the wastes in the toilet bowls to be cleared effectively by a single flush.

3. On your confirmation that the effectiveness of the flushing would not be affected, the BA is prepared to modify regulation 19 of the Drainage Regulations on minimum discharge for individual water closet flushing system.

(C M LEUNG)
Building Authority

Ref.: BD GP/BREG/SF/1(II)

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Flushing cistern

Promoting the System of Long-term Employment for Construction Workers

8. **MR ANDREW CHENG** (in Chinese): *Madam President, with regard to the promotion of the system of long-term employment for construction workers and the upgrading of the project quality and safety level of the construction industry, will the Government inform this Council of:*

- (a) *the details, implementation date, and the trades and number of the workers concerned in respect of the trial scheme launched by the Works Bureau (WB) for this purpose; and*
- (b) *the time by which the WB plans to stipulate in works contracts the clause requiring contractors to submit information on their sub-contractors?*

SECRETARY FOR WORKS (in Chinese): Madam President,

- (a) There are diverse views within the construction industry on the benefits of employing construction workers on a long-term basis. In order to examine the merits and demerits of long-term employment of workers and its applicability to different types of contract and trades of worker, the WB has decided to implement a trial scheme requiring contractors to employ a certain number of long-term monthly-paid workers (our preliminary view is to fix it at 20% of the total number of workers employed) under a few selected public works contracts. The WB is consulting government works departments and relevant trade associations on the details of the proposed trial scheme. Suitable large scale contracts with value exceeding \$20 million would then be selected for the trial. Special conditions for the long-term employment of workers would be incorporated in selected contracts for which tenders are expected to be invited around the end of this year or early next year. Since the trades and number of long-term workers involved will depend on the trail contracts, such details would only be available after these contracts are selected.

- (b) The current sub-contracting system in the construction industry has been employed for a long time. To a large extent, it is rather successful as the construction works very often involve specialized works and activities which require sub-contractors of special expertise and experience, and sub-contracting system does provide flexibility in the employment of workers and the use of resources thereby improving efficiency and cost-effectiveness. There is, however, room for improvement in the current sub-contracting system. For example, the division of responsibility could be better defined. Also, control on sub-contracting could be tightened with a view to eliminating broker-type sub-contracting, which is non-constructive.

The Government has recently appointed an independent Construction Industry Review Committee (CIRC) to look into various issues relating to the current practice in the local construction industry and to make recommendations for improvement. The practice of sub-contracting in the industry is one of the issues to be examined by the CIRC. We shall keep in view the deliberations in the CIRC on the general question of sub-contracting in deciding on the way forward concerning the proposal to require public works contractors to submit information on their sub-contractors.

Problem of Cattle being Abandoned

9. **MR WONG YUNG-KAN** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *whether it has assessed the existing number of abandoned cattle in the territory and of the locations that they often appear;*
- (b) *of the respective numbers of traffic accidents and resultant casualties caused by these abandoned cattle over the past three years; and*
- (c) *of the measures it will take to tackle the problem of abandoned cattle straying about?*

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

- (a) The existing number of abandoned cattle in the territory is estimated to be about 700 heads. The abandoned cattle are mainly found in the more remote areas in the New Territories.
- (b) Over the past three years, there were three traffic accidents involving collision with stray cattle resulting in three persons suffering minor injuries.
- (c) The Agriculture, Fisheries and Conservation Department carries out cattle catching operations in response to complaints. In 1998 and 1999, 105 operations were carried out and 168 cattle were caught.

Maintaining Stability of Exchange Fund's Assets Value

10. **MR KENNETH TING** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the effects of Euro's continuing weakness in recent months on the assets value of the Exchange Fund;*
- (b) *whether the Hong Kong Monetary Authority (HKMA) has accordingly adjusted the currency portfolio of the Exchange Fund's foreign currency investments; and*
- (c) *of the risk management measures adopted by the HKMA to maintain the stability of the Exchange Fund's assets value, having regard to Euro's highly volatile exchange rate?*

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

- (a) As the Exchange Fund is a Hong Kong dollar denominated fund and the Hong Kong dollar is linked to the US dollar, the weakening of Euro against the US dollar will have some negative impact on the value of the assets of the Exchange Fund.

- (b) The long-term investment benchmark of the Exchange Fund assigns a 15% currency weighting to Euro. In view of the recent weakness and volatility of Euro, the Exchange Fund's actual holdings of Euro have been kept below this 15% weighting. We will continue to monitor market developments closely and, in the meantime, maintain the under-weighting position.
- (c) The long-term investment benchmark represents the long-term investment strategy of the Exchange Fund. It allows for a degree of flexibility in the short-term asset allocation of the Fund. As pointed out in part (b) of the reply, in view of the unfavourable market conditions, the Exchange Fund's actual holdings of Euro have been kept below the 15% weighting. Short-term exchange rate fluctuations should not have significant implications on the long-term investment performance of the Exchange Fund.

Negotiation with the United States on Air Services Agreement

11. **MR FRED LI** (in Chinese): *Madam President, regarding the negotiation on the Air Services Agreement between the Government of the Hong Kong Special Administrative Region (SAR) and the United States authorities held last month, will the Government inform this Council of:*

- (a) *the issues on which a consensus has been reached, and the details of such issues;*
- (b) *the issues on which a consensus has yet to be reached and the disagreement between both parties;*
- (c) *the specific proposals on opening up aviation rights made by the Administration to the United States authorities; and*
- (d) *the timetable for the next round of negotiations?*

SECRETARY FOR ECONOMIC SERVICES (in Chinese): Madam President, our reply to the four parts of the question is as follows:

- (a) Hong Kong and the United States conducted negotiations on the bilateral air services arrangement on 18 – 20 April this year. The two sides discussed issues such as the expansion of fifth freedom rights and code-sharing in a professional manner and agreed on certain matters. However, the two sides would need to continue the discussion.
- (b) Since bilateral air services negotiations involve discussions with a foreign government and the subject matters include sensitive commercial information, it would not be appropriate to disclose the relevant details.
- (c) The SAR Government is committed to progressive liberalization of the air services market and the development of Hong Kong as an aviation hub. In accordance with this policy, our objective in the negotiations is to expand the air services market progressively and facilitate airlines to develop their services. Our priority is Hong Kong's overall economic interests. The proposal made by the Hong Kong delegation at the negotiations is in line with this objective. However, for reasons stated in part (b) above, it would not be appropriate to disclose the details. In further consultations with the United States, Hong Kong will continue to take a positive approach and aim to expand air services.
- (d) The two delegations agreed to reflect further on the outstanding issues before fixing the time for the next round of negotiations.

Controversy over Reappointment of the President of Lingnan University

12. **MISS EMILY LAU:** *Madam President, regarding the recent controversy over the reappointment of the President of Lingnan University (LU) and the war of words between the Chairmen of the Council and the Court of the University, will the executive authorities inform this Council:*

- (a) *whether they know the background to the row; and*
- (b) *of the steps being taken to minimize the damage done to LU's reputation and the morale of the staff and students?*

SECRETARY FOR EDUCATION AND MANPOWER: Madam President,

(a) and (b)

LU is an autonomous statutory body governed by the Lingnan University Ordinance. According to the Ordinance, the Council shall, in consultation with the Court, appoint a President. Both the Council and the Court have duly followed the statutory procedure in considering the reappointment of the existing President of LU. The consultation process has recently been completed. The Council, in consultation with the Court, has resolved to renew the appointment of the incumbent President for another term. The Review Committee formed under the Council will discuss the terms of the employment contract with the President.

In view of the public concern over the reappointment of LU's President, LU has issued a press statement immediately following the Court meeting on 17 May 2000 to inform the public of the resolution of the issue. A copy of the press statement (English translation) is attached.

Press Release of Lingnan University (English Translation)

The Court of Lingnan University convened an Extraordinary Meeting to discuss matters relating to the reappointment of Professor Edward K Y CHEN as President.

At the meeting, Professor CHEN explained to the Court his outside practice in the past 4.5 years.

After consideration, the Court unanimously decided that, having accomplished the work of consultation provided for the Lingnan University Ordinance, the Court does not consider it necessary to pursue any further action in respect of the reappointment of the President.

The Review Committee formed under the Council will negotiate the terms of the employment contract with Professor CHEN.

17 May 2000

Demand and Supply of Kindergarten Places

13. **MR CHEUNG MAN-KWONG** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the respective numbers of kindergarten places and enrolments in each school district in each of the past five school years;*
- (b) *of the respective numbers of kindergartens set up and closed down by school operators in each school district in each of the past five school years; and*
- (c) *given that there has been over-provision of kindergarten places in the territory for a number of years, whether it will set down the upper limit of kindergarten places for each district in accordance with the number of school-age children in the district, and approve applications for setting up profit-making and non-profit-making kindergartens in each district in accordance with the upper limit?*

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

- (a) The number of kindergarten places and enrolment figures in each education district from the 1995-96 to 1999-2000 school years are detailed at Table 1.
- (b) The number of kindergartens starting or ceasing operating in each education district from the 1995-96 to 1999-2000 school years are detailed at Table 2.
- (c) All kindergartens in Hong Kong are privately run. Kindergartens can commence operation as long as they meet the general requirements for school registration (for example, the school principal and teachers possess the necessary qualifications, the

school premises satisfy the requisite standards, and so on). The Government has never imposed any restriction on the number of kindergartens or the districts in which they can operate. Applications for registration from both profit-making and non-profit-making kindergartens are processed according to the same set of criteria.

Eligible non-profit-making sponsoring bodies may apply to the Government for the allocation of kindergarten premises in public housing estates. When developing a new public housing estate, the Housing Department will estimate the population of children within the kindergarten age group (aged three to five) to determine the number of kindergartens required in the estate. According to the existing planning standards, the Housing Department will reserve one bi-sessional kindergarten classroom for every 67 children aged between three and five, and a standard kindergarten has six classrooms. To enable all school-aged children to attend kindergartens within the estates where they live as far as possible, the actual provision of kindergarten places in a newly developed housing estate is in general slightly higher than the estimated demand. For illustration, the Housing Department will build two kindergarten premises if the estimated demand comes up to about 1.6 kindergartens.

Given the supply of kindergarten places in each district, children should be able to attend kindergartens closest to their home, thus sparing them the time and trouble of travelling a long distance to school. At the same time, sponsoring bodies or kindergarten operators can choose to provide education services in any district which they want. The Government does not therefore have any intention of setting an upper limit on the number of kindergarten places in each district based on the population projection of school-aged children in the district.

(Table 1)

Accommodation in Kindergartens by District, 1995-1999

<i>(District)</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
(Central & Western)	9 182	9 362	9 384	8 554	8 961
(Wan Chai)	8 135	8 028	7 992	8 384	8 749
(Eastern)	17 994	18 396	18 838	18 887	18 761
(Southern)	8 125	7 740	7 384	7 669	7 285
(Sham Shui Po)	11 465	11 876	11 988	12 335	12 993
(Yau Tsim Mong)	7 445	7 329	7 580	7 955	8 129
(Kowloon City)	21 921	21 997	21 763	21 838	25 072
(Wong Tai Sin)	11 085	11 151	11 434	12 381	12 637
(Kwun Tong)	15 966	16 549	16 977	17 246	17 483
(Tsuen Wan)	8 561	8 495	8 601	8 879	8 847
(Kwai Tsing)	13 694	13 569	13 087	13 311	13 821
(Tuen Mun)	18 712	18 617	18 311	18 088	18 851
(Yuen Long)	15 760	16 238	16 705	17 491	17 690
(North)	11 803	12 881	13 006	12 733	12 637
(Tai Po)	12 352	11 666	11 607	11 322	11 118
(Sha Tin)	15 970	15 884	16 834	17 196	17 631
(Sai Kung)	7 523	7 799	7 729	8 847	10 657
(Islands)	2 182	2 018	2 359	3 494	3 446
(All Districts)	217 875	219 595	221 579	226 610	234 768

Enrolment in Kindergartens by District, 1995-1999

<i>(District)</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
(Central & Western)	7 292	7 235	6 990	6 569	6 342
(Wan Chai)	6 415	6 225	6 200	6 351	6 346
(Eastern)	14 337	14 594	14 589	14 162	13 287
(Southern)	6 150	5 765	5 422	5 668	5 201
(Sham Shui Po)	8 441	9 054	8 937	8 704	9 152
(Yau Tsim Mong)	5 733	6 054	5 972	6 039	5 683
(Kowloon City)	21 226	20 529	20 028	20 108	21 674
(Wong Tai Sin)	8 205	8 523	8 806	9 015	8 845
(Kwun Tong)	12 413	12 814	12 922	12 676	12 242
(Tsuen Wan)	7 116	7 368	7 406	7 429	6 895
(Kwai Tsing)	11 185	11 207	10 548	9 963	9 392
(Tuen Mun)	16 553	16 282	15 486	14 725	13 989
(Yuen Long)	14 023	14 318	14 161	14 086	13 258
(North)	9 882	10 239	10 073	9 494	8 995
(Tai Po)	10 583	9 718	9 221	8 658	7 720
(Sha Tin)	13 036	13 021	12 928	12 629	12 361
(Sai Kung)	6 255	6 407	6 143	6 526	7 519
(Islands)	1 472	1 418	1 630	2 271	2 237
(All Districts)	180 317	180 771	177 462	175 073	171 138

(Note): (Figures refer to the position as at mid September of the respective years.)

(Source): (Enrolment Statistics, 1995 to 1999)

Language Benchmark Examinations

14. **DR DAVID LI:** *Madam President, serving English and Putonghua teachers in primary and secondary schools are to be benchmarked by 2005 through taking the Language Benchmark Examinations or attending accredited training courses. In this connection, will the Government inform this Council whether it will consider extending the language benchmark requirement to teachers of other subjects; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR EDUCATION AND MANPOWER: Madam President, the language benchmark initiative arose from the Education Commission Report No. 6 (ECR6), published in 1996 after two rounds of public consultation, which recognized the urgent need in Hong Kong to enhance the proficiency of Chinese (including Putonghua) and English of young people in order to meet changing political, economic, social and cultural demands. The Commission recommended a number of measures to enhance the language abilities of teachers and students. One of the measures was to establish language benchmarks for teachers and to help ensure that teachers can meet these benchmarks. The recommendation was generally well received.

In pursuing this initiative, the Government is conscious that there are many factors which may influence the language proficiency of students. We have therefore adopted a comprehensive strategy and earmarked huge resources to address the problem. For example, we have introduced various support measures in the past few years to enable schools to enhance language teaching. These include, to name a few:

- (i) the provision of multi-media learning centres to schools which will facilitate the teaching and learning of languages. To date, about 280 secondary schools have been, or will soon be, furnished with these centres;
- (ii) the provision of over 600 additional teachers for primary schools to co-ordinate library service and to support the Chinese and English reading schemes;
- (iii) the provision of over 580 additional English teachers for secondary schools using Chinese as the medium of instruction;

- (iv) a Native-speaking English Teachers (NETs) Scheme for secondary schools. To date, there are about 440 NETs;
- (v) a business-school partnership programme to provide secondary students with the awareness of the importance of English in the workplace and exposure to authentic language environments. To date, 170 schools and 100 companies have agreed to participate in the programme; and
- (vi) the many innovative language projects in schools funded by the Language Fund and the Quality Education Fund.

The above measures cost about \$780 million in capital expenditure and about \$860 million in recurrent expenditure. Language benchmarks of teachers is one of the key elements of the comprehensive strategy as there can be no doubt that teachers' language proficiency has a direct bearing on students' language proficiency because of teachers' unique position in the education process.

The language benchmarks for English and Putonghua teachers in primary and secondary schools were developed by the Advisory Committee on Teacher Education and Qualifications (ACTEQ) which includes school principals and teachers, as well as representatives of teacher training institutions. The Committee was advised by consultants who were experts on the subjects. The benchmarks have been accepted by the Government for implementation.

From the 2000-01 school year onwards, new teachers teaching English or Putonghua will have to be benchmarked through examinations. The timeframe within which they need to attain benchmark status will slightly vary depending on the teachers' training background, but in the main, they should be benchmarked within one year after they have started teaching the relevant subject(s).

Serving teachers teaching English or Putonghua will have five years, that is, until 2005, to attain the benchmarks. They can choose to attend a benchmark examination, or they can attend recognized training courses which will include an element of internal assessment so that successful completion of the training courses will be regarded as attaining the benchmark.

Benchmark examinations, conducted by the Hong Kong Examinations Authority and the Education Department, will be held twice a year, starting from October 2000. Training courses will be provided by local and overseas training institutions. The institutions have been invited to draw up course proposals. We expect each course to last between 150 to 200 contact hours, and to be structured on a modular basis to enable teachers seeking training on particular skills to make easy selection. The first of such courses should commence in the final quarter of the year. We envisage that training course providers will be able to announce details on training arrangements by August.

Serving English and Putonghua teachers will receive full reimbursement for taking the examinations, and a reimbursement up to about \$13,000 for attending the accredited training courses. The Government has set aside about \$240 million in the next five years to ensure that all serving English and Putonghua teachers will have the opportunity to attend training courses if they so wish.

New and serving teachers who are unable to attain benchmark status within the timeframe described above may remain in the profession. Although they may not continue to teach the relevant language(s) until they are benchmarked subsequently, they may take up other teaching duties.

The Government has considered carefully the question of exempting teachers who possess the necessary qualifications from the whole or part of the benchmarking requirement. Following the ACTEQ's advice, we agree that teachers with a pass in the Advanced Level Putonghua Proficiency Test conducted by the Hong Kong Examinations Authority, and teachers who obtain Grade B Level 2 or above in the National Putonghua Proficiency Test may be exempted from parts of the Putonghua benchmark requirements.

As for the English benchmark, the Government originally accepted the ACTEQ's recommendation that there should be no exemption for the time being, since the data collected during the consultancy study did not provide sufficient information to form a clear basis for providing exemption. Since then, we have reviewed the situation in the light of comments and further information provided by the education sector. We are now actively considering the possibility of exempting from the English benchmark requirement teachers who possess relevant degrees and professional training. We will invite the ACTEQ to advise on the matter, including various associated technical and practical issues. We will announce the details as soon as possible.

As a next step and based on the recommendation in the ECR6, the Government has tasked the ACTEQ to establish language benchmarks for teachers who teach Chinese language, and teachers who use English as the medium of instruction to teach non-English language subjects. The ACTEQ will shortly be inviting proposals from consultants on the development of these benchmarks.

Relationship between Hong Kong and Taiwan

15. **MISS CHRISTINE LOH:** *Madam President, regarding the relationship between Hong Kong and Taiwan, will the Government inform this Council:*

- (a) whether there have been changes to the principles and policies adopted for handling matters of mutual concern between Hong Kong and Taiwan since Hong Kong's reunification with China;*
- (b) whether there have been recent changes to the work profile relating to Taiwan matters of the Special Advisor to the Chief Executive;*
- (c) of the reasons why the new head of Chung Hwa Travel Service has yet to be issued with a work visa despite the fact that five months have elapsed since the former head returned to Taiwan, and whether they are related to changes in the conditions of the visa;*
- (d) whether there have been changes in the policy on Taiwan officials visiting Hong Kong after the establishment of the Government of the Hong Kong Special Administrative Region (SAR); and*
- (e) whether it has formulated contingency plans to deal with Hong Kong-Taiwan matters when the relationship between Beijing and Taipei deteriorates?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Madam President, since reunification, the SAR Government has always been managing Hong Kong's relationship with Taiwan in accordance with the principle of "one China" and the seven principles and basic policies announced by the State Council in 1995. There has been no change in our principles and policies of handling Hong Kong's relationship with Taiwan.

There has also been no change in the SAR Government's policy and procedures for the issue of entry permits to Taiwan residents. Taiwan officials may visit Hong Kong in their private capacity. Each application for entry permit is considered on its own merits, and processed on a case-by-case basis having regard to the prevailing circumstances as well as all relevant factors. There has been no change to this policy before and after reunification. To date, no application for an entry permit to work in Hong Kong as head of the Chung Hwa Travel Service has been received.

As regards the Special Advisor to the Chief Executive, as the Administration explained in our reply to a Legislative Council question this January, he provides advice to the Chief Executive on issues relating to policy research and the handling of Hong Kong's relationship with Taiwan. This remains unchanged.

The new Taiwan leader has just assumed office. The SAR Government firmly supports national unification. We very much hope that the new Taiwan leader will signify clearly acceptance of the "one China" principle, so that the objective of "peaceful reunification" can be achieved at an early date.

Hong Kong People being robbed in the Mainland

16. **MR LAU KONG-WAH** (in Chinese): *Madam President, in February this year, a Hong Kong resident was robbed and given an injection of bacteria-contaminated fluid in Shenzhen, and died after returning to Hong Kong. In this connection, will the Government inform this Council:*

- (a) *whether it knows the number of Hong Kong people who were robbed in the Mainland over the past three years, the number of such cases and the number of casualties thus caused;*
- (b) *of the follow-up actions that it usually takes upon receiving reports of Hong Kong people being robbed in the Mainland, and whether it will liaise with or seek the assistance of the relevant Public Security Bureaux (PSBs) in the Mainland; if not, of the reasons for that;*

- (c) *whether there are regular dialogues with mainland PSBs on the issue of Hong Kong people being robbed in the Mainland; if so, of the details, if not, the reasons for that; and*
- (d) *whether it will provide guidelines to Hong Kong people on the immediate action that they should take after being robbed in the Mainland?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) The number of cases of Hong Kong residents falling victims to robberies in the Mainland in the past three years, as reported to the Government of the Hong Kong Special Administrative Region (SAR), is as follows:

	<i>No. of Cases</i>	<i>No. of people robbed</i>	<i>No. of casualties</i>
1997	2	5	All slightly injured
1998	6	6	All slightly injured
1999	17	27	26 slightly injured and one killed
2000 (January to May)	14	15	14 slightly injured and one killed

- (b) All the reports concerning robberies of Hong Kong residents in the Mainland were made to the Hong Kong Police Force by the victims or their relatives on their return from the Mainland. On receipt of such reports, the Hong Kong police will conduct initial investigation into the cases. If the case involves criminal acts in Hong Kong, the police will undertake further investigation in Hong Kong. If the case involves criminal acts in the Mainland, the police would seek the consent of the victims/relatives concerned and then notify the

relevant mainland public security authorities to investigate into the case. If the Hong Kong resident loses his travel or identification documents during the robbery and is unable to return to Hong Kong, the Immigration Department or the Beijing Office of the SAR Government may issue him with an Entry Permit and provide him with other practical assistance, including contacting the victim's relatives and friends in Hong Kong on the victim's request, and assisting the victim to return to Hong Kong, and so on.

- (c) The Hong Kong police maintains close liaison and co-operation with the mainland public security authorities. Regular meetings are held to discuss law and order problems of mutual concern and police co-operation matters.
- (d) The Immigration Department has published a guide on the scope of assistance which the SAR Government may provide to Hong Kong residents in distress in the Mainland. The guide also offers advice to Hong Kong residents in cases of accidents, robbery or injuries, and so on. This guide may be obtained from the Immigration Department inquiry desks and the Department's branch offices, District Offices and the Beijing Office of the SAR Government.

Setting up a Computer Emergency Response Centre

17. **MISS EMILY LAU** (in Chinese): *Madam President, given that a computer virus known as "I Love You" has caused severe damage to computer systems all over the world recently, some members of the information technology (IT) industry have called the provision of funding by the Government for the establishment of a Computer Emergency Response Centre (CERC) in Hong Kong to deal with urgent cases relating to computer security. In this connection, will the executive authorities inform this Council:*

- (a) *whether they have estimated the economic losses Hong Kong has incurred due to the computer virus;*

- (b) *of the countries or territories in Asia where computers are widely used but such CERCs have yet to be set up;*
- (c) *whether members of the IT industry have applied to the Administration for funding to set up a CERC; if so, of the relevant details and the outcome; and*
- (d) *whether they will consider setting up a CERC; if so, of the timing for its establishment; if not, the reasons for that?*

SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING (in Chinese): Madam President,

- (1) The Administration does not have statistics on the estimated economic loss of Hong Kong caused by the computer virus "I Love You". However, according to media reports, the impact on Hong Kong is relatively minor as compared with other places.
- (2) Among the major economies in Asia, India, Sri Lanka, mainland China and Hong Kong currently have not established a formal CERC.

Although Hong Kong has not yet established a formal CERC, the normal supporting services of a CERC have, to a certain extent, been provided by the Information Technology Services Department (ITSD) and other industrial support organizations like the Hong Kong Productivity Council (HKPC). These include the issue of warning alert and dissemination of information on the emergence of new computer virus through the media or their web sites, and the provision of advisory services on how the virus should be properly tackled. Anti-virus tools are also available at the web site of the ITSD for free downloading. The ITSD and the HKPC also regularly organize seminars and exhibitions to promote public awareness on information security.

- (3) The Administration has so far received two funding applications related to the establishment of a CERC in Hong Kong. The first, submitted in 1998 by the Hong Kong Internet Services Providers

Association to the then Industrial Support Fund, was not accepted after the vetting committee (which comprised members from the industry, professional bodies and universities) had examined the application, having regard to the quality of the project proposal and the effectiveness in implementation.

The second application is submitted jointly by the HKPC and the Hong Kong University of Science and Technology to the Innovation and Technology Fund (ITF) recently. The application comprises proposals to launch an education and training programme to raise public awareness on computer security problems and to examine the mode of operation of CERC overseas, with a view to setting up a CERC in Hong Kong. The application has been recommended for approval by the relevant ITF vetting committee. The funding decision would be announced shortly.

- (4) The Government supports the establishment of a CERC in Hong Kong. The HKPC has plans to set up a CERC in Hong Kong within this financial year.

Damage to Buildings Caused by MTR Works

18. **MR NG LEUNG-SING** (in Chinese): *Madam President, it was reported that cracks appeared on the external walls of several buildings in North Point, allegedly caused by the expansion works undertaken by the Mass Transit Railway Corporation (MTRC) at North Point Station. In this connection, will the Government inform this Council whether:*

- (a) *it is aware of the number of relevant complaints, the names of the buildings involved and the details of the damage caused to these buildings;*
- (b) *such complaints have been followed up by the relevant government departments; if so, of the details; if not, the reasons for that;*
- (c) *it knows if the works carried out by the MTRC in the past had affected the external walls or even the structure of the buildings in the vicinity; if so, of the relevant details; and*

- (d) *it has assessed the adequacy of the protective measures currently taken by the MTRC to lessen the impact of its works on the buildings in the vicinity; and of the measures it has put in place to ensure that such works will not endanger the properties and the residents nearby?*

SECRETARY FOR TRANSPORT (in Chinese): Madam President, all complaints about and claims for damages alleged to be caused by the railway construction in North Point received by the Government have been referred to the MTRC for follow-up and investigation. As at April 2000, the MTRC has received 199 such damage claims from residents in a number of buildings in North Point, namely, Ming Yuen Centre, Everwin Building, Metropole Building, Kam Ming Yuen, Maylun Apartments, Roca Centre, Fairview Court, King's Towers, Fortuna Building, Tung Fat Building, Cheong Yuen Building, Alice Court, Siu King Building, Po Shing Court, Wealthy Court, Melody Court and King Ming Court.

It has been the MTRC's established practice to ask its insurer to investigate and process any claims for compensation in relation to MTR construction work. In 150 of the above 199 cases which concern mainly hairline cracks and localized spalling of defective concrete, the MTRC's Loss Adjuster has established no direct relationship between the MTR work and the damage claims. *Ex gratia* payment has been offered to another 25 cases in which the MTRC's Loss Adjuster agreed to do so, on a without prejudice and no liability basis, after taking into account the location proximity, form of construction and types of damages. The remaining cases are still under investigation.

The Government has separately received five representations from seven of the buildings in paragraph one above. These representation alleged that the MTR work had caused structural damage to the buildings. Following investigation by the Buildings Department, it was concluded that the damages in these case were non-structural in nature and there was no structural danger to these buildings.

Before commencement of construction, including blasting, the MTRC is required to submit an assessment report to the Buildings Department for endorsement. During construction, the MTRC installs devices to monitor the level of vibration, ground and building movement, and water table, with regular

monitoring reports submitted to the Government to ensure that the construction does not cause any structural damage and danger to adjoining buildings or structures. So far, the MTRC's monitoring reports indicate that the vibration caused by the construction currently undertaken by the MTRC in the North Point areas is within the acceptable limits and there is no structural damage.

The above monitoring system worked well in the past MTR projects and is also adopted in the current projects. Should there be cases that prove to have structural consequences, the MTRC is required to submit rectification proposals to the Government and take the necessary remedial measures before resumption of work.

Vehicles Entering Closed Roads on Lantau Island without Permits

19. **MR WONG YUNG-KAN** (in Chinese): *Madam President, will the Government inform this Council of:*

- (a) *the number of closed road permits issued for Lantau Island, together with a breakdown by type of vehicles;*
- (b) *the number of vehicles that entered Tung Chung Road on Lantau Island without such permits over the past three years, and the number of traffic accidents and resultant casualties; and*
- (c) *the measures in place to prevent vehicles from entering the closed roads on Lantau Island without these permits?*

SECRETARY FOR TRANSPORT (in Chinese): Madam President, with the exception of the North Lantau Highway and the roads in the airport and Tung Chung New Town, all other roads on Lantau are closed roads where access by vehicles is regulated by a closed road permit system. As at 1 April 2000, 3 277 vehicles were issued with closed road permits for Lantau. Of the closed road permits issued, 1 540 were issued to full-time residents, property owners and business operators on Lantau. The rest were temporary permits issued on a need basis to companies providing services or carrying out building works in South Lantau. A breakdown by vehicle types is as follows:

*Number of Vehicles
Issued with Permits*

Private Car	2 116
Motorcycle	85
Taxi	49
Light Goods Vehicle	401
Medium Goods Vehicle	184
Special Purpose Vehicle	8
Public Bus	139
Private Light Bus	14
Government Vehicle	281
 Total	 3 277

In addition to its being a closed road, Tung Chung Road is also a prohibited zone. Except franchised buses running on routes in the area, Lantau taxis and emergency vehicles, other vehicles using Tung Chung Road between 7.30 am and 7.00 pm are required to possess prohibited zone permits. The prohibition on vehicles above 5.5 tonnes in weight extends to 24 hours a day.

The police has been maintaining statistics on prohibited zone violations since the opening of the Lantau Link in mid 1997. According to their prosecution record, the number of vehicles entering Tung Chung Road without valid prohibited zone permits in the past two years is as follows:

<i>Year</i>	<i>Number of Cases</i>
1998	351
1999	392

We do not have in hand specific statistics on accidents caused by vehicles without valid permits.

To prevent vehicles without valid permits from entering the closed roads and Tung Chung Road during the effective hours of its prohibited zone status, the following measures are in place:

- (a) the erection of conspicuous traffic signs at all entrances of the closed roads to advise motorists;
- (b) the enforcement by the police, including spot checks and regular patrol, to deter violators; and
- (c) the deployment of a security guard for monitoring inbound vehicles at the northern main entrance of Tung Chung Road from 7.30 am to 7.00 pm daily and for turning back unauthorized vehicles.

Traffic Accident Causing Chemical Leakage

20. **MR LAU KONG-WAH** (in Chinese): *Madam President, it was reported that a lorry had a traffic accident in Yuen Long on 5 February this year, resulted in the spilling of massive amounts of styrene, which then flowed into Deep Bay along open nullahs. In this connection, will the Government inform this Council whether:*

- (a) *it has, immediately after the accident, sent staff to collect soil samples from the scene and water samples from Deep Bay for testing; if it has, of the test results and the measures taken by the Administration to clear up the styrene at the scene of the accident; and*
- (b) *it has assessed the impact of massive amounts of styrene flowing into Deep Bay on its marine ecology, and of the measures to alleviate the damage caused to the environment of Deep Bay and its nearby areas, including Mai Po?*

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

- (a) On 5 February 2000, Environmental Protection Department staff was quickly summoned to the scene of the incident to assess the nature of the spilt styrene.

Available ecotoxicological data indicated that the spilt styrene is relatively insoluble, highly volatile and bio-degradable. It floats on water. In air, it takes only 2.5 hours for its concentration to degrade by half. Overseas studies revealed that styrene is only moderately toxic to aquatic life such that styrene of concentration below 1.9 ppm (parts per million) will have no observed effect on fish and aquatic invertebrates while concentrations below 0.063 ppm will have no effect on phytoplanktons. Furthermore, the chemical characteristics of styrene suggest that it will not bioaccumulate or bioconcentrate in organisms and food chains.

As the assessment indicated that styrene would pose a greater threat in water, water samples were taken at the affected water courses, including Deep Bay off Lau Fau Shan and Mai Po Marshes, for testing. The concentration of styrene in the samples ranged from 0.41 ppm (11 hours after the incident) to well below 0.05 ppm (24 hours after the incident), which indicated that the concentration of styrene in the water courses had decreased rapidly within a short period of time to below the lowest reported toxic level.

- (b) Given the rapidly degradable nature of styrene and the extremely low level of styrene found in water samples collected at affected water courses on the second day, it was concluded that the incident would not have any further impact on the environment. Field observations on the second day indicated that fish had already returned to the waters at the scene. As a confirmatory check, sediment samples were collected at Inner Deep Bay and water samples were taken downstream of the spill area during March. These indicated that the styrene levels ranged from 0.3 ppb (parts per billion) in the water samples to 1 ppb in the sediment samples.

BILLS

Second Reading of Bills

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): Bills. We will resume the Second Reading debate on the Securities (Amendment) Bill 1999.

SECURITIES (AMENDMENT) BILL 1999

Resumption of debate on Second Reading which was moved on 5 January 2000

PRESIDENT (in Cantonese): Mr Ronald ARCULLI, Chairman of the Bills Committee on the above Bill, will now address the Council on the Committee's Report.

MR RONALD ARCULLI: Madam President, as Chairman of the Bills Committee on Securities (Amendment) Bill 1999, I wish to report to Honourable Members the deliberations of the Bills Committee.

The Bill proposes to strengthen the regulation of the securities market in Hong Kong by raising the penalty for illegal short selling activities under section 80 of the Securities Ordinance from the present fine of \$10,000 and six months' imprisonment to a \$100,000 fine and two years' imprisonment. The Bill also seeks to impose statutory disclosure and reporting requirements on short selling, because the current requirements under the Rules of the Stock Exchange of Hong Kong do not have the force of law and is binding only on its members. The proposed statutory requirements will be extended to sellers and market participants.

Acknowledging that Hong Kong is a small and open market vulnerable to market manipulation and price instability, members are generally in support of the proposal to strengthen regulation of short selling to improve market discipline and enhance market transparency. However, the industry and some members have expressed much concern about the scope of application of the Bill, its effectiveness in addressing the systemic risks of the market and whether it is necessary to impose criminal liability on market participants for failure to report short selling orders. The Bills Committee has held five meetings to discuss with the Administration, representatives of the industry and legal professionals on the intent and scope of the Bill, as well as the present market practice and possible ways to address the industry's concerns.

The Bills Committee has sought clarification from the Administration that the intent of the Bill is not, and I emphasize that it is not, to widen the scope of reportable short selling activities. According to the Administration, the Bill has not imposed new requirements on stockbrokers, and the proposed requirements only mirror those which already exist in the Rules of the Stock Exchange of Hong Kong and these are in line with the practice in major overseas markets.

To remove any ambiguity about the scope of reportable short selling activities under the new section 80A, the Bills Committee has sought assurance from the Administration that the definition of short selling orders does not include transactions made by fund managers and trustees under discretionary authority. The definition also excludes equity swaps and repurchase where the title has been transferred outright to the seller. For the avoidance of doubt, the Administration has accepted the Bills Committee's suggestion to introduce Committee stage amendments to expressly exclude these activities from the definition.

The industry is particularly concerned about the documentary assurance requirements under the proposed section 80B. While the Bills Committee agrees that some form of audit trail is necessary to enable the regulatory body to verify the assurance given, members appreciate that the industry may have operational difficulties to require the seller to provide documentary evidence at the time of placing an order. Some members consider it sufficient for the broker to obtain a verbal assurance from the seller and make a documentary record of such when placing a short selling order, subject to the provision of documentary proof, such as a "hold" notice, by the close of the trading day. After discussion, the Administration has accepted the proposal and undertaken to specify this in the rules of the Securities and Futures Commission to be made under section 146 of the Ordinance. The Administration has also agreed to move amendments to clarify the application of section 80B to fund managers or trustees who sell securities under discretionary authority.

The industry is also worried that stockbrokers will be held criminally liable for inadvertent omissions or careless mistakes in reporting short selling orders under section 80C. Notwithstanding the provision of a reasonable excuse clause in the section, the industry has expressed concern that the court may not accept carelessness as a reasonable excuse. After much discussion with the Bills Committee and industry representatives, the Administration has finally agreed to my proposal that a "lawful excuse" be incorporated in section

80C in place of the "reasonable excuse", in order to cover careless and inadvertent mistakes of a market participant in the course of transaction.

A member of the Bills Committee has maintained the view that non-disclosure of legal short selling order by a stockbroker should be a disciplinary rather than a criminal offence. The Administration has responded, however, that the offence provision is necessary to provide deterrence against unreported short selling.

Madam President, I am glad that the Administration has taken on board many suggestions of the Bills Committee to improve clarity of the new provisions and to facilitate implementation of the statutory requirements. The industry will further discuss with the Administration and the Securities and Futures Commission the documentary requirements to be stipulated in the rules.

Subject to the amendments to be made by the Secretary for Financial Services, the Bills Committee supports the Second Reading of the Bill.

Thank you.

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

MR FUNG CHI-KIN (in Cantonese): Madam President, first of all, I have to declare my interests for I am a securities trader, thus the Bill has direct connection with me.

Concerning the Second Reading of the Bill, which seeks to govern short selling activities of securities in the market, both the industry and I personally share the same view that firstly, these were some of the improvised arrangements of the so-called "seven tricks and 30 devices" resorted to by the Government during its intervention of the market in 1998. Why do I have to say so? From my point of view, the entire amendment aiming at short selling activities, is only a piece of rather incomplete legislation. Perhaps many Members are not familiarized with actual market operation. I have emphasized some views during the deliberations of the Bills Committee. I understand that the amendment is actually aiming at the short selling activities on borrowed stocks in the market, that is, to impose harsher regulations and penalties on investors or

market intermediaries who have conducted so-called uncovered short selling activities. However, such amendment can only govern the uncovered short selling of spot goods, but not some other short sales in disguised form. For example, equity-swapping transaction, just as Mr ARCULLI mentioned, which is another form of short selling of borrowed securities the Government has admitted, has not been regarded as short selling activities in the legislation.

Secondly, the legislation can only govern short selling of spot goods, not futures. For example, the short selling of Hang Seng Index Futures is not required to declare whether it is a transaction of short selling or hedge selling. In fact, massive short selling activities can be found in the derivatives market, as a result, we have seen that in 1998, the futures market was the market mainly being manipulated. As a result, such short selling legislation can only govern uncovered short selling activities, but not other short selling activities of specific backgrounds in the futures market.

Thirdly, the legislation can only govern local short selling on borrowed stocks activities, but not any short selling arrangement outside the Territory. As the Government cannot oversee such arrangements, traders may opt to or not to make the relevant declaration.

Fourthly, as the legislation can only govern short selling activities which have been reported to the authority, it cannot govern re-purchasing activities after short selling. The purpose of the legislation is to increase market transparency. However, even if it is implemented, we can only know that there are numerous short selling activities in the market, but not the number of closing out activities. Concerning market transparency, the implementation of such regulation can only reflect activities in certain aspects, not the entire market operation and characteristics.

As a result, we think that basically the control over short selling activities is only an absolutely incomplete approach. Actually, if the Government is to impose regulations to prevent market manipulations, I feel such an arrangement will only has little effect, because the short-sellers have already borrowed the securities, while investors, hedgers or so called "international market manipulators" have already reported their short selling arrangement to the authority, so their transactions are totally lawful, and the Government can do nothing against them. Even if the number of reported short-sellers has increased, it will has no substantive help in the prevention of market

manipulations. Real market regulation is not determined by the control over short selling activities, but by the way in which the scale of the market is regulated, the forecasts on the rise and fall of indices are treated, or even the combination of investment is adjusted, because the so-called "swapping" activity can also be another form of market manipulation. All of these are the aspects which we people in the market feel the most concern. Unfortunately, we have not seen any targeted proposal. Therefore, on the whole, we think that such legislation concerning short selling is a little bit hasty, not ideal, not perfect and not effective at all. Of course, we agree with the Government's view to increase market transparency and to enhance regulation. When we are exchanging views with the Government during the deliberations of the Bills Committee, we have incessantly brought up our views. That is, we think that we should find a specific way to solve the problem, but not by imposing harsh laws, because harsh law is not an effective deterrent to market manipulators. This is our view on the legislation on the whole.

Regarding specific clauses of the Bill, I will express the views of the industry on a specific clause during the Committee stage. For that reason and as the representative of the industry, I will abstain from the voting on this amendment. Thank you, Madam President.

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

(No Member responded)

PRESIDENT (in Cantonese): If not, I will call upon the Secretary for Financial Services to speak in reply.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam President, the Securities (Amendment) Bill 1999 was read the First time on 5 January this year. The policy objective of the Bill is to ensure the fairness and transparency of short selling activities and the market efficiency they provide through the enactment of specific legislative provisions on information reporting and disclosure. Under the existing law, a person or a principal (who is selling securities through an agent) engaging in short selling commits a criminal offence unless he has a presently exercisable and unconditional right to vest the securities

in the purchaser of such securities. However, the existing law does not contain any specific reporting or disclosure requirement for legal short selling activities. Although members of the Stock Exchange of Hong Kong (SEHK) are bound by the requirements under the Rules of the SEHK to report a short selling order, the Rules do not have the force of law, and breaches can only be subject to the disciplinary actions of the SEHK. Therefore, for the purpose of providing further appropriate regulation in respect of short selling activities, the Government deems that there is a need to incorporate the SEHK's requirements on information reporting and disclosure into the laws on securities.

Mr FUNG Chi-kin commented that this Bill was directed only at some of the problems, and that it could not deal with all of the problems. This is as it should be, because the objective of this Bill is just to deal with the loopholes in the regulation of short selling activities. For this reason, we will deal separately with the other problems relating to the futures market.

Following an examination of the relevant requirements under the Rules of the SEHK, we now propose in the Bill that a person selling as a principal must be obliged to inform his agent whether the sale order is a short selling order and provide to the agent an assurance that he has a presently exercisable and unconditional right in respect of the relevant securities.

Besides, the Bill also proposes to extend the rule making power of the Securities and Futures Commission (SFC), so that it make rules to require short sellers to disclose to the brokers when they close out their outstanding short positions by purchases at or through the SEHK and to require securities lenders to keep records of their lending.

Since short selling activities may be used as a tool to manipulate the market and may thus produce negative impacts on the market, we see a need to strengthen the deterrent effect against illegal short selling activities. We therefore propose to increase the existing penalties to a maximum fine of \$100,000 (level 6) and an imprisonment of two years.

The Bills Committee held a total of five meetings, during which the policy objective and provisions of the Bill were thoroughly scrutinized. I am very glad that the Bills Committee was able to realize that a small and open market like that of Hong Kong was vulnerable to market manipulation, and I am also very glad that it thus supported the principle of strengthening the regulation of short selling

activities. During the discussions on how best to implement the various regulatory measures, the Bills Committee offered many valuable opinions about the ways to minimize the effects on the industry and to balance the needs of different sides. I would like to take this opportunity to thank the Bills Committee, in particular its Chairman, Mr Ronald ARCULLI.

The Bills Committee and the industry were particularly concerned about the definition of a short selling order and the criminal liabilities resulting from breaches of disclosure requirements. Besides, the Bills Committee also conducted very detailed discussions on the other proposals of the Bill. After taking account of the views of the Bills Committee and the industry, and after consulting the SFC and the Department of Justice, the Government will move a number of amendments to some proposals of the Bill. I shall offer Members a detailed account of these amendments a moment later.

The long-standing position of the Government is that short selling activities can play a positive role in the market, and we have no intention of preventing investors or speculators from engaging in legal short selling in the Hong Kong market. We hope that through these proposals, we can further strengthen the effective regulation of short selling activities, thus reducing the potential system risks brought to the market by such activities. When formulating the relevant measures, we have already done the best we could to balance the needs of different sides, and following the discussions in the Bills Committee, we also sought to improve the Bill in many different respects. I therefore call upon Members to support the Second Reading of the Bill and the amendments to be moved by the Government later on. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Securities (Amendment) Bill 1999 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Securities (Amendment) Bill 1999.

Council went into Committee.

Committee Stage

CHAIRMAN (in Cantonese): Committee stage. Council is now in Committee.

SECURITIES (AMENDMENT) BILL 1999

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Securities (Amendment) Bill 1999.

CLERK (in Cantonese): Clauses 2 and 3.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clause 4.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam Chairman, I move the amendments to proposed sections 80A and 80B in clause 4, as set out in the paper circularized to Members.

The amendments seek to introduce a new definition for "short selling order" in the Bill. In response to the views expressed by the industry, we propose to make the definition of "short selling order" in section 80A clearer so that its scope of regulation will be consistent with the requirements for short selling as stated in the Rules of the Stock Exchange of Hong Kong.

Pursuant to this new definition, the lending party in any securities lending and borrowing transaction shall not be deemed to be executing a short selling order when he sells the securities he has lent. The new definition has also deleted some general provisions to avoid certain normal activities in the stock market, such as selling securities obtained in equity swaps, being regarded as short selling orders.

In addition, section 80B provides that a person selling as another person's agent is obliged to obtain documentary assurance from his principal if the sale order is a short sale. In other legislation related to securities, the definition for "document" includes all kinds of electronic documentation and tape recording. Section 80B as amended provides that a person who conveys or accepts an order for and on behalf of his clients or beneficiaries shall be regarded as selling as a principal if he has full discretion to sell the securities, and his conveyance or acceptance is not in accordance with any instruction from his clients or beneficiaries. The amendment is made in response to the concern raised by the industry on the capacity of fund managers in executing a short selling order.

The amended section 80B also provides a defence for any person who is charged with the offence of contravening any provisions related to the confirmation of short selling orders. If the defendant proves that when he conveyed or accepted the order concerned, he did not know that the order was a short selling order; or had reasonable grounds to believe and did believe that the order was not a short selling order, then this shall be regarded as a defence. The other amendments are merely of a technical nature to enable the imposing of clear requirements on the provision and collection of information in the handling of a short selling order.

Madam Chairman, I so submit and I urge Members to support the amendments.

Proposed amendment

Clause 4 (see Annex VI)

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Secretary for Financial Services be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam Chairman, I move the amendments to proposed section 80C(1) and (2) in clause 4, as set out in the paper circularized to Members. The amendments seek to effect technical amendments to the above section so as to bring in line the references in the related legislation to the terms "exchange participant" and "exchange participant's representative". I believe the amendments will have the support of all Members. Thank you.

Proposed amendment

Clause 4 (see Annex VI)

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Secretary for Financial Services be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam Chairman, I move the amendment to proposed section 80C(3) in and the addition of proposed section 80C(4) to clause 4, as set out in the paper circularized to Members.

Section 80C(3) of the Bill specifies that the contravention by an exchange participant of the provision for disclosure of a short selling order without reasonable excuse should be a criminal offence. In the course of deliberations of the Bills Committee, the industry has expressed their views on this provision. They said that an exchange participant might have contravened the disclosure provision out of carelessness or inadvertence, and they were also concerned that mistakes made out of carelessness or inadvertence might not be deemed as reasonable excuses. This thus puts great pressure and psychological burden on the industry. We have formulated this provision for the purpose of applying criminal sanction against intentional contravention or neglect of the disclosure provision, instead of pinpointing at mistakes or omissions made out of carelessness or inadvertence. In response to the views expressed by the industry and after repeated consideration and detailed internal discussions, the

Government agrees to the proposed replacement of "reasonable excuse" by "lawful excuse" as well as the addition of proposed section 80C(4) to explicitly specify that lawful excuses include carelessness, inadvertence and negligence. But I must say that the relevant amendment will make prosecution more difficult. We and the Securities and Futures Commission (SFC) will pay close attention to the relevant development and conduct a review, when appropriate, to see whether the amended provision on criminal liability is adequately effective. If explicitly needed in future, the Government will consider submitting proposals to the Legislative Council to further strengthen the effects and deterrent effects of the provisions.

Moreover, the SFC will work out some guidelines on the implementation of the provisions on the disclosure of short selling to provide more explicit explanations to the industry. Thus, I think the amendment has balanced the needs of various parties. With these remarks, Madam Chairman, I hope Members will support the amendment.

Proposed amendment

Clause 4 (see Annex VI)

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

MR FUNG CHI-KIN (in Cantonese): Madam Chairman, the Secretary, Mrs Rebecca LAI, made the remark earlier that actually she still did not consider the existing provisions too stringent. It is precisely for this reason that the industry has to object to this amendment. On the one hand, we are very grateful to Mr Ronald ARCULLI for putting in a great deal of efforts in making amendment to wordings and providing a lot of explanation in the course of scrutinizing the Bill, which are all done to make the industry feels better. On the other hand, the Secretary has just indicated that she would propose amendment again if the Government experiences great difficulty in prosecution. Madam Chairman, what are the reasons for the Government in doing so? Actually, the Government is in support of lawful and legitimate short selling transactions for they can help promote activities of the market in general. The short selling transactions referred to under section 80C, as we are discussing at the moment, are all lawful rather than unlawful activities. It is just because intermediaries

have, in hustling into dealing with transactions, failed to report short selling transactions to the market due to carelessness, negligence or other reasons that breaches have occurred. Actually, under the current operation of the Stock Exchange of Hong Kong (SEHK), investors are still unable to obtain immediate knowledge of related short selling transactions for they will not know on which stocks have been short selling transactions carried out until relevant statistics are released after the close of the market. Therefore, for the sake of transparency, the immediate disclosure of short selling transactions — lawful short selling transactions — will not help much in enhancing transparency. Furthermore, given the lawful nature of these short selling activities, why should the acts conducted by intermediaries out of carelessness be considered unlawful or to have committed a crime? This is where our greatest concern lies.

Actually, if an intermediary fails to perform satisfactorily due to frequent carelessness or negligence, I believe the SEHK, or the Securities and Futures Commission, will have to consider whether this intermediary is fit for the job and will have probably imposed other disciplinary punishment in the course of issuing the licence. This is already sufficient as far as we are concerned. The Government should not go so far as to impose a criminal charge against the intermediary or even put him in jail. Of course, it appears that it will be quite difficult to take prosecution action. However, the regulatory authority will naturally find justifications to bring the matter to the court. Some intermediaries have expressed great difficulty and fear that their reputations will be tarnished if they have to defend themselves before the court. They might have to suffer a lot in the interim even though they may finally be proved not guilty. This is why we consider this approach too extreme.

In fact, insofar as short selling activities are concerned, the Government has also encouraged the Hong Kong Securities Clearing Company Limited to act as a central body to deal with short selling by borrowing securities to let investors and intermediaries conduct transactions under fair terms. But why has the Ordinance treated intermediaries so harshly? We simply cannot see any reasons for intermediaries to collaborate with others to conceal short selling transactions which are lawful. As these activities are already lawful, why should we conceal them? There is absolutely no motive for doing so. In that case, why should the Government resort to such a terrible act as regulating by means of legislation that will criminalized? Although I am grateful to Mr Ronald ARCULLI as well as to the Government and the Secretary for Justice for spending weeks to scrutinize the Amendment Bill before finally accepting this

amendment reluctantly, we consider that from a rationale point of view, it is difficult to accept this amendment. Thank you, Madam Chairman.

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

(No Member responded)

CHAIRMAN (in Cantonese): I will like to ask the Secretary for Financial Services to speak again.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam Chairman, first of all, Mr FUNG has relayed the concerns of the industry. We have listened attentively to and carefully considered these concerns in the course of formulating the Bill and during discussions in the Bills Committee. However, we have to consider the whole idea of monitoring, and to indicate at the outset that short selling activities are basically illegal unless certain actions have been taken. Under the existing system, declaration and disclosure are incorporated into the relevant rules, in other words, we cannot easily or reasonably bring to justice people who have really contravened the law, thus, it can be said that we have not been able to properly implement the existing legislation.

What we would now like to do is to incorporate into this regulatory framework the rules of the SEHK that market participants have always observed. We have not required anything extra of the industry. Under the present circumstances, the industry could of course say that they will feel heavier psychological burdens. Yet, in view of monitoring and regulation, if we exempt certain requirements and conversely say that inadvertence can be used as a statutory defence, it will have to be proved that the party concerned has contravened the legislation with intent. This will weaken the prosecution process and completely offset the intentions of our discussion on this Bill today.

Let me make another remark to set the mind of the industry at ease. Why did I say so? After looking up some records, I found that the SEHK has recorded more than 2 000 cases of such kinds of "press the button" short selling order in the past two years. In fact, if we trace back even a little further to similar cases that happened a few more years ago, I think we could gather up to

5 000-odd cases. Has the SEHK chased after these cases and taken disciplinary actions against these former members who are now known as SEHK participants? The actual answer is no. According to the standard usually adopted by the SEHK, SEHK participants are not liable for inadvertence and negligence. I have told the industry time and again that the Securities and Futures Commission (SFC) will stick to the same attitude and purpose when it implements the new legislation in the future, and it does not intend to make inadvertence or negligence an offence. If the industry is still not relieved, we have proposed the amendments today to specify that "inadvertence" and "negligence" are lawful excuses, and we hope that we would be able to meet the requirements of the industry without going against the purpose of legislating. In passing, I would like to say that the SFC has promised to issue some guidelines so that the industry will have a clearer idea about the way the SFC will implement the legislation. Thank you, Madam Chairman.

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Secretary for Financial Services be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr FUNG Chi-kin rose to claim a division.

CHAIRMAN (in Cantonese): Mr FUNG Chi-kin has claimed a division. The division bell will ring for three minutes.

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Mr Kenneth TING, Mr HO Sai-chu, Miss Cyd HO, Mr Albert HO, Mr Michael HO, Dr Raymond HO, Mr LEE Wing-tat, Mr Martin LEE, Mr LEE Kai-ming, Mr Fred LI, Dr LUI Ming-wah, Mr Ronald ARCULLI, Mr MA Fung-kwok, Mr James TO, Mr CHEUNG Man-kwong, Miss CHAN Yuen-han, Mr CHAN Wing-chan, Mr CHAN Kam-lam, Mrs Sophie LEUNG, Mr LEUNG Yiu-chung, Mr Gary CHENG, Mr SIN Chung-kai, Mr Andrew WONG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Dr YEUNG Sum, Mr YEUNG Yiu-chung, Mr LAU Chin-shek, Mr LAU Kong-wah, Mrs Miriam LAU, Miss Emily LAU, Mr Andrew CHENG, Mr SZETO Wah, Mr LAW Chi-kwong and Mr TAM Yiu-chung voted for the motion.

Mr David CHU, Mr NG Leung-sing, Mr HUI Cheung-ching, Mr Ambrose LAU, Miss CHOY So-yuk, Mr FUNG Chi-kin and Dr TANG Siu-tong voted against the motion.

Mr Eric LI and Dr LEONG Che-hung abstained.

THE CHAIRMAN, Mrs Rita FAN, did not cast any vote.

THE CHAIRMAN announced that there were 46 Members present, 36 were in favour of the motion, seven against it and two abstained. Since the question was agreed by a majority of the Members present, she therefore declared that the motion was carried.

CLERK (in Cantonese): Clause 4 as amended.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clause 5.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam Chairman, I move the amendments to clause 5, as set out in the paper circularized to Members. Besides making technical amendments, the amendments to clause 5 also propose to extend the regulation making power of the Securities and Futures Commission to enable the Commission to require a lender under a securities borrowing and lending agreement to submit borrowing and lending records to enhance the transparency of short selling activities. With these remarks, Madam Chairman, I urge Honourable Members to give their support to the proposed amendment.

Proposed amendment

Clause 5 (see Annex VI)

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Secretary for Financial Services be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clause 5 as amended.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam Chairman, since the Rules of Procedure stipulate that any proposed new clause shall be considered after the clauses of a bill have been disposed of, may I seek your consent to move under Rule 91 of the Rules of Procedure that Rule 58(5) of the Rules of Procedure be suspended in order that the Committee of the whole Council may consider the heading before new clause 6 and new clause 6, ahead of clause 1 of the Bill.

CHAIRMAN (in Cantonese): As only the President may give consent for a motion to be moved, without notice, to suspend the Rules of Procedure, I order that Council do now resume.

Council then resumed.

PRESIDENT (in Cantonese): Secretary for Financial Services, you have my consent.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam President, I move that Rule 58(5) of the Rules of Procedure be suspended to enable the Committee of the whole Council to consider my proposed heading before new clause 6 and new clause 6, ahead of clause 1 of the Bill.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Rule 58(5) of the Rules of Procedure be suspended to enable the Committee of the whole Council to consider the heading before new clause 6 and new clause 6, ahead of clause 1 of the Bill.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

Council went into Committee.

Committee Stage

CHAIRMAN (in Cantonese): Council is now in Committee.

CLERK (in Cantonese): Heading before new clause 6

**CONSEQUENTIAL
AMENDMENTS
SECURITIES (MARGIN
FINANCING)
(AMENDMENT)
ORDINANCE 2000**

New clause 6

Consequential amendment of Securities Ordinance.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam Chairman, I move that the heading before new clause 6 and new clause 6, as set out in the paper circularized to Members, be read the Second time. Earlier on, the Legislative Council passed the Securities (Margin Financing) (Amendment) Ordinance 2000 which will take effect from 12 June. Since the Ordinance has also provided for amendments to section 146 of the Securities Ordinance, when it comes into effect on 12 June as scheduled, the clauses proposed under the Securities (Amendment) Bill 1999 in relation to section 146 of the Securities Ordinance will need to be further amended, so as to tally with the amendments provided for by the Securities (Margin Financing) (Amendment) Ordinance. For this reason, we propose to add new clause 6 to the Bill to make the necessary consequential amendments. With these remarks, I urge Honourable Members to lend their support to the motion.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the heading before new clause 6 and new clause 6 be read the Second time.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Heading before new clause 6 and new clause 6.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam Chairman, I move that the heading before new clause 6 and new clause 6 be added to the Bill. The purpose of new clause 6 is to extend the rule making power of the Securities and Futures Commission under the new section 146(1) provided for by the Securities (Margin Financing) (Amendment) Ordinance 2000 to enable the Commission to make rules to require short sellers to disclose to their brokers when they close out their outstanding short positions by purchases at or through the Stock Exchange of Hong Kong. Besides, the Commission will also be provided with additional rule making powers to require a lender under a securities borrowing and lending agreement to keep records of securities borrowing and lending activities and to give copies of such records to the Commission at the Commission's request. With these remarks, Madam Chairman, I urge Honourable Members to lend their support to the motion.

Proposed additions

Heading before new clause 6 (see Annex VI)

New clause 6 (see Annex VI)

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the heading before new clause 6 and new clause 6 be added to the Bill.

CHAIRMAN (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clause 1.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam Chairman, I move the amendments to clause 1, as set out in the paper circularized to Members. The amendments seek to ensure the Bill to be consistent with the amendments made to the Securities (Margin Financing) (Amendment) Ordinance 2000, which will come into effect later, in relation to section 146(1) of the Securities Ordinance. The amendments are technical in nature and will not affect the specific provisions of the Bill. I believe Members will support the Bill.

Proposed amendment

Clause 1 (see Annex VI)

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Secretary for Financial Services be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clause 1 as amended.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bill

PRESIDENT (in Cantonese): Bill: Third Reading.

SECURITIES (AMENDMENT) BILL 1999

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam President, the

Securities (Amendment) Bill 1999

has passed through Committee with amendments. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Securities (Amendment) Bill 1999 be read the Third time and do pass.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Securities (Amendment) Bill 1999.

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on the Insurance Companies (Amendment) Bill 2000.

INSURANCE COMPANIES (AMENDMENT) BILL 2000

Resumption of debate on Second Reading which was moved on 26 January 2000

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

MR HO SAI-CHU (in Cantonese): Madam President, I would only like to declare my interest for I am an owner and a director of an insurance company. Thank you, Madam President.

PRESIDENT (in Cantonese): Do any other Members wish to declare their interest?

DR PHILIP WONG (in Cantonese): Madam President, I would also like to declare my interest for I am a director of an insurance company, too.

PRESIDENT (in Cantonese): Does any Member still wish to speak or declare interest?

(No Member responded)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Insurance Companies (Amendment) Bill 2000 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Insurance Companies (Amendment) Bill 2000.

Council went into Committee.

Committee Stage

CHAIRMAN (in Cantonese): Committee stage. Council is now in Committee.

INSURANCE COMPANIES (AMENDMENT) BILL 2000

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Insurance Companies (Amendment) Bill 2000.

CLERK (in Cantonese): Clause 1.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clauses 2, 3 and 4.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam Chairman, I move that clauses 2, 3 and 4 of the Bill be amended as set out in the paper circularized to Members.

The Insurance Companies (Amendment) Bill 2000 serves two purposes. One is to enhance the transparency of the insurance market in Hong Kong by allowing the Insurance Authority (IA) to disclose financial and statistical information of individual insurers when it is in the interests of the insuring public to do so.

The other is to cater for the needs of overseas insurers by empowering the IA to accept actuarial standards which are comparable to those prescribed by

legislation for compliance by the appointed actuaries of long term business insurers.

In view of the proposals from the Legal Service Division of the Legislative Council Secretariat, we now move three amendments to clarify certain provisions in the Bill and make technical amendments.

The first one is a technical amendment to move the proposed provision in clause 2 of the Bill for an actuary to comply with the standards from section 15(1)(b) to a new section 15C. Part (a) of the second amendment, which amends clause 3 of the Bill, clarifies that if the IA discloses the financial and statistical information submitted by an individual insurer or Lloyd's in accordance with the requirement proposed in the Bill, those who receive the information can disclose such information and will not be subject to the existing provision on disclosure of information without consent.

Part (b) of the second amendment, which also amends clause 3 of the Bill, aims to clarify the restriction that the IA shall not disclose any information of any individual policy holder will not apply to the disclosure of information for criminal, civil or other court proceedings for the purpose of existing section 53A(2), (3)(b) and (c).

In addition, the amendment provides that apart from the IA, the restriction on disclosure also applies to a person employed or authorized by or assisting the IA.

To tally with the first amendment, the third amendment makes consequential amendment to clause 4 of the Bill. Thank you, Madam Chairman.

Proposed amendments

Clause 2 (see Annex VII)

Clause 3 (see Annex VII)

Clause 4 (see Annex VII)

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Secretary for Financial Services be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clauses 2, 3 and 4 as amended.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bill

PRESIDENT (in Cantonese): Bill: Third Reading.

INSURANCE COMPANIES (AMENDMENT) BILL 2000

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam President, the

Insurance Companies (Amendment) Bill 2000

has passed through Committee with amendments. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Insurance Companies (Amendment) Bill 2000 be read the Third time and do pass.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Insurance Companies (Amendment) Bill 2000.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two motions with no legal effect. I have accepted the recommendation of the House Committee as to the time limits on speeches for the motion debates. The movers of the motions will each have up to 15 minutes for their speeches including their replies, other Members will each have seven minutes for their speeches.

First motion: Environmental protection and tourism.

ENVIRONMENTAL PROTECTION AND TOURISM

PRESIDENT (in Cantonese): Members' motions. Two motions with no legal effect. I have accepted the recommendation of the House Committee as to the time limits on speeches for the motion debates. The movers of the motions will each have up to 15 minutes for their speeches including their replies, other Members will each have seven minutes for their speeches.

First motion: Environmental protection and tourism.

MR HO SAI CHU (in Cantonese): Madam President, I move the motion printed on the Agenda. First of all, I have to apologize to you all for the considerable length of the motion. As fellow Members probably pay much attention to environmental protection, and attach much weight to tourism, I have to list out all the necessary measures that I can think of. Notwithstanding that, I still cannot fully spell out all the things that we ought to do. It is hoped that fellow Members can add in ideas as they speak in due course.

There are inseparable links between environmental protection and tourism. Hong Kong has long been bestowed with the honour of being "Pearl of the Orient", and the evening scene of the Victoria Harbour viewed from the Victoria Peak contributes to make Hong Kong one of the most beautiful Asian cities. However, in recent years, the Pearl of the Orient has not been what it was before, and the evening scene of the Victoria Harbour is no longer fascinating (though sometimes it is still quite good). Tourists wishing to enjoy the evening scene of the Victoria Harbour are very much at the mercy of Lady Luck.

We have to admit that pollution is beginning to have direct impact on our tourism. In late March this year, the roadside air quality monitoring station in the Central District once recorded an air pollution index as high as 174 whilst the highest air pollution index recorded by other air quality monitoring stations was 161, a "very high" level. Some time ago, the organizer of an international convention cancelled their plan to hold business meetings in Hong Kong next year on the ground that the air quality in Hong Kong is poor. The Walt Disney Company, which plans to build its second Asian theme park here, also longs for greater improvement in the air quality of Hong Kong. A research by the Hong Kong Tourist Association (HKTA) has also brought to light the point that Hong Kong has 13 flaws inimical to tourism, serious environmental pollution being one of them.

In addition to the issue on environmental protection, the Government, in the opinion of the Liberal Party, all along has not made proper use of Hong Kong's natural resources to open up green tourist attractions to further promote tourism. According to a survey by the HKTA, 20% of the tourists are interested in green and environmental tourism. However, information also reveals that over the past two years less than 1% of the tourists have been to the countryside of Cheung Chau, Lantau Island and Sai Kung. It can thus be noted that at present the development of green tourism in Hong Kong has yet to be popularized. The authorities should improve the situation, step up publicity and promotion.

Today I put forward nine suggestions in a bid to press the Government to work harder on environmental protection as well as on opening up green tourist attractions so as to promote the growth of our tourism with a two-pronged approach. No. 1 to No. 6 of my suggestions aim at environmental protection, covering the designation of pedestrian precincts, measures encouraging the use of more environmentally-friendly vehicles, regular sprinkling of water on streets, reinforcing punitive measures against excessive vehicle emission, cracking down on the trading of illicit diesel, making expeditious legislation prohibiting vehicle engines from being left idling, putting a halt to unnecessary reclamation projects in the harbour, and keeping the city green. The first four suggestions have already been presented to the Government by the All-Parties Alliance for Improving Air Quality, one recently formed by legislators. The Liberal Party is a member of the alliance. I do not want to spend time here to further

deliberate on these four suggestions as they have already been accepted by most of our colleagues. We are of the belief that upon the implementation of these measures, there will be immediate improvement in our air quality. It is hoped that the Government and the parties concerned can face up to the issue and make joint efforts to improve air quality.

In fact, some environmental measures can promote and at the same time directly influence the development of tourism. For instance, to designate pedestrian precincts in busy districts can promote tourism in addition to being able to separate pedestrians from vehicles and improve air quality. If the Government can initiate efforts more in the direction of promoting tourism and designate as pedestrian precincts some streets inherent with tourism potentials, it will enhance the attraction of those districts and stimulate spending at the same time. Residents of Stanley have recently suggested that the Government designate as pedestrian precinct the whole stretch of road from Stanley Main Street to Stanley Market Road. The idea can both improve the environment and make it easier for tourists to do shopping there. As a matter of fact, it is common for major cities in the world to fence off streets for use as pedestrian precincts on holidays. For instance, the Fifth Avenue in New York and Park Lane Boulevard in Paris are also fenced off on holidays for activities enjoyed by residents and tourists alike. The Government should actively look for suitable locations so as to designate similar pedestrian precincts.

Furthermore, to maintain the landscape and cleanliness of the Victoria Harbour, the Liberal Party requests the Government to refrain from undertaking unnecessary reclamation projects in the harbour and improve sewage treatment. We have got to cherish and protect the Victoria Harbour, a valuable natural resource of Hong Kong. Large portions of land on both sides of the harbour are derived from reclamation projects, as a result of which its fairway is becoming narrower and narrower. This has not only damaged its scenery and generated big waves on the surface of the sea, but also contributed further to pollution as sewage discharged into the Victoria Harbour cannot be easily carried away by sea currents. The Liberal Party holds that the Government should bring all unnecessary reclamation projects to a halt as reclamation ought to be carried out for indispensable infrastructure only, and that preservation of the harbour should be set as a key issue for consideration in town planning. Moreover, the first stage of the highly costly Strategic Sewage Disposal Scheme ran into major

engineering problems, which consequently led to even higher costs. The Government has indicated that it is necessary to reconsider the plans for Stage II to Stage IV. The Liberal Party believes that it is now the right time to comprehensively review Hong Kong's strategy for sewage disposal, conduct fresh examination on the role of the Sewage Disposal Scheme, and explore other options.

Madam President, to keep the urban areas green can both posh up the appearance of the city while improving air quality and easing people's mental pressure. Unfortunately, the Government all along has not set targets for keeping the city green. Only recently has a greening yardstick of "at least one tree for every 15 units" been set for the Government's public housing estates, which accommodate one half of our population. The Liberal Party opines that the Government should build more parks stressing on the plantation of flowers as well as enhancing the protection of trees. Furthermore, Hong Kong has 54 000 recorded man-made slopes, which, when poshed up through greening, can also help to keep the city green. On the other hand, plants also help to stabilize slopes. So the Government should expedite the greening of slopes.

To promote tourism, it is not enough just to make improvement to the environment. It is also necessary to enrich our offers to tourists by opening up new tourist attractions and providing additional facilities. The Liberal Party suggests that the Government establish more marine ecological reserves to, on the one hand, protect and nurture unspoiled marine environment and ecological resources, and on the other hand, to provide the people with recreational and educational opportunities at those locations when situation so permits. At present Hong Kong has three marine parks and one marine reserve. It is pleasing to note that the Government is going to extend the project, with a fourth marine park to be established at Tung Ping Chau in 2001. The Government is also planning to develop a new tourist attraction featuring a prosperous traditional fishing village at Tai O, Lantau Island. It is beyond doubt that Tai O is the only remaining traditional fishing village in Hong Kong, one with watercourses, unique stilt houses, and an abundance of natural ecological features in the surrounding areas. Although much has already been done by the Government, and still more will be done in the future, we still think that the Government should continue to look for more suitable locations for the establishment of marine ecological reserves so as to give tourists more choices. In fact places like the southwest of Lantau Island and the south of Lamma Island all have potentials for the establishment of new marine parks. The Government should look further into those areas.

All along, Hong Kong has made use of "city tourism" as a selling point, always putting emphasis on its city features and attractions, for example good food and shopping. Given all its mountains, with the sea on all sides and moderate climate, Hong Kong definitely has the potential for the development of green tourism, offering additional choices to tourists. According to a survey by the HKTA, last year some 20% of the tourists expressed interest in Hong Kong's "ecological tours" whilst 17% of the tourists surveyed also indicated interest in countryside hiking. Some time ago, there came Japanese tourists visiting Hong Kong in groups for the purpose of hiking. They praised Hong Kong for its beautiful natural scenery, and noted that there was potential for development. So the Government should take advantage of such a favourable situation to actively open and develop green hill hiking trails and improve matching facilities of green tourism for the convenience of tourists, for example, more training for countryside tourist guides, and the installation of additional toilets and telephones along hiking trails.

In order not to lag behind others, the development of our tourism has to continue the upgrading of its facilities and the improvement of its environmental quality. At present many neighbouring cities are noted for their environmental protection. For instance, Zhong Shan in the Mainland has once been chosen as a "hygienic city in the whole country". As a result, it has drawn tourists from all parts of the country as well as from all parts of the world. The Government should immediately conduct a comprehensive study to improve the environmental quality of Hong Kong by making reference to the environmental vantages of places nearby.

Madam President, to develop "green tourism", we, first of all, must make Hong Kong greener and our air fresher. Hong Kong is a cosmopolitan city of great diversity, the reason being that our city, in addition to being one of vigour and dynamism, also has its refreshing (such a feeling might fade away soon if we fail to be careful) and green countryside. The Government should bring into full play all the natural resources that Hong Kong possesses to give tourists a choice apart from "city tourism", in order that Hong Kong can give people the impression of being environmentally friendly and refreshing.

These are my remarks. It is hoped that fellow Members can, as I have mentioned right at the beginning, give more comments and join our rank in presenting the nine suggestions to enable Hong Kong to maintain its strong position in tourism and further develop green tourism. I also call upon fellow

Members to support the motion that I move on behalf of the Liberal Party.
Thank you.

Mr HO Sai-chu moved the following motion: (Translation)

"That this Council urges the Government to adopt positive measures to enhance the environmental quality of Hong Kong and open up more green tourist attractions with a view to further promoting tourism; such measures should include:

1. expediting the designation of more pedestrian precincts in busy areas;
2. providing incentives to encourage the use of more environmentally friendly vehicles by the transport operators serving the tourist industry;
3. examining the feasibility of sprinkling water regularly on streets with heavy traffic so as to reduce air pollution;
4. strengthening and effectively enforcing punitive measures to control excessive vehicle emission and to crack down on the trading of illicit diesel, as well as legislating expeditiously to prohibit vehicle engines from being left idling;
5. refraining from undertaking any unnecessary reclamation projects in the harbour as well as improving sewage treatment, so as to maintain the landscape and cleanliness of the Victoria Harbour;
6. building a green city by constructing more garden parks, and greening streets and man-made slopes;
7. establishing more marine ecological reserves for the development of green marine tourism;
8. opening and developing green hill hiking trails on a full scale; and
9. conducting a comprehensive comparative study of the environmental quality of Hong Kong and that of the neighbouring cities which are popular with tourists."

THE PRESIDENT'S DEPUTY, DR LEONG CHE-HUNG, took the Chair.

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr HO Sai-chu, as set out on the Agenda, be passed. We now proceed to the debate.

MR LAW CHI-KWONG (in Cantonese): Mr Deputy, the Democratic Party is very supportive of the environmental measures put forward in this motion. Those measures can safeguard people's health and improve our quality of living to achieve the goal of sustainable development and promote tourism in Hong Kong. However, I have something to add to two points in the motion. The first point is that Hong Kong is now producing some 17 000 tons of refuse a day. Waste disposal has already become a major factor causing damage to the environment. I am of the view that in this respect the Government must help the environmental industry look into ways to explore and open up the "green market" of Hong Kong. I am not going to speak further on this issue as it had been brought up in previous debates.

Turning now to another point, one just mentioned by the Honourable HO Sai-chu. Here I just want to add something. It is on the issue of ecological conservation. Hong Kong does have valuable natural resources. According to a rough estimate, there are 18 000 wild ducks and 168 species of birds at Deep Bay, where 120 000 to 150 000 migratory birds, including some rare species, spend their winter every year. All these are our unique natural assets, which, however, we all along fail to cherish. Last year the Government even amended the development guideline for the Deep Bay Conservation to conditionally allow private developers to carry out recreational and residential developments there, thus incessantly chipping away their span of survival. Furthermore, a lot of highly valuable wetland has yet to be included in the Conservation, its value, therefore, is being allowed to be undermined by various construction projects. Here is the most obvious example, namely, certain railway projects to take place in the North District have drawn our attention in recent days. Much can be noted from the point that the Transport Bureau has granted approval for the railway extension between Sheung Shui and Lok Ma Chau to run across Tsung Pak Long, a stretch of highly significant wetland. Although I have not got annual figures of tourists coming here to see our unique ecological features, Mr HO Sai-chu has just made mention of some surveys indicative of tourists' views

on paying visits to natural ecological features. It can also be noted from the information provided by the Bird Watching Society and similar organizations that the unique ecological value of Hong Kong has already gained international recognition. However, all along we have not only failed to take good care of those treasures but have even kept causing damage to them. We are not just shameful in facing our future generations, we are also ruining the inherent attraction of our natural ecological features.

As a matter of fact, most members of the public do support the government in legislating to protect valuable ecological environment. According to a telephone survey conducted by the Democratic Party in mid-April, 80% of the people, in addition to being supportive of government legislation to protect rare flora and fauna, also think that there should be protection for their living environment too. One half of those surveyed think that existing legislation is not sufficient for the protection of our rare flora and fauna. More than 40% of the people are of the view that developers should be prohibited from carrying out recreational and residential developments in nature conservation areas. There is, however, a very interesting phenomenon, for more than 80% of the people in Hong Kong think that they have not got sufficient knowledge with regard to the protection of natural environment.

Environmental protection and tourism are in fact complementary. The attraction of Hong Kong can surely be strengthened, provided that our ecological environment is well taken care of and public education enhanced. Thank you, Mr Deputy.

MR CHAN WING-CHAN (in Cantonese): Mr Deputy, the beautiful evening scene of Hong Kong after dark, together with the scenery on both sides of the Victoria Harbour, has gained for Hong Kong the long-established reputation as "the Pearl of the Orient", drawing tourists from all parts of the world.

However, the question of environmental pollution has been troubling the general public over the past few years, causing much concern among us. Now members of representative bodies, government officials and members of the general public are actively presenting views and suggestions on remedial measures in a bid to improve Hong Kong's environmental conditions. All of us hope to have both good environment and fresh air for Hong Kong.

Early this month I, together with some fellow Members, went to Singapore on a study tour to see the training and re-training of human resources there. It has come to my notice that the place is clean and tidy, the air over there is fresher, and its greening work is more well done. It is in sharp contrast to the situation in Hong Kong. I understand that Mr Mike ROWSE, the Commissioner for Tourism, might visit Singapore in the near future to see if there is anything worth copying. Mr Deputy, as a matter of fact, the development of tourism can derive much benefit from good environmental protection.

It can still be recalled that the Hong Kong Tourist Association (HKTA) once advertised abroad the idea of "green tours" featuring mountain hiking. That was well received by many Japanese tourists. This shows that our country parks have their special appeal internationally. What is more, the nature reserve at Mai Po, the one just mentioned by the Honourable LAW Chi-kwong, is a bird-watching paradise well-known all over the world. Recently, a group published an enormous picture album entitled "山水有情" to show the various beautiful green scenes in Hong Kong. It is evident that our natural environment is worthy of our strong recommendation to local and overseas visitors.

Besides promotion, it is also important to protect the existing landscapes of Hong Kong. It is believed that if the Government, when formulating town planning policies, would consider preserving the outline of our coast and mountains in order to conserve the landscape on both sides of the Victoria Harbour, for example, the Lion Rock and the Victoria Peak, a large number of tourists might thus be drawn to Hong Kong.

Furthermore, monuments in downtown area also constitute a major selling point attracting visitors to come to Hong Kong. Singapore has done a good job in this respect. In the past, the Government, in order to consign precious land to urban developments, did not hesitate to demolish historical buildings, and has apparently not made much effort to preserve the few remaining relics. Early this month, it was suspected that someone had vandalized the tomb site of Dr SUN Yat Sen's mother. So, to restore some of our famous tourist attractions, such as the Stanley market and Temple Street, for the purpose of attracting tourists, it is advisable for the Government to work harder on the preservation of monuments by making reference to, for instance, the restoration of the Ku Pa Sat Festival Market which was built in 1823, by the Singapore Government.

In addition to promoting our countryside as a new tourist attraction, we should also expeditiously address and solve the problem of air pollution. Stop-gap measures such as designating pedestrian precincts and examining the feasibility of sprinkling water regularly on streets with heavy traffic are worth considering. The problem of cross-border pollution should also be taken up urgently with the departments concerned in the Mainland to work out a solution.

All along, the Hong Kong Federation of Trade Unions (FTU) has spared no effort on the issue of environmental protection, and gives support to environmental improvement. What is more, in view of the fact that environmental protection and the solution for the problem of unemployment can be associated with each other, we have been advocating the point that the Government should relieve unemployment problems of grass-roots people's unemployment by promoting environmental industry in order to attain a win-win situation whereby both the environment and the economy can improve. At the same time, we also call upon the Government to provide members of the taxi trade and light bus trade with reasonable concessionary aid so as to encourage them to switch over to more environmentally-friendly liquefied petroleum gas (LPG) vehicles. The Government should also set up more LPG filling stations as soon as possible so as to make sure that the demand of taxi and light bus drivers can be met. However, recent response from the Government and the speed at which LPG filling stations are being built have been disappointing and worrying.

We understand that with the environment made pleasant through improvement and the quality of air upgraded, not only will the people's health be safeguarded but foreign investment and tourism will also be benefited, which can, in turn, stimulate economy and increase employment opportunities.

Mr Deputy, I so submit. Thank you.

MR HUI CHEUNG-CHING (in Cantonese): Mr Deputy, environmental protection is certainly indispensable for the success of tourism. Environmental protection in Hong Kong so far has not achieved much. What is more, tourism has been suffering under the effect of environmental pollution. This is indeed disappointing. In 1997, there was the bird flu. In 1998, an outbreak of red tide occurred. The problem of record-high air pollution index has been troubling us since 1999. Because of such environmental pollution problems,

many leisure-seeking visitors and business travellers have very much downgraded their impression of Hong Kong. Some time ago, a plan to hold an international convention in Hong Kong was cancelled. Such can be regarded as a "yellow card" warning from foreigners. Should the environment of Hong Kong continue to show no improvement, foreigners might, I am afraid, show Hong Kong the "red card", and strike out Hong Kong from the list of places that travellers must visit. Apparently it is a task of top priority for the Government and the Hong Kong Tourist Association (HKTA) to find ways to link up environmental protection with tourism so that the two might complement each other.

The environmental projects outlined in the third policy address of the Chief Executive and the series of measures recently introduced by the Government to improve air quality are indicative of the fact that the Government wants to turn Hong Kong into a green city so as to be in line with major development plans, such as the Disney theme park, a world-class performance venue, and cable cars at Ngong Ping, Lantau Island, and to ensure that environmental protection and the promotion of tourism can progress simultaneously in order that tourists may have the incentive to re-visit Hong Kong or extend their stays in Hong Kong. The question is that the tourist facilities concerned will have to start from scratch, and are going to involve massive projects of land levelling and reclamation as well as a lot of construction work. Because of this, there is inevitably concern among the people over the question as to how the Government is to strike a balance between environmental protection and the construction of new tourist attractions.

I bring up the above question not because I am oppose to opening up new tourist attractions by the Government, but because it is my hope that the Government would also pay attention to the development of ecological tourism while building new tourist attractions. As a matter of fact, the countryside areas of Hong Kong, such as the south-eastern part of the New Territories and the southern part of Hong Kong Island, have quite a few tourist attractions popular among tourists. With regard to ecological tourism, there is much potential for development. So long as the Government can actively update the recreational facilities of these places, improve transport, and step up publicity, it will help to bring environmental protection and tourism together to complement each other.

An obvious example is Port Shelter, where the water quality, always of A Grade, is particularly suitable for the culture of coral reef and shellfish. The

area, dotted with some 70 scenic islands, can indeed be developed into a holiday resort similar to Phuket of Thailand or Bali of Indonesia. While everybody is feeling sorry for the fact that the Victoria Harbour is no longer suitable for world-class water activities, do we still remember that Sai Kung was once a popular venue for major international water sports? However, water sports activities have been going downhill there as government support has not been available in recent years. Why do the Government and the HKTA run the risk of leaving a bad impression on foreign visitors and athletes by holding international boating and dragon boat races on the E coli-infested and smelly Shing Mun River instead of making good use of some other world-renowned bays?

As a matter of fact, certain places in Hong Kong which are ideal for people sight-seeing or seeking leisure have already gained international recognition. It has been learned that according to the tourism sub-committee of the Asian-Pacific Economic Co-operation (APEC) forum, both Sai Kung and Stanley are most suitable for development into tourist districts. The travel column in the *Time* magazine once also mentioned that within the concrete jungle of Hong Kong, places like Sai Kung and Pokfulam Reservoir are ideal for hiking and sight-seeing and that the beaches in Sai Kung are the cleanest and most beautiful in Hong Kong. Does it always need to have strong publicity staged by international organizations and overseas mass media first before the Government and the HKTA can come to realize the urge to open up our ecological tourist attractions?

Mr Deputy, the promotion of ecological tourism is only one of the factors contributing to a more effective start of environmental protection. How to closely associate environmental protection with tourism? How to enable the vitality of nature and business opportunities to co-exist? All these have provided the Government and the general public with much food for thought.

Mr Deputy, I so submit in support of the motion.

MR HOWARD YOUNG (in Cantonese): Mr Deputy, 10.7 million visitors came to Hong Kong in 1999, bringing to Hong Kong an income amounting to \$53 billion in foreign exchange. Though Hong Kong is the city in Asia drawing the largest number of visitors, they do not come here as a matter of course. Well aware of the importance of tourism to the overall economy of Hong Kong, the Government in recent years has been taking the initiative to adopt a number of measures to help to promote tourism. However, it can be said that in the past,

Hong Kong have not had a blueprint for the long-term comprehensive development of tourism. According to the present spending pattern of visitors coming to Hong Kong, shopping takes up 50%, with entertainment and sight-seeing jointly making up a few percent only. Such a state of affair is not healthy. It is advisable to reduce the excessive dependence of income on tourists' shopping.

All markets, regardless of their sizes, should not be overlooked. It is advisable not to rely excessively on individual markets. On the one hand, we can lower our risk by spreading out our investment, while on the other hand, we can offer additional options for visitors according to the requirements of different markets so as to enable our tourism to be really diversified.

According to the statistics of the Hong Kong Tourist Association (HKTA), visitors come to Hong Kong for different reasons. Some come here for vacation, some for business matters, and some for visits to relatives. During their stays in Hong Kong, they usually hold meetings in business districts, or visit tourist sites like the Peak, Repulse Bay or Wong Tai Sin, and then go to shopping areas to do shopping or enjoy food. Some visitors though, would go to outlying islands like Lantau, Lamma and Cheung Chau. However, it has come to my notice that our countryside offers the tranquillity of nature, bringing about a bracing effect. However, little do tourists know about this.

In the opinion of most people (including tourists), Hong Kong is a big city, a concrete jungle crowded with tall buildings and high-rises. How many people know that over 40% of our area is being reserved as nature conservation or places for recreation, education and excursion? In fact, Hong Kong has 23 country parks, three marine parks, and one marine reserve, the total area of which exceeds the area of Hong Kong Island by five times. Thus it is obvious that Hong Kong is indeed in a position to develop green tourism.

In the 1970s, when I participated in an outward bound training program in Sai Kung, the roads then only led to Tai Mong Tsai. Tai Long Tung Wan and Tai Long Sai Wan in Sai Kung could only be accessible after a long walk. The walking trip was tough. However, the pleasant natural scenery that one could enjoy on reaching the destination, made one feel that all the hard efforts made were worthwhile. Now most parts of our countryside are accessible by highways or small roads, and can be reached without the need to put in hard efforts like what I did in the past. So there is indeed potential for development.

The HKTA has previously published some maps on Hong Kong's countryside in conjunction with the Friends of the Earth. I am of the view that more encouragement should be given to the publication of more books and maps about Hong Kong's natural scenery. Such publications may not only help local people to understand more of the rich endowments in the natural environment of Hong Kong, but can also enable visitors to publicize Hong Kong among their relatives and friends upon their return to their countries, and it is thus hoped that such could draw them to Hong Kong for green tourism or some tours with various elements of green tourism. Books have now been published on the rocks and hiking trails of Hong Kong. The Government and the HKTA might consider encouraging more people to produce publications that give publicity to the other valuable aspects of Hong Kong's natural environment.

I believe that although in the long run green tourism is not going to take up too big a share in the market of our tourist industry, we still ought to have the work on that part of the market properly. To do a good job in environmental protection is not just a friendly gesture to those visiting Hong Kong. It is also a long-term investment in our people's health. The Liberal Party and the tourist industry will always be very supportive of this.

Have Members noticed that the motion of the Honourable HO Sai-chu is very long? Yet, in point No. 9, he made mention of conducting a comprehensive comparative study on the environmental quality of Hong Kong and that of neighbouring cities which are popular with tourists. Mr Deputy, if we do not do that, someone else will do that for us. It is possible, however, for the result thus obtained to be unfavourable. According to members of the tourist industry, now many small travel agencies would very likely compile some environmental indexes for tourism in major cities. Last year, the Commissioner for Trade and Industry presented to the Hong Kong Government a tourism development plan. The Liberal Party also submitted written suggestion on the plan to develop tourism, the reason being that we attach great importance to the study of environmental protection. In case we fail to do the work well, and the environmental index of Hong Kong is too poor when compared with others, then tourists will surely be scared away. Environmental protection, therefore, can ill afford any negligence.

Mr Deputy, I support the motion.

MR WONG YUNG-KUN (in Cantonese): Mr Deputy, lately the number of tourists coming to Hong Kong has gone up sharply, reaching even the level before the outbreak of the financial turmoil. However, insofar as overall impression of Hong Kong is concerned, tourists coming here are not unanimously giving the thumb-up sign. The Democratic Alliance for the Betterment of Hong Kong (DAB) has earlier on surveyed some one thousand visitors from the Mainland. According to 40% of them, their overall impression of Hong Kong has been seriously affected by Hong Kong's environmental pollution. All along Hong Kong has been relying on the reputation of being "the Paradise of Shopping" and "the Paradise of Food" to attract tourists. Nobody wants to see such a reputation being replaced later by that of "the Hell of Pollution".

Subsequent to the advent of this new millennium of information technology, "City of Life" has become a new publicity focus for Hong Kong tourism, with the Hong Kong Tourist Association (HKTA) vigorously recommending to the outside world the dynamic aspect of Hong Kong. More and more tourists are coming here for hiking and fishing tours. Recently, some Japanese tourists even went to Tap Mun for diving. They come here not for the cosmopolitan flavour of colourful diversity and dynamism, but for simplicity and a return to nature. This new style of travelling is quietly starting a revolution in Hong Kong.

Mr Deputy, Hong Kong is surrounded by the sea. Mountains cover extensive areas. Over the years the Government has been opening up country parks and hiking trails. Unlike the case in foreign countries, travelling from the city to the countryside does not require several hours' driving. So Hong Kong is not unqualified to develop "nature tourism". Furthermore, on 16 February this Council passed my motion on developing leisure agriculture and fishery trades, which precisely advocates the idea of developing nature-oriented tourism. According to the DAB survey, over 80% of those surveyed are in favour of developing leisure agriculture and fishery areas with the green concept as a selling point. With either "geographical advantages" or "favourable human factors," Hong Kong is definitely in a position to develop "green tourism and marine ecological tour activities". However, I have to point out one thing, namely, the fact that over the past few years, the coastal marine ecological condition of Hong Kong has been damaged by mainland fishermen coming here for diving activities. They have totally removed from the sea there creatures like sea urchins, abalones and conches. I, therefore, call upon the government

departments concerned to pay attention to such problems. However, there is still the "heavenly factor," which is unlikely to come into line. By "heavenly factor" I do not mean "what Heaven disposes", for instead, I mean "a polluted sky" — the problem of air pollution in Hong Kong, which is precisely the rope that is going to strangle the development of green tourism.

The All-Parties Alliance in the Legislative Council put forward to the Government 15 suggestions for improving air quality. It is believed that both the Government and the general public are well aware of this Council's determination and sincerity in improving air quality. So the Government should heed this Council's consensus and expedite the implementation of the relevant suggestions.

Mr Deputy, Hong Kong needs both blue skies and clear waters. Besides affecting the livelihood of members of the fishery trade, the issue of sea pollution in Hong Kong also directly deters visitors from coming here. Please try to visualize this picture. When visitors come to the waterfront of the Victoria Harbour, they come right under the spell of foul smell from the refuse. When they view the Victoria Harbour from the Peak, they only see a "narrow river", twisted by reclamation projects. The reputation of our famous harbour has probably been utterly "shattered". The Strategic Sewage Disposal Scheme has been dragging on for years, with the completion date repeatedly postponed by the Government. Such a state of affairs is indeed disappointing. There has been a comprehensive review only recently because of pressure from this Council. The DAB definitely will keep a close watch on that to "see what is being done" so as to urge the Government to really work out a long-term sewage disposal policy by conducting reviews to retrieve for us Victoria Harbour that is free from foul smell.

Mr Deputy, finally I would like to talk about civic education. Everybody probably agrees that we should try our best to protect all historical relics and the countryside. However, according to information, 92 000 trees were destroyed in fires last year whilst refuse collected from country parks totalled 3 400 tonnes. Many places of interest often suffer from vandalism. The situation shows that members of the public show little concern in this respect. The DAB holds that it is necessary for the Government to strengthen education in this area as it is sheer wishful thinking to try to develop ecological tourism once all our woods, bays and cultural attractions are all gone.

Mr Deputy, I so submit in support of the motion.

DR RAYMOND HO (in Cantonese): Mr Deputy, environmental protection has become the most pressing issue in Hong Kong. According to an earlier report, a European organization cancelled a conference scheduled to be held in Hong Kong for reason of our poor air quality. A decision by an individual organization though it is, the case still uncovered the problem of our environmental pollution. Air pollution in Hong Kong is now particularly serious, with the sky always covered by a blanket of smog. This badly tarnishes our scenery, and even leads visitors coming to Hong Kong to worry about their health being affected by our poor air quality. They are, therefore, less desirous of visiting Hong Kong.

It is necessary for Hong Kong to implement environmental protection, making immediate improvement to the quality of our air as well as to the quality of our coastal water. Only by so doing can our natural scenery regain its attraction. Hong Kong will then also be a city with unique natural scenery, and not just a shopping paradise. We have beautiful beaches, hills suitable for hiking, and islands of varying sizes. All these are attractions popular among most visitors.

In fact, Hong Kong has many attractive natural scenes. Some time ago this Council also had discussions on the development of leisure agriculture and fishery, in the course of which fellow Members explored the feasibility of developing various forms of green tourism. In fact, the Government can play a more active role in this respect to open up more natural tourist attractions so as to draw more tourists who love natural scenery.

On the other hand, for future urban development, we should place more emphasis on building a green city by planting more trees. Hong Kong is small in area but has a large population. It is definitely difficult to keep the city green. However, in order that there can be more balanced urban development and in order that both residents and tourists can enjoy more green belts in the city, the Government should include the greening requirement as part of the consideration for future urban development. The Government should also put in efforts to protect our harbour, improving water quality by means of sewage treatment, and stepping up efforts to keep the harbour clean. Apart from essential infrastructure items, there should be no unnecessary reclamation projects in the harbour. Tourists' view about the harbour, a major tourist attraction, would directly influence their impression on Hong Kong.

In recent years, air pollution in Hong Kong as a whole has been very serious, especially in the case of some busy urban districts. In order that the situation would not get worse, the Government should expeditiously designate more pedestrian precincts in those districts, provided that no disruption to traffic arrangements should thus entail. This is to reduce air pollution stemming from emission discharged by vehicles. The Government also may arrange regular sprinkling of water in streets with heavy traffic flows. However, a more effective method is to promote the use of environmentally-friendly vehicles, such as electric vehicles, to reduce environmental pollution.

Mr Deputy, environmental protection is not just beneficial to the development of our tourism, it is equally important to our overall development. I so submit in support of the motion.

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy, it is now fashionable to talk about environmental protection. Even the tourist industry also makes mention of environmental tourism. Surely, the development of tourism does benefit from a green environment and fresh air. However, with regard to tourism, the ultimate question is on what you have and what tourist attractions are available to visitors. Or, to be more specific, what is special about this place to attract tourists?

When coming to the point of unique attractions, I am of the view that it is inalienable from the historical and cultural heritage of a place. Hong Kong can build a Disneyland. So can Japan, America, and France. However, with regard to the unique cultural attractions of Hong Kong, there can be no duplicates elsewhere.

The Government has never properly preserved our historical heritage, but it keeps on garnishing new tourist attractions. This is to put the cart before the horse. It is not difficult to build a new city. Prior to 1997, it was suggested that a small island be purchased abroad for the resettlement of the Hong Kong people. However, it is possible to move the people over, but it is not possible to duplicate the original historical heritage of Hong Kong.

Recently, the Government proposed to develop the fishing village at Tai O, but the proposal has met with objection from many environmental groups. This is a good example indicative of the importance of preserving the heritage of a place.

Many years ago, when I still worked for a theatrical troupe in my spare time, I made repeated visits to Tai O. I recall that whenever I went to Tai O for theatrical performances, I usually stayed there for five to seven days to stage several shows. I lived in those stilt houses, which are structures most unique.

The features in Tai O cannot be found elsewhere. There are those stilt houses, and they are well-matched with the local scenery. Stilt houses have their unique method of construction. Their heritage is also unique. So is the story behind the stilt houses. I can still recall that a ride on the island-crossing at Tai O was a ride on a boat slowly drawn with the use of a rope stroke by stroke. That is not to be seen elsewhere in the New Territories.

I am of the belief that for those wishing to know the complete story of Hong Kong, be they Hong Kong residents or first-time visitors, Tai O does have an important role to play. People find it worth visiting because the place has its original characteristics and flavour. That is why Tai O is what it is. It is not something else; nor is it something borrowed from outside.

In my opinion, the Government should not always maintain that "money talks" only. Do not blindly spend money to ruin scenic spots or locations that are in fact worth preserving whilst neglecting to conserve our unique historical and cultural heritage. The Government should reflect upon this and what it has been doing should be shouted down altogether.

Mr Deputy, I so submit. Thank you.

MR DAVID CHU (in Cantonese): Mr Deputy, tourism in Hong Kong has gone through great changes in recent years. 1996 saw the zenith of its tourism. Following the outbreak of the financial turmoil in 1997, tourism went downhill. Then, tourism has been picking up slowly since mid-1998. With the numbers of visitor arrivals rising sharply, the total number of arrivals for the current year is likely to break the 1996 all-time high of 11.7 million. However, poor air quality and pollution in other forms have posed another hidden problem to our tourism.

Environmental pollution is indeed the gravest hidden problem affecting tourism. It is not difficult to notice that the air pollution index (API) in the Central District and Mong Kok, places much frequented by tourists, is often over 100, a level hardly acceptable. As a result of many reclamation projects, the once beautiful Victoria Harbour has been turned into a pool of stagnant water, and thus deprived of its attraction. There have already been adverse comments from tourists on some of our public toilets, streets and markets that are so unhygienic. How can a city poor in environmental quality attract tourists? How can it make tourists feel so enjoyable that they want to stay longer or to come again?

So I strongly support today's motion. That is to say, the Government must put in more efforts to improve the environmental quality of Hong Kong. I am of the view that this is not merely for the promotion of Hong Kong tourism, but is also for the benefit of public health and the overall economic interests of Hong Kong. Other Council Members from the Hong Kong Progressive Alliance (HKPA) will speak on other aspects. I do not intend to repeat.

Looking from another angle, I am of the view that the Government, besides having to do a good job on environmental protection, must also further improve the competitiveness of our tourism. The reason is that, even if the factor of environmental pollution is to be disregarded, the tourism of Hong Kong must still face competition from neighbouring nations or places. Though Hong Kong's bid for the construction of the fifth Disney theme park has been successful and more tourist attractions are being built, there is still much to be done. For instance, is it possible to further promote features "blending Chinese and Western elements"? Is it possible to further publicize Hong Kong's position as one of the tip-top information technology bases in Asia? In the event that Hong Kong is successful in its bid for the right to hold the Asian Games, then how is that to be used as the focal point for the promotion of tourism? It is believed that these tasks are going to form the core of future development for tourism in Hong Kong.

However, it is important not to neglect the point that as far as pricing and spending are concerned, Hong Kong is far more expensive than other Asian nations or places. For Hong Kong to maintain its edge in competition, it is necessary to further improve the quality of the tourist industry as well as that of the entire service industry, especially the hotel industry, which is closely associated with the tourist industry. The overall standard of our hotel industry is one of the best in Asia. Furthermore, in recent months, hotel occupancy levels have been in excess of 80%. Yet, as the prices are still high, it is still

necessary to improve service quality so as to maintain our strong competitiveness by, for instance, making more use of information technology and upgrading workers' service quality.

Be bold in conceiving ideas, be careful in making assessment, be diligent in implementation be keen the environment" — such are important orientation in the promotion of tourism in Hong Kong. I call upon the Government to accept these "axiomatic" phrases and to exert full efforts in turning Hong Kong into a paradise for tourists.

Mr Deputy, I so submit in support of the motion.

MRS SELINA CHOW (in Cantonese): Mr Deputy, I am very pleased that the Honourable HO Sai-chu has brought up this motion today. The reason is that at a time when the people in Hong Kong are placing so much emphasis on environmental protection, all of us have probably been affected by recent news reports questioning whether air as well as environmental pollution in Hong Kong are going to drive away visitors or even deter them from coming here to hold conferences. It is particularly so as following the gradual restructuring of the Hong Kong economy, which has the effect of switching the emphasis from the manufacturing industry to the service industry, many sectors of the service industry are becoming more and more dependent on earnings from tourism. So, I believe that the view on of Hong Kong as held by tourists and by people from all over the world, especially their idea about the environment of Hong Kong, would constitute an important issue.

Mr HO's motion puts forward a number of suggestions. Certainly, I would endorse them as Mr HO has already consulted us, his "party pals". No amendment to the motion has been raised today. So it seems that fellow Members would also support these specific suggestions. On the whole, Mr HO's suggestions are in fact very comprehensive. However, I would still wish to put stress on several points as they are, in my opinion, particularly important.

In the first place, about pedestrian precincts. I am of the belief that if you go to major cities in the world, especially the ones that are highly attractive to tourists, you will notice that the trend is for pedestrian precincts to increase. I think this is definitely favourable to environmental protection and air quality. Hong Kong is gradually putting this measure to test. The trend, I believe, will grow in Hong Kong, which is a favourable thing to do. When designating pedestrian precincts, the Government must thoroughly consider various

synchronizing facilities. Unless it is assured that shop operators so affected in the pedestrian precincts can still operate as usual as regards matters such as loading and unloading of goods, it may result in confusion or even a situation falling short of the optimum target. Therefore, I hope that the Government when considering implementing the said measure, would take into account the overall synchronizing measures, implement them systematically and work out proper arrangements.

Besides, transportation is a key factor for tourism. I believe that everyone can still recall that of all the parties in this Council, the Liberal Party is the first to strongly advocate the campaign of "switching off idle engines". Take a look at the billboards in the streets. The Honourable James TIEN is in a position to state with pride that we have been sparing no effort to promote this campaign.

As we all understand, in the tourist industry, tourist buses are directly associated with the tourist industry; so are many transport vehicles. If all vehicles in the tourist industry respond to the call, then the entire tourist industry, I believe, can contribute a lot to environmental protection.

However, I think it is going to be necessary for the Government to put in some hard efforts here. The reason is that to get the community to support the move, it is not enough just to have those companies required to "switch off idle engines" specified. After all, it is necessary to have drivers' co-operation. Why should the drivers co-operate? It is in fact very tough for them to be under a strong sun. They spend much time working in their vehicles, continuously picking up or letting down tourists. How to make them feel that it is necessary for them to "switch off idle engines" even though it means some minor personal sacrifice on their part? It is by making them accept that such an act does have social value. I am therefore of the view that in order for this policy to really be put into effect, the Government must put in full efforts.

As a matter of fact, members of the industry are already taking actions. At a seminar on environmental protection, members of the tourist industry also discussed the matter. Furthermore, they are going to show support again on the World Environmental Day of 5 June to promote the move within the industry. I believe that some achievements will definitely be made so long as everybody would put in efforts to act in one accord.

Surely, a beautiful environment is of considerable importance to tourism. However, to solely rely on the Government just will not work, no matter whether it is for protecting the scenery of the Victoria Harbour or for making our environment green. For instance, we have been told that pretty and efficient though our airport is, it is difficult to find one single tree there. I am glad to notice that massive tree-planting is now in progress near the airport, and that some green landscape is showing up. However, to make this city green, I believe it is still necessary to add in efforts from many private organizations. How to get them to add in their efforts? It is hoped that the Government can have the matter straightened out with the departments or Policy Bureaux concerned so as to "get things out of their way". The reason is that according to what I know, to grow a tree in front of a shop involves a lot of red tape and is, therefore, something very difficult to do. If the Secretary for the Environment and Food can help to have things straightened out so as to make things easier, then far more greening can surely be achieved.

For all that, the international image of Hong Kong is in fact not that bad. We have conducted a survey, and found that with regard to their impression of environmental pollution in Hong Kong, tourists actually think that pollution is diminishing. In fact, what counts most is that we can discharge our duties properly. Then I believe the world will change their view on us.

Thank you, Mr Deputy.

MR BERNARD CHAN: Mr Deputy, does any of you know how high the Air Pollution Index (API) is today? I am not putting this question up for an answer. I do not think we need an answer at all because, unlike the Hang Seng Index which fluctuates violently, the API has been growing so steadily that I do not think any measurement is still necessary with its stability.

Mr Deputy, I cannot even recall how many times we have openly debated on this topic. It makes my assistants look stupid to repeat the same stuff that we have been harping on over and over again.

We are no more interested in the measures like those that the Government proposed to do in the next five or 10 years, because many of us would have already ended up in hospital suffering from respiratory diseases. Nor do we have the patience to wait and see proposals being thrown back and forth a million

times unendorsed owing to opposition from certain sectors of the community or this Council's disapproval. What we want now is observable improvement on our air quality. No one wants to breathe nothing but diesel emissions every minute he is exposed to the streets.

In the public eye, we are all engaged and committed in talks; that is the image that people conceived of us legislators. Some said that smoky vehicles, unlike other legal punishments defined by law, should be exempt from heavy fines because drivers have to earn a living "by breaking the law". The highest fine for smoking in a lift is \$5,000; on the other hand, \$1,000 is too much for smoky vehicles. I cannot see any logic to justify this with regard to the environmental impact that the two offences bring. Why people who break the law and pollute our environment by failing to do car maintenance should be protected from deterrent punishment?

The core of the issue is not how much hardware like country parks or hiking trails we should build, but a radical change of the mentality of our government bureaucrats and Hong Kong citizens. In contrast to many developed countries, people's sense of environmental protection in our community is still below kindergarten level, not to mention the progress of our clean-air measures, which is nowhere to be seen.

I went to my barber the other day and heard two people grumbling at the Government for squeezing the poor with such an increase of smoky vehicle fine, while the dinner talk among the affluent class was all about the urgency to combat Hong Kong's deteriorating air quality. Environmental protection is not a luxury that we should sacrifice for short-term economic benefits for some groups of society. Our prime concern is to sustain Hong Kong as a livable place for the generations to come.

This afternoon, I am not planning to tell our officials what to do, we must first show our community that our Council is prepared to serve as vanguard in protecting our environment. Ask ourselves if we have done enough to protect the environment. How many times a day would we have to say, "No plastic bag, please"? How many of those who call on people to switch off idle engines have done so themselves?

The fifth of June is designated as the World Environmental Day by the United Nations. It is a yearly reminder to all nations to protect the environment

and fight against pollution. This year, the theme for the World Environmental Day 2000 in Hong Kong is "Clean air". Here, I call on all my Honourable colleagues to support the event "Ride Green Day" by walking or using public transport to get to their office.

No private car or limousine for all legislators could be a move more forceful than any of the motion debates on the issue. Taking the lead in combating pollution will help rid us of the public image of "empty words and no deeds".

I look forward to your support, to all our support, and hope that our action will further arouse public consciousness towards the issue. Mr Deputy, I support the motion. Thank you.

MISS CHOY SO-YUK (in Cantonese): Mr Deputy, tourism has always been an important component in the service industry. Last year alone, the number of visitor arrivals was over 10 million. Revenue from tourism amounted to \$53 billion, representing nearly 5% of our GDP. Though the Government always does attach weight to the development of tourism, does keep on trying to draw more visitors to Hong Kong, and does incessantly put in resources to provide more tourist attractions, it seems that the Government so far has not put emphasis on a factor closely associated with tourism. That is the environmental quality of Hong Kong.

One major issue currently threatening the development of our tourism is not the completion date of the Disney theme park; nor is the question whether or not there are many formalities for visitors coming here; nor is the issue of Hong Kong's high commodity prices; rather, the major issue is our worsening air quality, our deteriorating water quality and an environment becoming less and less suitable for a long stay. This is no unrealistic exaggeration. More and more people are expressing similar discontent, and making similar complaints. According to a survey by the Hong Kong Tourist Association (HKTA), nearly 10% of surveyed visitors indicated that their worst impression of Hong Kong was air pollution. An international convention scheduled to be held in Hong Kong early next year has been cancelled for the reason that the organizer is not happy with our air quality. Because of the worsening living environment in Hong Kong, many overseas enterprises or experts are not so keen to go to Hong Kong. Even mainland visitors, one of our principal sources of tourists, have also expressed discontent with the air quality in Hong Kong.

Mr Deputy, failure by the Government to thoroughly solve the problem of environmental quality might ultimately deter tourists from coming by its intolerable environment even if Hong Kong possesses the most fascinating tourist attractions, offers the best bargains, and provides the most advanced and convenient infrastructure facilities. What is more, Hong Kong might get "black-listed". By then, the tourist industry of Hong Kong will be dealt a heavy blow; so will the overall economy of Hong Kong.

The theme of the Chief Executive's third policy address is on "environmental protection". Recently the Government has also announced a series of measures designed to improve air quality. All these are indicative of the Government's determination to improve our environmental quality. It is hoped that the Government can take notice of the point that the problems in connection with environmental protection in Hong Kong are die-hard issues, which have to undergo a longer period of treatment before there can be any positive outcome. So at present the most pressing task is to look for the causes of pollution and then adopt remedial measures to address the problems. It has been learned that the Government has decided to introduce environmentally-friendly diesel electric buses to reduce emission from vehicles. To reduce pollution to the atmosphere, other methods are being considered with a view to replacing the existing coal-powered generation of electricity. It has been made known recently that there will be a crackdown on the use of illicit fuels by means of heavier fines. These are measures deserving encouragement and support.

However, in the long run, I think that education on environmental protection is the most important. Last year I suggested that the Government set up "an education centre for environmental protection" so as to instil into the minds of all primary and secondary students the concepts of environmental protection through "personal touch and personal participation". Groups of primary and secondary students may take turns to spend a few days in the centre, where all aspects of daily living will be linked with environmental protection, for example, recycled products, solar energy, waste separation, and self-sufficiency in food supply and so on. The Government may even consider turning the education centre for environmental protection into a green tourist attraction rich with special features so as to offer tourists another choice.

City tourism has always been the selling point of Hong Kong. However, in Hong Kong there are many locations suitable for the development of green tourism, for example, Tolo Harbour in Tai Po, Sai Kung and the Deep Bay and

so on. So long as the Government is prepared to put in resources to provide features such as coastal amenity areas, water-front promenades, visitors' facilities, and artificial reefs, then these locations can be developed into places for green activities. Furthermore, the Government might consider opening up more cycling tracks on flat plains like those on Lantau Island and Yuen Long so as to provide ardent cyclists like me with alternative excursion areas that are both environmentally-friendly and special.

Finally I wish to point out that what's required for the fight against environmental pollution and the promotion of tourism is not just determination. Equally important is flexible administrative co-ordination, the reason being that the whole process would involve many departments, including the Planning and Lands Bureau, the Environmental Protection Department, the Transport Department, the Police Force, the Education Department, and the Commissioner for Tourism and so on. Each department has got to be aware of its own role. However, it seems that the Government has not made any specific arrangement in this respect. I call upon the Government to pay more attention to this.

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

MR LEUNG YIU-CHUNG (in Cantonese): Mr Deputy, the Honourable HO Sai-chu's motion of today is on environmental protection and tourism. He has also put forward nine measures, placing special emphasis on reducing air pollution. I am of the view that we, the people of Hong Kong, should not have any objection to environmental measures, no matter whether or not they are related to tourism. So I think most of the Members would support the motion today.

The theme of the motion is: To promote tourism through environmental protection. How should we view such a theme? In fact I am of the view that the theme runs counter to the government strategy for developing tourism. It runs in the reverse direction. Why do I say so? We need not refer to the Government's long-term strategy. It is sufficient just to see how the Government has been developing tourism over the past two years or so. The Government's emphasis is on opening up artificial sites of attraction, such as a fishing port, and the Disney theme park. These artificial sites of attraction have not only failed to show the characteristics of Hong Kong, but they may also bring in a serious problem, namely, a severe impact on the ecology of nature as well as

on our heritage and living. Therefore I think that if the Government now wants to develop tourism, it is necessary to place stress on the issue of orientation with a view to finding ways to attract visitors to Hong Kong.

Take the Disney theme park as an example. In fact, there is a question which we often ask. Both America and Japan have their Disney theme parks, why should the Japanese come to Hong Kong for the same park? Please reflect as upon this. Conversely, Hong Kong people often speak of visiting the Mainland. In addition to going to Shenzhen for shopping, Hong Kong people in fact also want to visit many places in the Mainland. For instance, many look forward to visiting scenic spots like Huang Shan. The reason is that those scenic sites have their own characteristics and many people also hold much regards for natural environment.

I wonder if the Government has considered or studied that at present, for the development of tourism, there are two major trends among nations in the world. The first one is green tourism. Mr HO Sai-chu has just also mentioned that it is very important. The second is ecological tourism, for example, marine ecology, which is the favourite of many people. Many people travel to the Philippines in order to see her under-water scenery. I enjoy watching marine ecology. In fact that is also a major trend of tourism. However, the Government's line of thinking does not run in this direction. The Government has not only failed to protect the natural ecology and heritage that are original to Hong Kong, but has also actually caused damage to them. As mentioned by the Honourable LAU Chin-shek, Tai O is a well-known fishing village in Hong Kong, a scenic spot with special characteristics, which draws many visitors. It is, however, a pity that there is government proposal to demolish Tai O stilt houses, structures with a history of some 200 years, and to replace them with Malaysian and Burmese stilt houses. To do so is to artificially erase our history and culture. What is the good of that?

As just mentioned by Mr LAU Chin-shek, according to an opinion survey conducted by Tai O residents, 87% of the visitors will not re-visit Tai O upon the demolition of the stilt houses by the Government. It can be noticed that with global urbanization, many places have common features. Hong Kong is not very much different from cities like New York and San Francisco. They are similarly dotted with buildings and high-rises. Underground railways, big department stores and mega shopping malls can be found in all of them. Only commodity prices are somewhat different. However, they are similar in many

aspects. Anyway, these are not what we are looking for. In addition to refreshing air, we also long for the natural environment. We like going to snow mountains for sightseeing or skiing. That is natural environment. If the Government now, for the orientation of the development of tourism, puts emphasis just on artificial attractions, then in my opinion, it would be a failure. It will not be able to draw additional visitors to Hong Kong. What is more, it is going to ruin Hong Kong's original characteristics. The Government should reconsider this. When developing an artificial attraction, we are likely to damage the original landscape. This is an important point. I call upon the Government to earnestly consider revising the direction for the development of tourism and refrain from acting in this way again.

Mr Deputy, I think we should develop tourism. According to Mr HO Sai-chu, the development of tourism should be co-ordinated with environmental protection. I am of the view that the environmental tourist attractions that we are to develop need not necessarily be artificial attractions. What we want to see are environmental tourist attractions that are natural. In the course of developing tourism, we do not want to squander human, material and social resources at the same time. This is our main concern.

I hope the Government can understand that good environment must be created in order to develop tourism. What is meant by a good environment? According to my understanding, that is good natural environment, not an artificial environment.

Mr Deputy, I so submit.

MR NG LEUNG-SING (in Cantonese): Mr Deputy, over the past few decades, because of continuous growth in the population and the accompanying industrial and commercial developments, there have been great pressure and impact on our limited natural resources, especially land resources. The heavy drain on resources as well as environmental pollution have developed into issues that are becoming more and more serious, causing much concern among the general public, the industrial and commercial sectors and foreign investors.

The recent measures taken by the Government to improve the environment constitute an important component of its sustainable development strategy. Measures to improve the environment include both long-term and short-term

ones; some are to get to the roots of the problems whilst others are to offer interim solutions. As for the Government, in view of the acute environmental problems existing, especially that concerning air quality, both long-term measures which would get to the roots of problems and short-term measures which offer interim solutions ought to be positively considered for implementation. Only in this way can the work of environmental improvement have long-term goals to work for as well as readily effective solutions.

To improve air quality, the Government has recently offered a series of financial and taxation concessions in order to encourage the use of more environmentally-friendly fuels for our vehicles. The Government has also set up an ad hoc group on pollution control to monitor the result of efforts to improve air quality. Furthermore, the idea of increasing penalties for smoky vehicles is being considered. Over the next few years, the relevant measures will cost us altogether some \$2 billion. However, considering the impact of air pollution on the people's living and the monetary losses that it can inflict on economic activities, this is, in my opinion, still worthwhile. Those measures do not merely touch on the interests of individual trades. They touch on the interests of the whole society as well. So it is necessary to acquire co-operation from the entire society, especially that of transport-related trades. Moreover, strict law enforcement actions have to be undertaken by the Government. Meanwhile, in order that there can be effective improvement in air quality, cross-border co-operation should also be embarked upon. The reason is that there can be a permanent cure for our pollution problem only if there is improvement in the air quality of the entire southern China.

On the other hand, as pointed out by the Government, the year 2005 has been set as the time for assessing the results of those measures. This is, of course, a relatively long time span. However, that does not mean that we can afford to neglect to implement other stop-gap measures, for example, the designation of more pedestrian precincts and the sprinkling of water in busy streets, just as those mentioned in the motion. In the past I also made similar proposals to the Government, calling upon the Government to consider spraying water from high positions in busy urban areas with poorer air quality and denser particulates. Water sprayers are to be installed on buildings. Water is to be sprayed daily on a regular basis when there is no rain so as to reduce the suspended particulates in the air. For densely-populated low-lying districts or places with poor ventilation, consideration might be given to the idea of installing some blower facilities so as to create some air circulation. All these can help to improve air quality.

Mr Deputy, given the extensive scope covered by environmental protection, all sectors and classes in the society are affected by it. Tourism, overall economy and investment are, of course, no exceptions. The implementation of a few measures by the Government alone cannot lead to success in environmental protection. We should reform people's living habits that are not environmentally-friendly through incessant publicity and education to encourage everybody to contribute more to environmental protection as part of their civic responsibility.

Mr Deputy, these are my remarks.

MRS MIRIAM LAU (in Cantonese): Mr Deputy, today the Honourable HO Sai-chu brought up a motion on promoting tourism and environmental protection. The spirit behind the motion is definitely worth supporting. With regard to specific measures, I have, however, the following views.

One of Mr HO's suggestions asks the Government to encourage the use of more environmentally-friendly vehicles by the tourist industry. However, to promote environmental protection, the Government, besides encouraging the use of more environmentally-friendly vehicles by the tourist industry, must also encourage the use of environmentally-friendly fuels by all diesel vehicles. For medium and heavy vehicles that cannot switch over to environmentally-friendly fuels, the Government should bring in, as soon as possible, diesel with extremely low sulphur content for their use. As for imported vehicles of pre-Euro standard, there should be encouragement and assistance from the Government in order that their owners can, as soon as possible, switch over to vehicles meeting stringent Euro emission standard, at least of Euro II or even Euro III standard.

Now on the issue of prohibiting ignited vehicle engines to be left idling. I think the Government should take into account the actual situation and consider the views of the general public and those of tourists. Should we be so sweeping or should we allow for some flexibility? Please consider a situation where tourist buses are not allowed to leave their ignited engines idling, and air-conditioners are to be turned on only after all passengers have boarded the vehicles. Can foreign visitors, those not accustomed to our hot and humid summer climate, be sympathetic and understanding with regard to our actions? In fact, the problem, I think, does not lie with the drivers. The Honourable Mrs Selina CHOW just mentioned the need to teach the drivers to shoulder social

responsibility by not turning on engines to keep the air-conditioners running. According to complaints from quite a few tourist bus drivers, they often turn off the air-conditioners when their buses come to their stops, switching on the engines to re-start the air-conditioners only upon the return of tourists. However, as an air-conditioner probably cannot bring cooling effect to the entire vehicle right away, the driver will get rebuked by the tourists when they find the bus not cool enough. In view of this, I think the Government should try to understand the actual situation. If it is keen to press on with that, it should do extensive publicity among tourists. Unless there is understanding on their part, there should be no implementation.

Surely, a ban prohibiting tourist vehicles from leaving their ignited engines idling when they are not carrying tourists is definitely worth supporting.

With regard to adopting heavier punitive measures to step up enforcement actions against smoky vehicles, I think it is not advisable to be "too sweeping". It is necessary to consider the types of persons and the types of behaviour that are being targeted. We should not blindly believe that punishment is the solution to every problem. Turning now to the use of industrial marked diesel oil by a small number of drivers, they are bent on evading tax, committing offences and producing more emission from vehicles, that is why we should not be tolerant. Members of the transport trade do support imposing heavier punishments on them, the reason being that heavy punishment can deter them from committing the same offences. Regarding environmental improvement, most drivers with a sense of responsibility are willing to contribute their shares so long as it is not beyond them. However, outside the scope of their control are matters including practical problems, historic factors, and matching facilities (meaning other trades, for example the vehicular maintenance trade, and government-supplied matching arrangements) which are not yet ready. To impose heavy punishments on members of the transport trade before getting matching facilities ready is bound to make them feel very helpless and unfair.

With regard to improving air quality, the transport trade in fact faces a lot of difficulties. On their part, there is much work to be done. They would also earnestly want to act. However, they probably cannot get things done single-handed. Even if they do manage to get things done, they are probably not well done. In addition to members of the trade, the Government and the general public should also put in additional efforts. Only with co-operation among them can there be an overall improvement in air quality.

Mr Deputy, I have in fact stated once and again that environmental protection is not just a slogan; nor is it an accusation; nor is it a bid to pass the buck. Environmental protection should start with oneself, requiring vehement compliance with what one advocates. As just mentioned by the Honourable Bernard CHAN, 5 June is World Environmental Day. He calls upon all of us not to use private cars that day, but to travel more on foot or by public transport. The Honourable LAU Chin-shek and I have just launched a movement. In addition to making 5 June a Ride Green Day, we also want to have a Ride Green Week lasting from 5 June to 10 June. The reason is that we are also in support of environmental protection. We, therefore, call upon everybody to avoid using private cars as far as possible. Let those who can walk go on foot as far as possible, and let those who can use public transport do so as far as possible, too. A Council Member, I believe, should do more to set a good example. There is a form just outside this Chamber. Some Members have already signed in support of the Ride Green Week. I call upon those Members who have not signed to do so. Mr Deputy, these are my remarks.

MRS SOPHIE LEUNG (in Cantonese): Mr Deputy, originally I did not intend to speak today. However, the speeches of a few Members have set me thinking. The Honourable LAU Chin-shek just mentioned the example of Tai O, a place that I like to visit. Just now the Honourable Mrs Selina CHOW also mentioned that it is not the Government's sole privilege or duty to promote tourism with environmental protection. That is to say, every person is responsible. On the other hand, the Honourable Mrs Miriam LAU stated that environmental protection is not "accusation". I totally agree with that. However, with regard to the topic raised today, it seems that all along we have been arousing environmental awareness with the use of economic benefits in a bid to stir up resonance. As mentioned by a few fellow Members, nowadays many tourist groups, especially those from Japan, do not just go to tourist districts for shopping when they are in Hong Kong. Tourists in fact enjoy going to our green areas. Upon their arrival in Hong Kong, tourists often do nothing else but put on their walking shoes for hiking in green areas. The mass media have interviewed some tourists to find out the reasons why they chose Hong Kong for such activities. According to them, though they have been to many places, there is not a place better than Hong Kong because great contrasts can be found without the need to travel great distances. Hong Kong has a deep harbour as well as green areas. In the midst of all these is a busy city. There are, they believe, many birds for them to watch in Hong Kong. So the place is ideal for

tours of three to seven days. Here I want to bring out one point. Since other people can well understand the need to respect these natural resources, do we Hong Kong people, understand the need to respect the natural resources in our own place?

When concluding their speeches, several fellow Members just pointed out that environmental protection is not a piece of hardware designed to force the Government to do something. I very much agree with this. As a matter of fact, environmental protection is an ideological extension. Mr Deputy, today I came here for the meeting by car. Only one third of the route that I took went through places with relatively more pedestrians. However, within such a very short distance I already saw three people spitting. When they spat, they did so very naturally and did not appear to be uneasy at all. In the event of such acts being seen by tourists, are they going to admire those pedestrians for their good skills, or are they going to find that disgusting? This is exactly the point that I wish to bring out, namely, the question as to whether or not Hong Kong people have an ideological respect for natural resources.

During that short trip, I already saw three pedestrians spitting skillfully. This figure does not take into account those who spat out of my sight and those who spat without a sound. I also saw a fairly exceptional young girl. Judging from her back and profile, she was probably a pretty girl aged around 20. She was, I think, very pretty, endowed with long slim legs and appropriately dressed. Her hair was beautiful. So I took one more glance at her. She was sitting on a litter box outside a building, showing a very good posture, and holding a cigarette. After finishing her cigarette, she simply threw the cigarette butt onto the pavement. This is another form of ideology. After listening to the speeches delivered by quite a few fellow Members, I came upon this thought: are we giving excessive promotion to the philosophy stressing on personal freedom and personal aspiration to the extent that personal aspiration and freedom supersede social value and the respect for common living space?

Mr Deputy, you and I have just had a chat outside this Chamber, touching on the point that some people tend to put their personal interests above the interests of the entire society or those of a certain trade. This is an issue that we really ought to note and consider.

Mr Deputy, here we have also brought out topics of different levels. When a certain topic is under discussion, if a person is intent on winning votes, can he just act as if he has buried his conscience, forget where the interests of the entire society lie, and conduct discussion merely from the angle stressing personal interests? I hope that we can really behave as Mrs Miriam LAU has said — respect both environmental protection and the value of the entire society. Do not just "point your finger at others", forgetting that you also have to set yourself as an example. Do not over-promote the idea of individualism and disregard the value of the entire society.

Mr LAU Chin-shek just made mention of Tai O, and Tai O in fact stands for many stories. The island-crossing that Mr LAU Chin-shek just mentioned is gone. Those who have been there over the last decade or two might have seen a woman operating the rope-drawn island-crossing. The story of her life deserves our utter respect. She, was originally an abandoned baby who suffered from Down's syndrome. She was eventually adopted by a woman who operated the rope-drawn island-crossing. In total disregard of what the villagers said, the woman treasured her, brought her up and taught her social value and the concept of personal value. She grew up and worked there for decades. This is another story that we should know of. Similarly, do we respect our environment? Can we identify every tree? Can we whimsically call anything green a tree? The answer is in the negative. In fact we should also respect the age of a tree. There are many old trees at Chi Lin Nunnery because we respect those trees and their age. It is hoped that members of the public will go there to appreciate them and to acquire the feeling of respect for natural environment. Thank you.

MR AMBROSE LAU (in Cantonese): Mr Deputy, recently an international organization has cancelled a conference scheduled to be held in Hong Kong for reason of our deteriorating air quality, which is indicative of the fact that some people abroad are very displeased with our environmental pollution, and are resorting to actions to show the degree of their displeasure. The Government definitely should not treat this lightly. Environmental pollution is going to cost Hong Kong not just an opportunity to hold an international conference, for in fact Hong Kong might have lost some big spenders.

According to the consultancy reports of some private organizations, foreigners coming here for meetings or exhibitions not only tend to stay for five

to six days, a day or two longer than ordinary tourists, but the amount of their per capita spending is also two and half times that of ordinary holiday-makers and 10 times of what local people spend on daily shopping or entertainment. Every dollar spent on a conference or exhibition can increase spending by five dollars, for hotels, transport, retailing and catering are the principal trades benefiting from it. In recent years, the tourist, hotel and public relations industry have been putting much efforts in promoting Hong Kong as a venue for international conferences and exhibitions. A major reason for this is an attempt to attract great spenders as well as visitors who are more agreeable with our index of living cost, in order to reverse a worsening quandary, for our revenue from tourism went down from \$82 billion or more to \$53 billion between 1996 and last year.

For the Government to draw more visitors to Hong Kong for conferences or exhibitions, it is definitely necessary to step up the promotion of environmental protection. When advertising our tourism to the outside world, the Government all along has been using as selling points the green sea and blue sky of Victoria Harbour, the landscapes at fishing villages like Aberdeen and Lei Yue Mun and bits and pieces of countryside life. This is to highlight the point that Hong Kong, a cosmopolitan city, still cherishes the harmonious co-existence of environment and daily life, and still offers enjoyable local scenery and customs. However, what is the actual condition now? Given the perennial reclamation projects that have been lingering on, the Victoria Harbour is probably still okay if seen from a distance. However, the garbage that refuses to go away really spoils the scene when a close look is made near the waterfront. There are still some fishing villages in Hong Kong, but most seafood is imported from abroad. There are still pieces of nice farmland in the New Territories. However, because of bad drainage and poor environment planning, they have very much been defaced by torrential floods. Even if the prestigious *National Geographic* magazine is willing to help promote our tourist attractions, twice the effort can still only achieve half the result unless there is support from the public for the efforts made by the Government and the Hong Kong Tourist Association (HKTA) to publicize Hong Kong.

Environmental pollution will not only weakened the publicity work done for Hong Kong by the Government, but it will also add to the operational difficulties of the tourist and hotel industries. For instance, smoke and dust in the streets are likely to smear the external walls of hotels, and thus tarnish their glamour. With the quality of sea water getting worse and beaches littered with

refuse, hotels close to the beaches are becoming eyesores. What is more, it has made it difficult for the tourist industry to use beaches or underwater natural resources to promote activities like diving, fishing and under-water viewing. Although Hong Kong has the sea on three sides, very few consortia are prepared to invest money to build those so-called beach bungalow hotels, which are very popular abroad. So our natural environmental resources exist in name only.

Environmental pollution drives tourists away. Trades like retailing and catering which are closely linked with tourist and hotel industries, naturally have to bear the brunt of the blow. The repeated raising of interest rates by the banks over the last few months has attacked consumers' confidence. Operational cost is going up too. All these only add to the heavy burdens of the already hard-pressed retailing and catering industries. If environmental pollution long remains unabated, then there is going to be even less incentive for overseas visitors to be here or to stay here longer, while local residents will have a stronger urge to visit more scenic places in the Mainland and nearby countries to travel and spend money, which might cause even greater difficulties to the operations of the retailing and catering industries.

Mr Deputy, tourist industry, hotel industry, shop retailing business and catering industry are several of the mainstays of our economy. However, all of them have been suffering more and more from environmental pollution. I hope that with regard to overall town planning and environmental policy, the Government can adhere to the principle of sustainable development, and maintain close liaison and co-operation with every sector to work out a timetable; and without further encumbering the general public and the industrial and commercial sectors, bring into effect all the remedial and preventive measures, especially the big plan for environmental protection contained in the third policy address of the Chief Executive and the whole set of proposals for improving air quality released some time ago, in order to enable Hong Kong to become an attractive holiday resort capable of striking a balance between environmental protection and daily needs.

With these remarks, Mr Deputy, I support the motion.

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

MR JAMES TIEN (in Cantonese): Mr Deputy, the motion today is on environmental protection and tourism. Surely, the discussion focuses on matters which would receive most attention from visitors coming here for pleasure. In most cases, the first impression of a city that tourists form upon arrival is whether it is clean or not.

I would like to address two points in particular. First, on the situation where tourists leave a tourist bus to visit a tourist spot — the example just cited by the Honourable Mrs Miriam LAU. Should the driver of the tourist bus switch off the engine pending the return of the tourists? We also have been visitors to some very hot places. I once went to Greece to see the monumental sites. The place was very hot, with temperature reaching 40 degree. During the hour when we were absent from the bus for a visit to the monument, the driver had the engine turned off. During the hour when we visited the monument, he did not turn on the engine to discharge exhaust air. There were not many residential buildings near the monument, and not many people would have been affected even if he had discharged exhaust air for one hour. However, the driver still switched off the engine, one of his reasons might have been the need to save fuel. I also noticed that the driver was well aware that, with the temperature as high as 40 degree, there could be complaints from us upon our return if there was no air-conditioning. So he had the engine and the air-conditioner switched on five to 10 minutes before our return. Thus the tourists did not find it intolerable even though it was not cool enough when they first boarded the bus. We surely would not suggest driver of a tourist bus to keep the air-conditioner switched off when there are already tourists boarding and to switch it on only after all 40 tourists are on board. To do so would cause the tourist to sweat, and this would be unfair to the tourists. Say, a bus stops at Tsim Sha Tsui for tourists to do shopping for one hour. The driver may switch off the engine pending the tourists' return. He may re-start the engine 55 minutes later, when the tourists gradually board the bus. With the engine in operation for just five minutes, it would probably still be hot in the bus, however, presumably the tourists can stand it. Surely, apart from the reason of environmental protection, the need to save fuel is probably another reason not to allow the driver to keep the engine running for one hour while waiting for the tourists.

As a matter of fact, if we legislate on this, these professional drivers would be benefitted as well. In the absence of legislation, there might be complaints from tourists. How come the driver of another bus can keep the engine running

pending the return of tourists from shopping whilst their own driver is not doing likewise? If there is such a legislation, then the driver can say that Hong Kong has laws "prohibiting vehicles from leaving their engines idling", but that he can try his very best to start the engine prior to their return. I am of the view that a driver taking tourists to the Peak for a one-hour sightseeing should also "turn off the engine" upon arrival, and switch it on when it is about time for the tourists to board the bus again. This is within the ability of every person. Conversely, if we do not have such a legislation, the tourists might rebuke the drivers or show displeasure and yet the drivers can offer no explanation. This does not appear to be desirable.

In fact, in addition to tourist buses, many light weight goods vehicles can also be seen parking in the narrow streets. Some drivers are there for loading or unloading. However, for some others, the reason for their running the engines incessantly is unknown. Perhaps it is because it would be more comfortable for one to be seated in an air-conditioned vehicle. However, to the pedestrians, let alone tourists, that is unbearable. If there is such a legislation, then it is possible to compel them "not to leave the engines idling". At present, there is little that we can say when we see drivers leaving the ignited engines idling as that is permissible under the law. However, our health will suffer from that. So will the tourists. When walking past some narrow streets around Granville Road, tourists now cover their noses on noticing exhaust air being discharged from the good vehicles parking along the streets. I think the effect on tourists is similarly significant. So, seeing it from the angle of tourism as well as from that of environmental protection, I am of the view that neither tourism nor tourist bus drivers' livelihood will suffer from the measure requiring the drivers of big tourist buses not to leave the engines idling.

Meanwhile, I also wish to speak on the 6th environmental measure mentioned in the motion — building a green city. What I wish to talk about one man-made slopes. According to the complaints from many people, including foreigners, slopes around the Peak or Repulse Bay have been coloured grey or brown as a result of the chunam plaster sprayed onto them. They really constitute eyesores. According to the Government, the Civil Engineering Department, having conducted research, considers that to be the best method. There are slopes all over the world. However, the practice of spraying chunam plaster after levelling the slopes cannot be found elsewhere. This is obvious to many tourists and people who have lived abroad. In other places, the slopes are usually landscaped with plants or even big pretty tiles. In the case of the new

airport, many passageways are covered with big tiles. Putting on tiles is perhaps more expensive, but visually and environmentally, it is more acceptable. I am of the view that tourists visiting places like the Peak and Repulse Bay are not prepared to see the slopes covered by layers and layers of grey chunam plaster just because one government department considers it to be the only feasible way of treating the slopes. In order not to make our man-made slopes look so ugly, I hope the Civil Engineering Department would look into methods employed by other places of the world for the protection of slopes instead of insisting on the spraying of chunam plaster.

With these remarks, Mr Deputy, I support the motion. Thank you.

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

(No Member responded)

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Mr Deputy, I am grateful to Mr HO Sai-chu and other Honourable Members for the views they raised in the motion debate, and I am glad Members request us to embark on projects which have already been commenced. At the same time, I also welcome the environmental protection measures adopted expeditiously by the tourism industry in accordance with the sustainable tourism strategy. Notwithstanding that the motion has linked environmental protection with the tourism industry, I understand that Members' concern for the environment is not confined to the interests of the tourism industry. Indeed, the environmental protection policies formulated and implemented by the Government are aimed at enhancing the living standard of the public. While improvement to air quality could safeguard the health of the people, reduction in waste level could help to alleviate both the economic burden and environmental burden on us. Further still, protecting our natural assets could be useful activities contributing to better health. Moreover, the policies and legislation on environmental protection, as well as the relevant effective measures, are means to benefit our tourism industry as well.

Just now a number of Members have urged the Government to put in more efforts to help improve the environment. The Government has already formulated a complete set of strategy in this respect, and we are now vigorously taking all feasible measures to strive to achieve the policy objective concerned.

In addition, we have also set up an inter-departmental task force to tackle the air pollution problem in a more efficient manner. Nevertheless, as pointed out by several Members just now, in order for the environmental protection measures to achieve better results, non-government organizations as well as other local bodies should also join hands with the Government to help develop Hong Kong into a cleaner, greener and more healthy home. We need more people to take active part on the front line, not on-lookers doing nothing more than yelling slogans.

With regard to more specific measures to improve air quality, I am glad to inform Members that approval has already been granted to the application for funds to implement the particulate filter installation scheme. In addition, a paper on legislating to prohibit ignited vehicle engines from being left idling has already been submitted to Members for consideration. But before we made any decisions in this respect, we will definitely consult the public and the transport industry. Besides, an application for funds to implement the LPG taxi scheme will be submitted to this Council for approval in the coming month. In the near future, we would also submit to this Council a resolution on the import tax rate for low-sulphur diesels. Apart from that, we would also need to further enact laws to provide for incentives to encourage the use of more environmentally-friendly vehicles, with a view to replacing gradually the obsolete and environmentally-unfriendly vehicles. It is my hope that Members will actively give support to our measures to improve the environment, for air pollution problems cannot be resolved by penalties alone. In addition to legislative and enforcement efforts, we also need the co-operation of the vehicle serving industry, fuel suppliers as well as vehicle manufacturers.

A Member who spoke just now urged the Government to take into consideration the possible effects on the shops concerned when designating pedestrian precincts. Actually, comprehensive and thorough consultation work will definitely be conducted before we implement any of such proposals.

Members have also urged the Government to adopt certain measures to provide the tourism industry with more support. In this connection, however, I believe we should treat all on the same footing as far as possible when implementing measures to improve the environment. Take for example our proposal to offer concessions to more environmentally-friendly vehicles while imposing unfavourable conditions on the continuous use of obsolete and environmentally-unfriendly vehicles, this proposed scheme should be applied fairly to the transport industry as a whole.

With the support of the Legislative Council, the Government will provide for viable statutes, practical standards and comprehensive infrastructural facilities to enable the businesses and industries in Hong Kong to achieve new heights in a level playing field on their own respective initiatives.

Just now Members have also put forward a number of the proposals for nature conservation and a green Hong Kong. I believe it is particularly important to formulate a framework for the protection of our natural heritage, as well as to enhance the management of our parks, green belts and coastlines. We must maintain close liaison with other regions to investigate jointly how our natural assets could be developed. On top of these measures, we will draft a comprehensive policy on nature conservation shortly.

The reclamation projects of the Government have been referred to by Members. In this connection, we agree that we need to make an effort to protect and beautify the Victoria Harbour, which is an important asset of Hong Kong. In 1999, the Government enacted the Protection of the Harbour (Amendment) Ordinance, thereby reconfirming its pledge to protect our harbour. Besides, the Town Planning Board has also a set of guidelines entitled "Victoria Harbour: Ideals and Objectives". As set out in this document, the Town Planning Board will focus its attention on the efforts to develop the Victoria Harbour into an attractive, vibrant port signifying Hong Kong.

As regards sewage disposal, an international expert team has already been commissioned to review the Strategic Sewage Disposal Scheme, with a view to achieving the environmental protection objectives in a cost-effective manner.

In connection with the green Hong Kong efforts, the Leisure and Cultural Services Department has planted more than 20 000 trees and 1.8 million shrubs on the 1 750 acre of land under its ambit over the past year. As for the current year, the Department plans to plant more than 60 000 trees and 2 million shrubs. With this plantation project, the outlook of the roads and streets in Hong Kong will be improved significantly, thereby contributing to the development of Hong Kong into a green city. I share with Members' view that it is necessary to have public participation if we are to make the Green Hong Kong Campaign a success. On our part, the Government will certainly give positive support to projects in this respect.

With regard to artificial slopes, the usual policy of the Civil Engineering Department has been greening as far as possible all the artificial slopes strengthened under the Landslip Preventive Measures Programme. In order to implement the Programme in a more effective manner, the Geotechnical Engineering Office of the Civil Engineering Department has set up a special task force to study the feasibility of carrying out landscaping and greening works on slopes. The task force is currently implementing a continuous improvement scheme which aims at beautifying all the artificial slopes strengthened under the Landslip Preventive Measures Programme at a reasonable cost and blending the outlook of these slopes with the surrounding environment. Under this continuous improvement scheme, the Government will keep up with its efforts to collect information from all relevant sources, with a view to formulating a new set of technical guidelines for carrying out landscaping and greening works on slopes. We expect the new guidelines to be made readily available to all government engineers later this year.

Mr Deputy, while we have a list of work awaiting us, I am glad to see Members giving positive support to all our efforts in this connection. In addition to making my best effort to encourage the various sectors of our community to participate in improving our environment, I will also adopt decisive and effective measures to achieve our objectives. Thank you, Mr Deputy.

THE PRESIDENT resumed the Chair.

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I would like to thank Mr HO Sai-chu and Members for expressing their valuable views. The Secretary for the Environment and Food has stated clearly that the Government attached great importance to environmental protection and had embarked on a series of improvement measures. Now I would like to make some responses with respect to tourism.

A few Members mentioned earlier that an international convention originally scheduled to be held in Hong Kong was recently cancelled because of our air quality. I absolutely agree that we should not take this issue lightly. However, I would also like to point out that, according to the information provided by the Hong Kong Tourist Association (HKTA), up to 300 conventions and exhibitions of different scales will be held in Hong Kong this year. The case quoted just now is essentially an isolated incident.

Other Members have also pointed out that Hong Kong actually has an exquisite environment. We should therefore endeavour to promote and publicize our predominant edge and promote green tourism. We have all along concurred with such views. Actually, the Government and the HKTA have embarked on a series of work in this area. Acknowledging the fact that in order to promote tourism, we must make continuous efforts to launch diversified tourism products to attract tourists of different preferences, the HKTA has begun to actively promote green tourism last year in a bid to expand the market. We also believe green tourism has considerable potential.

Although Hong Kong has been impressing people as a highly urbanized city, I greatly concur with several Members who stated that Hong Kong has a number of favourable attributes. We have an exquisite countryside, a harbour and a number of long distance hiking trails catering to people of different ages, physiques and tastes. Existing trails in country parks add up to 450 km. Road signs, in both Chinese and English, were erected along these trails ever since they were built. Maps can also be found at entrances of the trails to make it easier for members of the local community and foreign visitors to choose their hiking destinations according to their own needs. About two years ago, the Agriculture, Fisheries and Conservation Department started to publish information on popular trails on the Internet in three languages, namely Chinese, English and Japanese.

Members suggested that the Government should consider installing additional facilities such as toilets, telephones and so on to facilitate users. We will pass this suggestion to the relevant department for consideration.

Members also mentioned that we should encourage the publication of additional publications on nature. In order to introduce the picturesque scenery of Hong Kong to overseas tourists and local residents and to promote the protection of natural scenic spots, the HKTA published a comprehensive and user-friendly guideline on the countryside — *Exploring Hong Kong's Countryside* — in October last year. The guideline was well received locally as well as internationally. The first batch of 12 000 guidelines was completely sold out in three months and the second edition has now been printed. Furthermore, a leaflet named "*Guided Nature Walks*" for introducing five hiking trails located in different regions has been published to give tourists a better understanding of the country parks in Hong Kong. In the meantime, the HKTA will also publish some handy green tourism leaflets to further promote green tourism.

On the other hand, the HKTA has organized some green tourism training courses for local tour guides. It has also included green tourism as a tourist item for continuous promotion through its overseas offices and by encouraging tourism operators to arrange overseas hiking tour groups to visit Hong Kong. Since the end of last year, nine hiking tour groups, comprising 200-odd people, have visited Hong Kong. These hiking tours were even awarded the second best tours of the year by their local travel magazine for their originality. In order to attract more green tourists, the HKTA has actively embarked on related publicity work in Europe.

Some Members also mentioned the fact that Hong Kong has some extremely valuable wetland and natural resources. On increasing green tourist attractions, we will soon embark on a project to mark the millennium by building an International Wetland Park and a visitors' centre in our most important ecological conservation regions — Mai Po Marshes and inner Hau Hoi Wan — to make good use of our natural heritage. This new tourist spot will provide a combination of facilities for green education, natural conservation and recreation. Phase I project, including the construction of an exhibition hall, is scheduled to complete near the end of this year. Upon the completion of the project, the HKTA will actively promote this new tourist attraction in a bid to attract more tourists interested in natural ecology to Hong Kong.

Earlier on, Members also mentioned the switching off of idle engines in tourist coaches, which is actually related to the awareness of environmental protection. Therefore, apart from promoting green tourism and opening up new green tourist attractions, the Government and the HKTA have embarked on raising the tourism industry's awareness of environmental protection to ensure the sustained growth of the industry. Under the support of relevant government bureaux and departments as well as subsidy offered by the Tourism Development Fund, the HKTA has formulated an environmentally sustainable development strategy to encourage members of the industry to work in collaboration for the sustainable development of the industry. The strategy has gained acceptance from organizations of the tourism industry. A number of associations of the industry have also signed the Charter to pledge their support and made recommendations to their members. In the meantime, the HKTA will hold seminars on a regular basis to facilitate members of the industry to exchange their views and experiences and further encourage the industry to adopt measures in line with green principles.

Some Members also talked about heritage travel. We approve of the importance of our unique monument culture to tourism development. We will work in collaboration with the HKTA, the Home Affairs Bureau, the Planning and Lands Bureau and the Antiquities and Monuments Office (AMO) to promote monuments and cultural relics as well as places, festivals and events with characteristics. We will also strengthen co-operation in this area. On promoting heritage travel, the Planning Department is conducting a study on the preservation of the former marine police headquarters compound in Tsim Sha Tsui and developing it into a heritage tourist attraction. The AMO has also made a lot of efforts in preserving heritage trails and has designated some of the spots with historical values as heritage trails so that members of the public and tourists can visit these trails to acquire a better understanding of Hong Kong history and culture. Some of these examples include Sun Yat-sen Historical Trail in Central and Western District, Ping Shan Heritage Trail and Lung Yeuk Tau Heritage Trail in the New Territories.

Just now, a great number of Members also talked about the opening up of new visitor attractions. As in the case of other construction projects, we have all along welcomed the proposal of specific plans by private organizations for the purpose of enriching our tourism products. The relevant government bureaux, departments and we will be pleased to consider such proposals and render assistance if necessary.

Lastly, Madam President, I greatly share with the Secretary for the Environment and Food that in carrying out environmental protection work, we cannot rely solely on the Government to produce fruits. We have to depend on the participation of various sectors, including that of the general public, as well.

On tourism, the Tourism Commission and the HKTA will continue to promote green tourism and heritage travel as well as raising the industry's awareness of environmental protection. I believe the tourism industry will continue with its efforts in introducing green initiatives to ensure the sustainable development of the tourism industry.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr HO Sai-chu, you can now reply and you still have two minutes 28 seconds.

MR HO SAI-CHU (in Cantonese): Madam President, though not highly controversial today's motion is, 17 fellow Members still did speak to present their views. May I offer them my thanks.

In fact over the past few years tourism has been growing in Hong Kong. Furthermore, a competent person has been appointed to the post of Chairman of the Hong Kong Tourist Association. Though we are confident that our tourism definitely can progress further, we still cannot afford to treat it lightly. The fact is that unless there is improvement in our air quality and environment, ultimately tourism still will have to suffer. I am glad to learn that some 300 international conferences are still scheduled to be held in Hong Kong. However, I want to see one more conference adding to the 300-odd conferences, not one fewer. That is to say, we do not want to lose even one single conference.

Furthermore, we do not want to see that Members have to remind or criticize the Government every day; nor do we want to see that members of the general public have to make an outcry. We do not want to see the API going up every day; nor do we want to see the Government trying to brush us aside by telling us daily what the Government is going to do. What we want is a government making great efforts, not just some efforts, to carefully consider our suggestions. It is hoped that our tourist industry can offer green tourism, ecological tourism, and even cultural tourism in addition to city tourism. All these serve not just the tourists, but also serve the general public in Hong Kong, for in this way, members of the general public can have a better living environment that is pollution-free and tranquil. Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr HO Sai-chu, as set out on the Agenda, be passed. Voting shall now start. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

Mr James TIEN rose to claim a division.

PRESIDENT (in Cantonese): Mr James TIEN has claimed a division. The division bell will ring for three minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Kenneth TING, Mr James TIEN, Mr Michael HO, Dr Raymond HO, Mr Eric LI, Mr LEE Kai-ming, Dr LUI Ming-wah, Mrs Selina CHOW, Mr CHEUNG Man-kwong, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mr CHAN Wing-chan, Dr LEONG Che-hung, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Mr LAW Chi-kwong, Mr FUNG Chi-kin and Dr TANG Siu-tong voted for the motion.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr Martin LEE, Mr James TO, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Mr Gary CHENG, Mr Andrew WONG, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Chin-shek, Mr LAU Kong-wah, Miss Emily LAU, Mr Andrew CHENG, Mr SZETO Wah, Mr TAM Yiu-chung, Mr David CHU, Mr HO Sai-chu, Mr NG Leung-sing, Prof NG Ching-fai, Mr MA Fung-kwok, Mr CHAN Kam-lam, Mr YEUNG Yiu-chung and Mr Ambrose LAU voted for the motion.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 21 were present and 21 were in favour of the motion; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 25 were present and 24 were in favour of the motion. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was carried.

PRESIDENT (in Cantonese): Second motion: Remarks of Official of the Central People's Government's Liaison Office.

REMARKS OF OFFICIAL OF THE CENTRAL PEOPLE'S GOVERNMENT'S LIAISON OFFICE

MR MARTIN LEE (in Cantonese): Madam President, on 12 April, Mr WANG Fengchao, Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (SAR), openly questioned Hong Kong media's reporting of the remarks of Ms Annette LU Hsiu-lien regarding Taiwan independence. Contrary to the low profile he had kept, Mr WANG went well prepared to a public event and took the opportunity to read from his script before cameras, instructing the directors and journalists of Hong Kong media not to treat remarks amounting to secession, such as remarks advocating "Taiwan independence" and the "two-states" theory as "ordinary news" and "report them as the different views as usual". He also said that the Hong Kong media had the responsibility and obligation to uphold national unity and safeguard our territorial integrity. In addition, he urged the SAR Government to enact laws on its own against crimes such as subversion and secession.

Mr WANG's remarks were described as "well-intentioned advice" by the Chinese side. However, various sectors in Hong Kong, especially the press, consider it most improper for Mr WANG Fengchao, as an official of the Central Government in Hong Kong, to pressurize or even threaten the media of the SAR and interfere in the internal affairs of the SAR.

In Article 19 of the United Nations' Universal Declaration of Human Rights, it is stated that "Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and

to seek, receive and impart information and ideas through any media and regardless of frontiers". Article 27 of the Basic Law states that as Hong Kong residents, we have "freedom of speech, of the press and of publication". We also highly treasure these freedoms. Article 39 of the Basic Law stipulates that the provisions of the International Covenant on Civil and Political Rights as applied to Hong Kong shall remain in force. Article 19 of the Covenant states that "1. Everyone shall have the right to hold opinions without interference", and "2. Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice".

Unfortunately, Mr WANG, as an official of the Central Government, made remarks which trample on press freedom. They have contravened the Basic Law, damaged "one country, two systems" and the country's established policy towards the SAR.

On the question of unification, the Democratic Party is against Taiwan independence and supports unification through peaceful means. However, no one can deny that there are views that support Taiwan independence. No matter how much we disapprove of such views, as members of the civilized world, we must tolerate and allow the expression of such views. Madam President, over 200 years ago, de VOLTAIRE of France already had such a broad-minded attitude. He said, "I disapprove of what you say, but I will defend to death your right to say it." Why is it that our Central Government officials lack such tolerance? As the Vice-President elect of Taiwan, Ms Annette LU had her unique news value. It was the most normal thing in the world for the Hong Kong media to interview her and report on her. I would say that it would be a wonder if she was not interviewed.

In as early as August, 1996, Mr LU Ping, the Director of the State Council's Hong Kong and Macao Affairs Office, said that one could report on "Taiwan independence" but not propagate it. Mr LU Ping's remarks already made a great stir in the community at the time — can reporting and propagating be objectively demarcated?

Now, Mr WANG Fengchao has blurred the boundaries between reporting and propagating and pointed out that the SAR Government should expeditiously enact laws on its own in respect of Article 23 of the Basic Law. If the two are

linked together, Mr WANG Fengchao is obviously linking the reporting of the press about remarks advocating Taiwan independence with "secession", "sedition" and "subversion against the Central People's Government". If people are indicted for the expression of views, I fear that white terror would reign supreme in Hong Kong.

The Democratic Party urges the SAR Government not to bow to the Central Government's pressure and enact laws in respect of Article 23 of the Basic Law, or legislate to prohibit reporting on dissident voices because of the remarks of the official of the Central People's Government's Liaison Office.

China and Hong Kong have different political systems and social backgrounds. They have very different views on many matters, one of which is the role of the media. That is why our country had decided to specify in the Sino-British Joint Declaration and the Basic Law that the policy of "one country, two systems" would be adopted when exercising sovereignty over Hong Kong. The socialist system and policy would not be practised in Hong Kong. The Hong Kong way of life would be preserved so that Hong Kong would continue to have prosperity and stability. Obviously, Mr WANG Fengchao's remarks have contravened the Basic Law and damaged the "one country, two systems" policy of our country.

In the past, why has it been able for Hong Kong to act as a bridge between China and Taiwan? It is because we did not have any burden and could report news on both sides of the Taiwan Strait. The most chilling thing about the WANG Fengchao incident is that while Hong Kong journalists have expressed deep dissatisfaction towards it, the Hong Kong media have immediately shown "restraint" in their reporting of remarks advocating Taiwan independence. This shows that Mr WANG Fengchao's warning is quite effective. Not only has this incident sounded a warning for press freedom in Hong Kong, it has also shaken the foundation of the Basic Law and "one country, two systems", thus having a counterproductive effect on efforts at reunification between China and Taiwan.

Madam President, if it happened once, it could easily happen a second time. Mr WANG's remarks have opened the way for Central Government officials' interference with Hong Kong's press freedom. When exception becomes the rule, not only will Hong Kong's press freedom be "finished", "one country, two systems" will also be "finished". The Democratic Party has the

unshirkable responsibility to defend press freedom, since we know that without press freedom, "one country, two systems" will be mere idle talk.

Today, I just wish to listen to the speeches of other political parties who claim to defend freedom of speech and freedom of press and see whether they will support my motion.

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

Mr Martin LEE moved the following motion: (Translation)

"That this Council considers the recent remarks of Mr WANG Fengchao, Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, regarding Cable Television's interview of and reports on Ms Annette LU Hsiu-lien to have contravened the Basic Law, seriously undermined Hong Kong's press freedom and damaged "one country, two systems"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Martin LEE, as set out on the Agenda, be passed. Does any Member wish to speak?

MISS EMILY LAU (in Cantonese): Madam President, I rise to support Mr Martin LEE's motion. As a former member of the press, I naturally very much treasure freedom of the press and of speech. When Mr WANG Fengchao made his remarks earlier and caused a stir in the Hong Kong community and even the international community, I was not all surprised. However, I believe I can express concern on behalf of many journalists, since Mr WANG Fengchao should be well aware of his own position. I have talked to some members of the media later about this matter and some of them were present on that occasion. On the day when Mr WANG Fengchao made his remarks, he was only a guest at that seminar and was not supposed to speak. However, he suddenly went to the front and delivered his great speech, that is why some media people who were then present felt rather shocked. Later, this has had tremendous repercussions. Not only has it made the Hong Kong media and many members of the public worry, it has also given rise to much discussion in the international community. They all ask if the Central Government is going to restrict Hong Kong's press freedom and freedom of speech.

Madam President, actually, since the handover, Hong Kong did not make the international headlines. Only the Government's intervention in the stock market, the Asian financial turmoil or the Cyberport would be discussed at international conferences. Should we thank Mr WANG for this piece of news? I have little enough free time. But this incident has caused some overseas media to contact me. This is not good news at all. We do not want the international community to think that Hong Kong people will soon have no freedom of speech, or we will be quickly intimidated by the officials in Beijing, and the Hong Kong media may be muzzled by Beijing. Actually, things might not be that serious. However, we cannot ignore the message conveyed by Mr WANG. That is why Mr Martin LEE has to propose this motion today. I believe this is a very good opportunity. The motion may be a few weeks late, but it will still allow Legislative Council Members to say how much Hong Kong people treasure the freedom of speech and why we do not wish to see meddling from Beijing officials either in Hong Kong or elsewhere. If they do so, they will be interfering with what we consider to be internal affairs of Hong Kong.

Madam President, why do I agree that the Basic Law has been contravened? It is because the Basic Law states that except for defence and foreign affairs for which the Central Authorities are responsible, all other Hong Kong affairs shall be managed according to the principle of "a high degree of economy and Hong Kong people ruling Hong Kong", according to the wish to people in Hong Kong. No matter from what angle, matters such as reporting by the Hong Kong press, freedom of speech and press freedom in Hong Kong should be our internal affairs. That is why I am puzzled as to why Mr WANG Fengchao had to use such heavy-handed tactics against some press members in Hong Kong who have already kept their mouth shut. Actually, the interview was conducted by Cable Television, which has the least viewers among the television channels in Hong Kong. I wonder why other television companies with large numbers of viewers did not interview Vice-President Annette LUI. I hope Mr WANG Fengchao's remarks will not make the Hong Kong media afraid of conducting such interviews. If not, what we have feared for a long time will have come true: that is, there is increasing press censorship.

Madam President, I am sure you will understand that if the media exercise self-censorship and are reluctant or even afraid to talk about, or reluctant to write and report about, some issues they consider very sensitive, members of the public will not be able to obtain the information. The free flow of information in Hong Kong is one of the keys to our success. There are different voices in

the community and in this Council. We know we are free to express our views. However, if the media are told by Beijing officials that they cannot, should not and are not allowed to talk about and should henceforth be silent on some issues, Hong Kong people will not hear the things said by some people. These remarks may be directed against Annette LUI, Martin LEE, Emily LAU or even Rita FAN. If the authorities have said something that they do not wish the people to know, some media will not report on it in accordance with this guideline.

Madam President, in my view, Mr WANG Fengchao's remarks would suffice to make Hong Kong people extremely worried. I hope that Beijing officials will be more careful with what they say in future, since Hong Kong people are really very scared. Hong Kong is so small and China so large. Very often, what we have depends on what the Chinese Government is willing to give us. The Central Government has promised Hong Kong people "one country, two systems and a high degree of autonomy". But how can Hong Kong people believe that this will really be implemented? How can we believe that they will be as good as their words? Therefore, I hope the Central Government will hear what Hong Kong people say and refrain from making brutal remarks which make us feel that they are meddling in the internal affairs of Hong Kong. If they do so, we will feel that our freedom of speech and press freedom are being undermined. We will also think that "one country, two systems" is being jeopardized. What does "one country, two systems" mean? It means that on the foundation established by the Basic Law, there are clear boundaries and certain things are handled and decided by us. However, Madam President, when these boundaries are blurred and Beijing officials can meddle in Hong Kong affairs, even instructing Hong Kong media how to report news, one can no longer speak of "one country, two systems".

Madam President, I hope Beijing officials will hear the aspirations of our people and respect Hong Kong people's wishes, so that we can really put "one country, two systems" into practice. With these remarks, I support the motion.

MR HO SAI-CHU (in Cantonese): Madam President, before I comment on the motion moved by Mr Martin LEE, let me first explain the views of the Liberal Party on freedom of the press and its current situation in Hong Kong.

The Liberal Party has all always respected freedom of the press and of speech without any reservation, and it firmly believes that an independent media

industry free from any government intervention is very significant to the development of Hong Kong. The Liberal Party believes that unless the acts of the media are found to be against public interests, the rule of law and morality, no one should seek to interfere with them in any way.

I am pleased to say that the mass media in Hong Kong have all along been able to enjoy a high degree of independence and autonomy, and this is very much treasured by the people of Hong Kong. Therefore, it can be said that freedom of speech and of the press in Hong Kong is backed up by very solid mass support. Some people were worried that such freedom might be curtailed after the reunification. However, the successful implementation of "one country, two systems" in the past three years, together with the protection accorded to freedom of the press under Article 27 of the Basic Law, has now proved that these people were really over-worried; for Hong Kong has so far remained one of the most open and freest cities in the world.

This leads us to the motion today. To begin with, let us not argue about whether or not the remarks made by Mr WANG Fengchao will really lead to consequences as serious as those alleged by Mr Martin LEE — violation of the Basic Law, an infringement on freedom of the press in Hong Kong and dealing a blow to "one country, two systems". Even though Mr WANG Fengchao is an official stationed by the Central Government in Hong Kong, he should also enjoy freedom of speech like anybody else here, and so, he should have every right and freedom to voice his personal opinions or reflect the position of the Central Government. Since we respect freedom of speech and take pride in our liberal and open society, there should be no reason for us to take the whole thing to the Legislative Council and make it such a big issue simply because Mr WANG Fengchao's opinions happened to at variance with some Members of this Council. Is this not tantamount to imposing what one dislikes on others?

Besides, we all know very clearly that Mr WANG Fengchao's remarks were directed basically at Annette LU's advocacy of "Taiwan independence" during a recent television interview and at the propagation of secession. The right and wrong surrounding "Taiwan independence" are all too obvious, and Members of this Council are all very clear about them. Just two weeks ago, with an overwhelming majority, we passed a motion on condemning "Taiwan independence" and supporting national reunification. Thus I do not think that there is any further need for us to spend any more time on discussing this issue today.

Madam President, we often say, to convict someone, we must catch him red-handed, similarly, if we wish to criticize somebody, we must produce sufficient evidence, or else the whole thing may turn out to be yet another slanging match. Ever since Mr WANG Fengchao made his comments, we have simply failed to notice any retrogression in freedom of the press in Hong Kong, nor have we seen any real damage to the operation of "one country, two systems". The Liberal Party is also convinced that the solid mass support for our freedom of speech and of the press will not be shaken so very easily. We are sure that with its usual professionalism, the press in Hong Kong will continue to report news accurately and impartially without impairing public interests and the rule of law or propagating any immoral ideas. That is why the community at large, including this Council, should not be excessively worried.

Actually, as early as more than a decade ago, when the reunification of Hong Kong with the motherland under the principles of "one country, two systems" and "Hong Kong people ruling Hong Kong" was put forward, Mr Martin LEE already started to look at this idea with a rather skeptical attitude. Did we ever criticize Mr Martin LEE for creating anxieties among the community at that time? No, we did not, because we believed that we should respect the opinions of others.

The motion I moved just now was supported by Members, probably because it was not that contentious. To them, I wish to express my thanks. However, Madam President, we in the Liberal Party will not support the motion moved by Mr Martin LEE. We will vote against it.

MR GARY CHENG (in Cantonese): Madam President, the Democratic Alliance for the Betterment of Hong Kong (DAB) opposes today's motion. In fact, we consider it unnecessary to discuss the motion in this Chamber, as I consider the motion untenable. Since what have said were remarks, no matter whosoever has made what remarks, or how we hate the remarks of a certain person just as Mr Martin LEE has already said, or no matter how senior an official is, the remarks will not contravene the Basic Law under any circumstances. In fact, how can remarks contravene the Basic Law? If we consider someone has really contravened a certain clause of the Basic Law, we should not bring the matter up in this Chamber. Instead, we should take legal proceedings against that person in the court of law and point out the specific clause he has contravened, for that person has contravened the law. In Hong

Kong, I cannot see that making remarks is an offence which is subject to incrimination, and the Basic Law can be contravened by the remarks of some people.

As for the allegation that those remarks have undermined Hong Kong's press freedom, the DAB shares the same view with all the people of Hong Kong as we also consider we should do our best to uphold our freedom of speech and the freedom of the press. Moreover, such freedoms are expressly assured by provisions in the Basic Law. As regards press freedom, to criticize the press or to bring up opinions are not tantamount to intervention of press freedom. Mr Martin LEE may say that the person who has made such remarks is an official, an official of the Central Government. The Basic Law has stated that Hong Kong residents shall have freedom of speech and of the press, however, it has not stated that no mainland officials, Taiwanese officials, foreign diplomats or foreigners shall have no freedom of speech in Hong Kong. Remarks made by non-Hong Kong residents are not unprecedented, as Mr CHENG An-kuo has stated publicly his view on the "two states theory". If we disapprove of what he have said, we may show our disapproval by verbal denouncement, written condemnation, petition, or announcement on the radio. What else can we do? We can make known our views. As Taiwanese officials may express their views, mainland officials shall have the same right to express theirs. If we disapprove of their views, we may criticize them. Has the press consequently been reduced to silence, or shrunk or flinched from their jobs, as Miss Emily LAU said? I have not seen such a consequence. The inauguration ceremony of Mr CHEN Shui-bian on 20 May has been televised live on every television channels in Hong Kong. Have they shrunk from televising the occasion? Mr CHEUNG Kin-bor, the representative of the press, has come up and announced that they would still report those news after Mr WANG Fengchao has made the remarks. That is the freedom of the press. I cannot see any consequence of this incident that has curbed press freedom. As for the question of whether the press should publish a certain piece of news or conduct certain interviews, I think the media will judge from the value of the news itself. If Mr Martin LEE say the remarks of Ms Annette LU Hsiu-lien is of news value, then the remarks of Mr WANG Fengchao should actually be of equal news value, therefore, the press would also conduct extensive report. I consider discussions on these topics absolutely natural.

Some people may say that it is not the case, because nobody is forbidding others from speaking out. Just now Mr Martin LEE has read out heaps of

comments on freedom of speech and freedom of the press from the International Covenant on Human Rights. I do not know if those officials whom Mr Martin LEE dislikes are included for such rights? If we consider those officials have no right to express their views, or if we approve today's motion, then we may have just demarcated that in Hong Kong or elsewhere of the world, some people are not allowed to speak out and some are allowed; or some people are predetermined to say something, but not some other things. I would like to repeat the words Mr Martin LEE, which he quoted from de VOLTAIRE, "You may disapprove of what he say, you may hate him, against him, irreconcilable with him, but you will defend to the death his right to say it". Unquestionably, the weight and influence of the remarks made by an official of the Central Government should be very different from an ordinary person. However, after making such remarks, he should evaluate and bear the consequential effect and reaction from the society. If there are profuse disapproval, he should know what the result is. However, even if that happen, it is still not tantamount to the fact that the freedom of speech of certain officials should be treated in some other ways.

Madam President, although I have said that it is unnecessary to debate on the motion, I have still said so much (*laughter*), just because I really consider the motion untenable. Mr Martin LEE has put up many publicity boards around town to oppose the incrimination of speech. I am really worried that if today's motion is approved, we may have created a precedent that, the Legislative Council, our Council, is using the voice of this Council to tell the world that in Hong Kong, some people are allowed to say something, while others are not, and that everybody is not equal before the law. Hence, we oppose to the motion.

MR JAMES TO (in Cantonese): Madam President, words are subjected to incrimination, singing is also subjected to incrimination. Today, many newspapers report that the mainland authority has banned the singer Sherry CHANG Hui-mei from performing in the Mainland after she has sung the national anthem of the Republic of China (ROC) during the inauguration ceremony of Mr CHEN Shui-bian, while her new album and commercials have been suspended, too. Whenever the issue of "Taiwan independence" or any such related issue is mentioned, the Central Government would become muddle-headed instantly, I believe. Coverage on the issue of "Taiwan independence" has already been prohibited, articles in various genre intent to inquire into the issue are prohibited, too. Although Mr Gary CHENG said a

moment ago that the *Ming Pao* had published some such articles, but have they still published anything similar afterwards? Actually, such articles have not been published afterwards. Why was the publishing stopped? Does it mean the standard of Mr Joe CHUNG Cho-hong has fallen? In fact, any song in connection with the "Taiwan independence" should be banned. But when I think the matter over, I find the song that Sherry CHANG Hui-mei sang during the inauguration ceremony has nothing to do with the "Taiwan independence", as it is just the national anthem of the ROC. Actually, that song advocates the one-China dogma — that China is one nation, though according to their understanding, the ROC still exists; whereas the Central Government deems that the ROC has gone after 1949. Nevertheless, in the final analysis, does her song has anything to do with the "Taiwan independence"? Regarding Mr CHENG An-kuo, who has been mentioned earlier by Mr Gary CHENG, or even Miss CHEUNG Mun-ye, what is the real reason behind the promotion of Miss CHEUNG Mun-ye after the subsequent heavy bombardment on Mr CHENG An-kuo? In fact, we may say that Sherry CHANG Hui-mei is very innocent in this incident, as she has neither electioneered for CHEN Shui-bian, nor has she hailed for the "Taiwan independence". She attended the inauguration ceremony simply because she has been invited to sing on the occasion as she probably very popular in Taiwan

PRESIDENT (in Cantonese): Mr TO, I am sorry, I have to disrupt your speech. Can you explain the connection between "the Sherry CHANG Hui-mei incident" and "the remarks of official of the Central People's Government's Liaison Office"?

MR JAMES TO (in Cantonese): Madam President, it is related to remarks of the "Taiwan independence" which has been heard in Hong Kong, and I am trying to see from this direction whether such freedom of speech actually includes some other forms of freedom. For example, the Hong Kong artist, Andy LAU, may sing the song "I am Chinese" in Beijing, and he may sing the song "To win is to fight" in Hong Kong, too. I do not know whether the song "To win is to fight" should be considered a song pertaining to the nature of "Taiwan independence", as it was the song sung during Mr LEE Teng-hui's election campaign. I have to use such illustrations to deduce relationship among freedom of speech, of the press, of artistic performance, and of expression.

From the interview of Ms Annette LU Hsiu-lien, to the barring and banning of the performance of singer Sherry CHANG Hui-mei, it is clear that the consciousness of implicative involvement, which derives from feudalism, is still haunting the Chinese Government as well as its spokesmen in every aspect. Everywhere, there are layers and layers of blockades with the innocents implicated on every level; at every turn, clean breaks have to be made with some people, for they would rather kill an innocent person by mistake than to let go a single one. When would the fans of Sherry CHANG Hui-mei in the Mainland be implicated in this incident? Now, conducting an interview is being incriminated, singing songs is also being incriminated, and China has already become a silent nation. Does it mean that both Hong Kong and Taiwan have to follow suit and be reduced to silence? As long as a person is politically incorrect, he is not allowed to be interviewed by the press, to sing songs, or even to appear in commercials. At the moment, our country is seeking reunification, and we are looking for peaceful reunification. However, in the face of the present actions taken by China, we can imagine how the people in Taiwan feel. After the media in Hong Kong interviewed Ms Annette LU Hsiu-lien, some officials Central Government posted to Hong Kong have to take such strong measures to ban and oppress it; after a singer sang such a song, all her commercials in the Mainland have to be withdrawn from publication. If we want to win the hearts of the people in Taiwan, why should we ban such interviews, commercials or songs? In the eyes of the people of Taiwan, how high is the degree of autonomy and what value does it have against this background of "one country, two systems" and "the freedom of speech"? No matter she is "the grievous lady in the inner palace" or the "spicy girl from the hilly countryside", Hong Kong after all should have specific rooms to accommodate their views. In such an aspect, it is only through such a way can Hong Kong the world that it is able to communicate, to converge, to reconcile, to accommodate, and to let the world know that Hong Kong is able to give full play to a more extraordinary role. I only hope that any similar incident will not recur in the future, otherwise, I think that such actions will only push the people of Taiwan, our compatriots, further away to the edge, which is by no means favourable to our peaceful reunification.

PRESIDENT (in Cantonese): Mr TO, I am sorry, I have to interrupt again. Have you finished your speech?

MR JAMES TO (in Cantonese): I have finished my speech.

PRESIDENT (in Cantonese): Then it is not necessary for me to disrupt your speech. It is time for the next Member to speak now.

MR AMBROSE LAU (in Cantonese): Madam President, recently, at a seminar on "the one-China principle and the Taiwan question" organized by the Hong Kong Federation of Journalists, Mr WANG Fengchao, Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, talked about three issues relating to Hong Kong: first, Mr XU Simin's comments on a Hong Kong media company's interview of Ms Annette LU; second, reports in the Hong Kong media on the Taiwan question and third, Mr TUNG Chee-hwa's remarks on the Taiwan question during his visits to the United States and Canada. These three things are all closely related to the Taiwan question.

Madam President, anyone who is objective and fair in his judgment can see that the Central People's Government's Liaison Office and its predecessor the Xinhua News Agency in Hong Kong have strictly adhered to the principle of "one country, two systems" and the Basic Law since the reunification and have not interfered with affairs related to the high degree of autonomy of Hong Kong, including press freedom. This is widely recognized by Hong Kong people and the international community.

Regarding Mr WANG Fengchao's remarks on the reports in the Hong Kong media on the Taiwan question, there are two aspects that we must consider: first, should we not oppose "Taiwan independence", uphold our country's sovereignty and safeguard our territorial integrity? Is this not the unshirkable obligation and responsibility of every Chinese in whatever capacity or position?

Second, Mr WANG Fengchao expressed his views at the seminar on "the one-China principle and the Taiwan question" organized by the Hong Kong press. Should he not direct his comments at the topic of the seminar? Madam President, if we consider these two points, it will help us to understand and judge his remarks pragmatically.

Madam President, let me talk about the first point first. Anyone who analyses Mr WANG's remarks objectively can have no doubt that his intention was to oppose "Taiwan independence" and uphold our national unity. He said, "After the reunification, Hong Kong media have a responsibility and obligation to uphold our national unity and safeguard our territorial integrity. They should not disseminate and propagate the 'two-states' theory and remarks advocating

'Taiwan independence'." He also said that "on the question of national unity, a major issue of right and wrong, our views should be unanimous." If Members of this Council hold different views about this, they should explain why Chinese people do not have the responsibility and obligation to uphold our country's sovereignty and national unity, instead of linking it to press freedom. In his remarks, Mr WANG Fengchao already stated that the issues he talked about "have nothing to do with 'press freedom'" and that he respected the editorial independence of Hong Kong media. If we analyse Mr WANG Fengchao's remarks objectively, we will find that his remarks really have nothing to do with press freedom. Logically, politically and legally, it is untenable to say that opposing "Taiwan independence" undermines Hong Kong's press freedom, contravenes the Basic Law and damages "one country, two systems".

Mr WANG Fengchao is not just an official of the Central People's Government's Liaison Office. First of all, he is also a Chinese. Can he express his views against "Taiwan independence" and to uphold national unity and safeguard our territorial integrity? I think he certainly can do so. It is also the responsibility and obligation of every Chinese. In his remarks, Mr WANG mentioned and confirmed the comments made by Mr XU Simin and Mr TUNG Chee-hwa in Hong Kong and the United States and Canada respectively opposing "Taiwan independence". This shows that it is natural for every Chinese to express views opposing "Taiwan independence" and upholding national unity in any place and we should show understanding, respect and support. In fact, Mr LEE Teng-hui's "two-states" theory and Ms Annette LU's remarks on "Taiwan independence" have met with the widespread criticism and opposition of Chinese in Hong Kong, the Mainland and overseas. Mr Jasper TSANG of this Council also proposed a motion on "Opposing Taiwan becoming independent" recently, which was supported and passed by a majority of Members. This also demonstrates that opposing "Taiwan independence" is the responsibility and obligation of every Chinese. As a Chinese, Mr WANG Fengchao can certainly make remarks opposing "Taiwan independence".

It is a matter of course to oppose "Taiwan independence", uphold our country's sovereignty and safeguard our territorial integrity. On this issue, every citizen, including officials of the Special Administrative Region and members of the public as well as every Chinese with national sentiments whether in the Mainland, Hong Kong or overseas, would have the responsibility and obligation to declare what is right. We cannot say that Mr WANG Fengchao's remarks opposing "Taiwan independence" have interfered with affairs relating to Hong Kong's high degree of autonomy, just because he is an official of the Central People's Government's Liaison Office.

Opposing "Taiwan independence" is in keeping with the constitution and the relevant stipulations and spirit of the Basic Law. It is what "one country, two systems" entails. As Mr WANG Fengchao pointed out, on the question of national unity, a major issue of right and wrong, our views should be unanimous.

Madam President, let me talk about the second point now. Mr WANG Fengchao made these remarks on the reports of the Hong Kong media on the Taiwan question at a seminar on "the one-China principle and the Taiwan question" organized by the Hong Kong Federation of Journalists, to which he had been invited. The remarks were related to the scope of the seminar and were in keeping with his position. It would be surprising if what he said at the seminar strayed entirely from the topic of "the one-China principle and the Taiwan question". It is only natural that his remarks pertained to the topic of the seminar. Anyone who feels surprised is being unreasonable.

From the above two points, it is clear that Mr WANG Fengchao merely performed his duty as a normal Chinese should and did not stray from the topic of the seminar that he attended. There is nothing improper about this and he did not contravene the Basic Law, damage "one country, two systems" or undermine press freedom.

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

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, the Democratic Alliance for the Betterment of Hong Kong (DAB) is of the opinion that the remarks made by Mr WANG Fengchao, Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (Liaison Office), in regard to the Hong Kong media's reports of the Taiwan issue, have not contravened the Basic Law. Firstly, in the context of Article 160 of the Basic Law, we do not find that Mr WANG Fengchao's remarks have contravened any clause or sub-clause. It is believed that the Honourable Martin LEE cannot find any either; otherwise, he will go to court and bring a lawsuit against Mr WANG Fengchao rather than move this motion in here today. In addition, it is clearly stipulated in the Preamble of the Basic Law that "national unity and territorial integrity is to be upheld". Mr WANG Fengchao's remarks are in keeping with the spirit and provisions of the Basic Law.

Secondly, Taiwan-related affairs are not within the ambit of the autonomy of the HKSAR, but rather governed by the Central Administration. The Liaison Office is empowered to deal with Taiwan-related affairs. Mr WANG Fengchao has fulfilled his obligations in full compliance with the law in making the relevant comments, which actually have nothing to do with interference in the autonomous affairs of the SAR.

Thirdly, Mr WANG Fengchao's remarks were not made against press freedom. He made the relevant comments at a seminar on "The One China Principle and the Taiwan Issue". They were directed at the Taiwan issue with a view to setting forth the Central Government's position and policy against "Taiwan independence". Mr WANG Fengchao was of the view that after the handover of Hong Kong, the Hong Kong media should have the responsibility and obligation to uphold national unity and territorial integrity and should not disseminate and propagate the "two states" theory and remarks advocating "Taiwan independence". Mr WANG Fengchao's warning was well-intentioned. This has exactly reflected that the "one country" principle and is totally unrelated to press freedom. In fact, after the release of Mr WANG Fengchao's statement, press freedom in Hong Kong remains unchanged and has not been affected in the slightest. Mr Martin LEE said that the media showed restraint immediately after Mr WANG Fengchao had made his comments. These unfounded inferences are precisely "threatening" tactics customarily employed by Mr Martin LEE. We have encountered a lot of them and you will be "digging your own grave to believe in him".

Madam President, we agree that press freedom is very important. However, when the media are exercising their right to full freedom of the press, they should also give consideration to both social responsibilities and public interests. To uphold national unity and territorial integrity is the greatest social responsibility as well as public interest. Without the "one country" principle, how can the policy of "one country, two systems" be practised?

In fact, in many countries where common law is practised, there are actually quite a lot of examples of the media giving consideration to both social responsibilities and public interests. The media would have to develop self-discipline over matters in addition to sex, violence and obscene reports. For example, when the United States was at war overseas, the American news media would impose self-discipline and speak along the same line. The Government would even censor news relating to military preparations and the war. In

Britain, when troops were dispatched to suppress the movement launched by Northern Irish secessionists, the British Broadcasting Ordinance banned coverage of the leader of Sinn Fein or broadcasts of such tapes. We therefore think that it is a fact from an objective point of view that the mass media impose the necessary self-discipline and restraint for the benefit of the public. There is no need to make a fuss about it or to raise it to a higher plane of principle. Deliberately overstating it is obviously not a real gentleman's act.

In addition, Mr WANG Fengchao's opinion is just a piece of well-intentioned advice, serving to remind the media that they should take notice of the changed political reality and consider one principle. We can listen or refuse to listen to his advice and can also dispute it, but we cannot indict him for words expressed. The Basic Law also safeguards Mr WANG's press freedom. Mr Martin LEE's condemnation that Mr WANG Fengchao's remarks have contravened the Basic Law and damaged "one country, two-systems" is exactly "an incrimination for words expressed". The condemnation, in itself, has contravened the Basic Law.

Madam President, negating the "one country" principle under the context of press freedom is not appropriate and it is even an undemocratic way as well as hegemony to ban others' right to freedom of speech. In particular, incrimination for words expressed has evidently contravened the Basic Law.

With these remarks, I oppose Mr Martin LEE's motion.

Thank you, Madam President.

MR ALBERT HO (in Cantonese): Madam President, if Honourable Members should like to know where the fundamental difference between the Democratic Alliance for the Betterment of Hong Kong (DAB) and the Democratic Party lies, they must listen to the motion debate today. If Members wish to know whether the stance of the DAB is really for human rights and freedom of the press, they must listen to the motion debate today. If Members are interested in finding out whether the DAB will hold fast to its stance on major issues of right and wrong and strive to safeguard the interests of the people of Hong Kong, they must listen to what Members from the DAB say in this motion debate, unless later on they all claim that they are not speaking on behalf of the DAB but only expressing their personal views.

Today, many Honourable colleagues — including Members affiliated to the Liberal Party — try to play down the impact of Mr WANG Fengchao's remarks by arguing that Mr WANG was only expressing his own opinions. They also say that rather than making those comments purposely, Mr WANG was there expressing his opinions simply because he had been invited to attend the forum. If people holding such kind of view are not gravely lacking in common sense, they are in fact insulting the intelligence of the public at large.

PRESIDENT (in Cantonese): Mr HO Sai-chu, do you wish to raise a point of order?

MR HO SAI-CHU (in Cantonese): A point of order. Just now Mr Albert HO quotes a line from my speech, but it seems that he has mistaken my point. Actually, I have said very clearly that

PRESIDENT (in Cantonese): Mr HO Sai-chu, if Mr Albert HO has misunderstood your point, I will let you clarify it later on. Mr Albert HO, please go on with your speech.

MR ALBERT HO (in Cantonese): If any person should consider that Mr WANG Fengchao was only expressing his own personal views, I am afraid if that person is not lacking in common sense, he or she is insulting the intelligence of the public at large. As we all know, Mr WANG Fengchao is a member of the Chinese Communist Party (Party) and a high ranking official of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region. Given that he was reading from his script at that solemn meeting to make clear such an important political stance, how could he be expressing his own personal views then? Actually, we have known quite a number of mainland officials during the 1980s. Many of these officials do have their own thinking and their own views, and some of them can even make very good friends. However, if they should need to declare the stance of the government or that of the Party, they will adopt another approach. In most cases, their "personal views would give way to the views of the Party". Hence, what we hear from mainland officials are the stance of the Party as well as the stance of the Government, there is no such thing as personal stance in this connection.

Moreover, Mr WANG was visibly doing that with a purpose and a well-thought plan to achieve the effect that the people of Hong Kong would be alerted to the fact that there is a politically prohibited zone on the front of press freedom. At the present moment, he is just giving us his well-meant advice, but if we should refuse to obey, legislative means would gradually be employed to clamp down on us. In addition to making those remarks, a lot of other methods are also being employed at the same time to cause those people who have trespassed on the prohibited zone as well as their friends and relations to feel threatened and oppressed in all respects. While many people are worrying about whether they could get their Home Visit Permit to visit the Mainland, many others are concerned that journalists might not be permitted to cover news in the Mainland. Further still, many people, including the businessmen in Taiwan, have also expressed their concern that they might not be allowed to operate their businesses in the Mainland. Actually, these are all different forms of suppression. Hence, we must understand very clearly that the case in question is by no means any simple or individual incident, nor is it an expression of personal views. Quite on the contrary, the alarm bells has already been set ringing, warning the people of Hong Kong that a very tough challenge is waiting ahead of us.

Certainly, iron-clad measures will not be introduced to Hong Kong at the present stage, for the legislative stage has yet to come. Nevertheless, we are now at the threshold of a grave crisis. If we people of Hong Kong do not stand up and speak out, if we still do not take any actions to safeguard our own freedom, the pressure on us will just continue to intensify while many policies and laws aiming at depriving us of our press freedom will be implemented gradually. If the people of Hong Kong should all keep quiet out of fear, the community will only have one single voice. If we do not step forward and rebuke the so-called argument of "trespassing on prohibited zone" that the central regime has made, I believe that gradually our press freedom and freedom of speech will be under additional siege.

Madam President, the situation today really requires us to be vigilant. We are not trying to indict others for the things they say. Actually, it is both absurd and ridiculous to criticize us for so doing. How eligible are we to incriminate others? We are neither judges nor police officers, how can we incriminate other people? In the face of such kinds of remarks which seek to suppress our freedom of speech, are we not to fight back and raise our critical views in this Chamber? A more important point is, while just now Mr Gary CHENG said that the official who had made those remarks would be held

responsible politically, what kind of political responsibility has that official been required to take up? The only action we can take now is to raise our strongest objection against within our community where we can still enjoy freedom of speech at the present moment.

Madam President, as we all know, the Mainland sees freedom of the press in a way very much different from that of ours. To our press circle, it is of paramount importance to faithfully report current affairs that will have significant influence on the community or cases that the public are interested in. To journalist, it is their duty to give truthful reports, to respect the people's right to know, and to recognize that the public are capable of telling right from wrong. To the media, their most important function is to facilitate information exchange. But to an authoritarian state, things are just the opposite. The authoritarian government considers it most important to be politically correct; as such, the mass media should make their politically correct choices. To the authoritarian government, the media is one of the means to control and educate the people. More often than not, the government will determine the information that can be made known to the public. What is more, the decisions may sometimes be made by the mass media in accordance with certain political principles. All these are major issues of right and wrong, yet it seems to me that Members from the Democratic Alliance for the Betterment of Hong Kong have tried to avoid touching on them

PRESIDENT (in Cantonese): Mr Albert HO, your speaking time is up, please resume your seat.

MR ALBERT HO (in Cantonese): Thank you, Madam President.

PRESIDENT (in Cantonese): Mr HO Sai-chu, do you wish to clarify the part of your speech which has been misunderstood by Mr Albert HO?

MR HO SAI-CHU (in Cantonese): Madam President, just now Mr Albert HO said I was trying to play down the matter in claiming that what Mr WANG had said was only his own point of view. Actually, I was reading out my written speech when I spoke earlier on. And I said very clearly, "Even though Mr

WANG is an official stationed by the Central Government in Hong Kong, he should also enjoy freedom of speech like anybody else here, and so, he should have every right and freedom to voice his personal opinions or reflect the position of the Central Government." Hence, I was not trying to play down anything; perhaps Mr Albert HO has heard it wrongly.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, before the reunification, there were continuous criticisms on the pro-democracy camp for spreading heretic opinions and ideologies to deceive and threaten the people of Hong Kong that the freedom of speech, freedom and even civil rights in Hong Kong would be constricted after the 1997 reunification. Many people have considered the pro-democracy camp's remarks meaningless, and all of these remarks were incorrect. It has been three years since the reunification, have we really spread heresy to deceive people or have we threatened the public without any basis of facts? After the reunification, we can see that civil rights in Hong Kong are constricted. For example, our right to introduce private bills in this Council is considerably limited, which is so different from the past, and that is how things are. As for our freedom of speech, have we been restricted in the expression of our views? In the past, high profile official intervention to the freedom of the press was rare, but today, we can see that in recent days. Therefore, I feel that we have not spread heresy and we have not threatened the public, as that is how things are.

As regards today's question, we have to express gratitude to Mr WANG Fengchao, because his way of doing things tells us the so-called "high degree of autonomy" under the principle of "one country, two system" is not as good as what the wordings have intended. Furthermore, he has made us understand that the term "high" in "high degree of autonomy" does have a ceiling, as it is not boundless. In fact, we can see the remarks of Mr WANG Fengchao is not so simple at all, whilst the question is not as simple as like or dislike in unification, independence or no independence at all. His appeal to the press — I have to adopt the term "appeal", not any other alternatives — to stop disseminating the comments; insofar as wordings are concerned, he has made himself very clear. Notwithstanding the fact that he is not asking the press directly to stop publishing those comments, or else they will be prosecuted; his status, just as some Members have said, is not as simple as Mr LEUNG Yiu-chung or Mrs Rita FAN, and what he said virtually amounts to requesting the press not to publish those comments in the capacity of an official. So it is strict intervention, if not direct

restriction. Why does he prefer not to say that he simply disagree with the comments of Ms Annette LU Hsiu-lien? If he thinks what should be the right thing to say, why does he prefer to ask the press not to "disseminate" her comments or tell the story instead? If that is not intervention, what is that? This is the background I wish to briefly

PRESIDENT (in Cantonese): Mr LEUNG, you are requested to face the President when delivering your speech.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, I feel that today's debate makes us feel that "one country, two system" and "high degree of autonomy" encompass a warning signal. Although many colleagues have asked us to present the evidence, much of the evidence would not be visible instantly at this stage, and they will only come to light gradually, especially those being restrained by the invisible black hand, which will not be rebound and be exposed immediately. In fact, had the press not reported the case, we could have been ignorant to the matter, and we could have been ignorant about their constriction. In addition, had the press been exercising self-restrain and not reported on certain issues, how could we learn the existence of such issues? Therefore, I think that if we really respect the freedom of press and speech, we should not criticize the reports. However, if we are only to criticize the real truth, it should be acceptable, because that is the so-called freedom of speech. However, in reality, the press are asked not to report and not to disseminate, which is exactly the alleged intervention I have mentioned.

Madam President, today a number of Members have said that the one who has contravened the Basic Law is Mr Martin LEE, because he has criticized comments of other people being inappropriate or no good, therefore he has contravened the freedom of speech stipulated by the Basic Law. However, the subject of the motion debate of Mr Martin LEE is just stating that the remarks of Mr WANG Fengchao has undermined press freedom in Hong Kong, because it will lead to a resultant self-discipline for people who fear the remarks. I do not understand why this is in contravention of the Basic Law. He has just voiced out his concern about the reality, how can it be in contravention with the Basic Law? I really do not understand. Therefore, on the subject of today's motion debate, I hope everyone understands that regarding the issue of discussing the unification and independence of Taiwan, the majority of the public is quite worried. Some people even phone me up and remind me to be careful about the words I say because of the high sensitivity of the issue. Madam President, why

is the public holding that kind of attitude? It is exactly because the remarks of Mr WANG Fengchao have discouraged them from speaking out. It is just ostrichism if we say the remarks of Mr WANG Fengchao has no deterring effect, as we are just hiding ourselves in the sand, ignoring the facts. His remarks are indeed not so simple at all.

Madam President, in conclusion, I feel that if we are to defend press freedom and a "high degree of autonomy", we must come out from dissociation by unifying ourselves. Whenever such problems happen, we should break the silence and stand up against them. Being the showcase of "one country, two system", Hong Kong is taking the effect of time. For the time being, interventions from China may still be in low profile. However, due to the showcase effect, it will be very hard for us to sheer off the manipulation of other people. If we want to get away from that, the only way to achieve that is to change the existing system completely. But, how can the system be changed? The key to the matter is the democratization of China. Hong Kong will have democracy only if China has democracy; our freedom of speech will be protected only if Hong Kong has democracy, and the "high degree of autonomy" will be guaranteed.

Madam President, I so submit.

PROF NG CHING-FAI (in Cantonese): Madam President, the Taiwan issue is a matter within the jurisdiction of the Central Government. At the beginning of the establishment of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (Liaison Office), it has made a clear-cut announcement that it would deal with Taiwan-related affairs as part of its work. Mr WANG Fengchao openly made his position clear to the residents and media of Hong Kong about "opposing Taiwan independence" and "upholding national unity". Moreover, he made the following remarks at a seminar held for an exchange of opinions with the Hong Kong media just when Taiwan was under a tense situation: In the face of the issue of Taiwan independence that would pose a danger of secession, one should not take this lightly as ordinary news. Mr WANG's remarks have just openly expressed his viewpoints on certain questions concerning national unity. He has expressed a wish rather than promulgated a set of laws. The residents and media of Hong Kong can hold opinions different from his and reject his expectation, but there is nothing in contravention with the Basic Law from whatever standpoint. Does the Basic Law stipulate that the Central Authorities shall not make their position clear to the people of Hong Kong in connection with affairs within the

jurisdiction of the Central Government? Have there been specifications that opinions should not be expressed to the people of Hong Kong in connection with this major issue of right and wrong relating to state sovereignty and territorial integrity?

The answer is definitely "No". Since even the British and American Consulates have made such and such comments on Hong Kong affairs, so how can we deprive the Central Government officials of our own country of the right to interpret their views on upholding national unity? What do we go by in denying the Liaison Office the freedom of speech in respect of upholding national unity? I therefore consider the allegation that Mr WANG has contravened the Basic Law is unfounded.

Madam President, the second allegation made by Honourable Martin LEE against Mr WANG is that he has undermined Hong Kong's press freedom. As we all know, it has been a consensus of the whole community as well as the consensus reached in this Council that freedom of the press is important to the Hong Kong society. Mr Martin LEE has told us that our press freedom has been damaged — I mean "seriously damaged". It is natural for us to take a good look at it. In regard to Cable Television's interview of and reports of Ms Annette LU Hsiu-lien, I think viewers have the right to criticize the programme and Mr WANG Fengchao also has the right to voice his criticisms. Besides, we should not forget that Article 27 of the Basic Law stipulates that Hong Kong residents shall have freedom of speech, of the press and of publication, which is a protection for Hong Kong's press freedom as well as freedom of speech provided in the Basic Law. After all, can we deprive Mr WANG of the freedom of speech under the pretext of safeguarding the freedom of the press?

Madam President, facts speak louder than words. Let us see how Mr WANG's remarks have damaged or "seriously damaged" Hong Kong's press freedom. First of all, may I ask which single organization in the Hong Kong press and electronic media has failed to publish its desired article or to broadcast its desired programme as a result of Mr WANG's remarks? If so, would Mr Martin LEE please let us know? In fact, even articles like "Taiwan has the right to become independent" were freely available. We would also like to ask, "Have the editors-in-chief and editors of those newspapers publishing these articles been prosecuted or threatened?" If yes, would Mr Martin LEE please also let us know.

Madam President, those condemning WANG Fengchao's remarks have one point open to question, which is "the media is free to report whatever news".

I wonder what the source of this wording is, but it will surely mislead the public. Freedom of the press is not absolute freedom. There has never been freedom of reporting any news in the history of the media. The right to freedom of speech and freedom of expression as stipulated in the International Covenant on Civil and Political Rights referred to by Mr Martin LEE earlier on is subject to restriction and by no means absolute. Just now he only read the first half of Article 19 of the Covenant. The third paragraph of Article 19 states: "The exercise of the rights provided for in the second paragraph of this Article carries with it special duties and responsibilities. It may therefore be subject to certain restrictions, but these shall only be such as are provided by law and are necessary: (a) For respect of the rights or reputations of others; (b) For the protection of national security or of public order (*ordre public*), or of public health or morals." As can be seen from that, this right is stated clearly and is subject to restriction.

Madam President, it is even harder to understand the third allegation made by Mr Martin LEE against Mr WANG by saying that his remarks have damaged "one country, two systems". May I ask if the capitalist system in Hong Kong has changed subsequent to the speech made by Mr WANG? Have the Central Authorities taken any action to meddle with the administration and law enforcement of the SAR Government? Would government officials later please tell us whether there has been any interference? It is just fine not to contest these arguments that are far from serious.

Madam President, I often take the view that only a short period of time has passed after the reunification of Hong Kong with China and that the policy of "one country, two systems" has been practised for just a short time. The viewpoints of some mainland officials might not be accepted by all the residents of Hong Kong. Similarly, a number of Hong Kong residents might hold views that are not acceptable to mainlanders. Hong Kong used to be a colony. On such major issues as upholding national unity, naturally the Central Government will find it difficult to expect anything from the Hong Kong media. There is only one country after the reunification. On matters that are not within the jurisdiction of the SAR Government, it is not an inordinate demand for the Central Authorities to expect something from the Hong Kong media. If the Hong Kong media could remain unruffled in analysing whether the Taiwan issue was ordinary news, perhaps their reaction would not have been so intense.

With these remarks, Madam President, I oppose Mr Martin LEE's motion.

MR ANDREW CHENG (in Cantonese): Madam President, before I speak on the motion today, I should like to tell Honourable Members some of my experiences, so that they may ponder on whether alarm bells have been set ringing for the implementation of the principle of "one country, two systems". I will also expound on my views on the habitual tactics of "single party dictatorship" and "those who submit will prosper, those who resist shall perish" as employed by the central regime and the Communist Party to suppress dissidents.

In the past three years since the reunification, we believe the Central Government was actually taking its time in handling matters in order that the principle of "one country, two systems" be upheld. By that I am referring to the strategy of the Central Government to first suppress members of the Hong Kong Alliance in Support of Patriotic Democratic Movements of China (HKASPDMC) by rejecting our Home Visit Permit applications and denying us of our entry to our mother country. To the public at large, this measure would have no effect on them. The only exceptions are the namesakes of Mr LEE Chu-ming, Mr SZETO Wah, Mr CHEUNG Man-kwong and Mr CHENG Kar-foo, who might have trouble crossing the border. Other than that, businessmen who are related to our Democratic Party or the HKASPDMC would also be affected. They are not allowed to operate businesses in the Mainland, and many a time they would find themselves in the midst of all sorts of difficulties. As for my case, my first job — in a solicitors' firm

PRESIDENT (in Cantonese): Excuse me, Mr Andrew CHENG, but I need to remind you that you should confine your remarks to the subject matter of this motion debate.

MR ANDREW CHENG (in Cantonese): I am aware of that.

PRESIDENT (in Cantonese): So, you are also aware that you have digressed.

MR ANDREW CHENG (in Cantonese): Yes, I am aware of that, Madam President. But could you stop counting my speaking time for a while, please?

PRESIDENT (in Cantonese): I will give you two more seconds. You may now continue to speak on the subject matter of the motion debate.

MR ANDREW CHENG (in Cantonese): Yes, Madam President. My chief objective is to help my Honourable colleagues understand that it takes time to set the alarm bells of "one country, two systems" ringing. Perhaps members of the HKASPDMC and the Democratic Party were the first groups being affected, but by now the impact has gradually reached out to the mass media, and then from there to entertainers like CHANG Hui-mei as referred to by Mr James TO just now. Madam President, I beg your patience to put up with my introduction, with which I wish to draw attention to the ringing alarm bells before expounding on my views on the subject matter.

Because of my political stance which is opposed to that of the Central Government, a fellow solicitor working in the same firm as mine once said to me that so long as I remained there, it would be very difficult for the firm to find clients. From this simple statement I could already feel the presence of that invisible hand, and that the concept of "one country, two systems" introduced by the central regime has influenced immensely both the daily lives and the attitudes of the people of Hong Kong. This is something which deserves our pondering.

Earlier, Mr WANG Fengchao gave the mass media an "instruction" and reminded the media sector in Hong Kong that remarks advocating Taiwan independence should not be treated as ordinary news. Given the considerable controversy that Mr WANG's remarks have caused in the community, the Democratic Party conducted an opinion survey two days later to expeditiously find out how the public perceive Mr WANG's remarks.

As shown in the findings of the survey, close to 60% of the people surveyed consider it to be reasonable of the news agencies in Hong Kong to interview Ms Annette LU, the Vice-President elect of Taiwan. Only 12% of the people surveyed have found the interview concerned unreasonable.

Besides, more than 60% of the people surveyed have opined that in the event of reference being made to Taiwan independence and the two-states theory in news reports presented by the press sector in Hong Kong, the news reports concerned should not be perceived as advocating or preaching Taiwan independence and the two-states theory. Those who opined otherwise have amounted to only 19% of the people surveyed.

With regard to the instruction given by Chinese government officials that remarks advocating Taiwan independence and the two-states theory should not be treated as ordinary news, more than 60% of the interviewees have considered the remarks concerned to be detrimental to the freedom of the press in Hong Kong, while some 22% believed that the freedom of the press had not been undermined.

The Democratic Party holds that the results of this opinion survey have reflected the fact that the public treasure highly press freedom in Hong Kong, and that they are capable of distinguishing between reportage and advocacy. Members of the public do not wish to see the mass media in Hong Kong reporting only those news favoured by the national leaders or the Central Government, nor do they wish the Government enacting laws in respect of the Basic Law to prohibit reporting on Taiwan independence-related issues.

The Democratic Party is of the view that under the premise of "one country", the mainland media will only report on views that are advantageous to the Central Government. This is how the media in the Mainland operate. It is indeed regrettable that the officials stationed by the Central Government in Hong Kong all consider the mainland system to be applicable to Hong Kong as well. In so thinking, they have overlooked the fact that Hong Kong is a pluralistic society the members of which shall have freedom of speech and the right to express their own views under the premise of "two systems". Having said that, the Democratic Party must express its concern that the media in Hong Kong is becoming more like their counterparts in the Mainland and less tolerant of different views and voices. Today, <hongkong.com> has taken the lead in playing the role as *Peoples' Daily* on the Internet, for its users are banned from dropping any messages which sympathize with Taiwan independence or expounding on their views on inauguration of Mr CHEN Shui-bian in Taiwan. I cannot help but wonder which newspaper, magazine, or homepage would submit to the pressure of the Central Government and report only views that are advantageous to the Central Government. If things should develop that way, we are afraid that our pluralistic media sector would sooner or later develop into the mouthpiece of the Government or a branch of the CCTV.

During the transfer of sovereignty, the Central Government has promised the people of Hong Kong that it would not intervene in the internal affairs of Hong Kong. However, given the inconsistent remarks of the Chinese officials, the people of Hong Kong instead of setting their hearts at ease could only treat them with a cautious heart. In as early as 1996, Mr LU Ping, the then Director

of the Hong Kong and Macao Affairs Office, has already defined the limit of Hong Kong's press freedom. While the media in Hong Kong could enjoy freedom of the press after 1997, they could not advocate Taiwan independence or ideas such as "one China and one Taiwan". Nevertheless, at that time Mr LU Ping also said that it would be acceptable to report on the remarks made by certain people in this respect. So, in making such remarks, Deputy Director WANG was in fact trying to shrink the limit further. Given that officials from the Central Government are frequently making remarks against the reporting style of the local media circle, and that the criticisms are getting harsher each time, the people of Hong Kong cannot help but harbour concern that the Central Government is intervening in the internal affairs of Hong Kong on all fronts. This is by no means any cause for celebration. Rather, this is what I mean by it takes time to set the alarm bells of "one country, two systems" ringing. Our press freedom will not be clamped down all of a sudden, but then the existing control over the freedom of the press is further tighten compared with the limit set by Mr LU Ping in the past.

For these reasons, the Democratic Party urges the Government of the Special Administrative Region to continue putting into practice the provisions set out under the Basic Law to safeguard freedom of the press, of speech and of publication, thereby ensuring that the local media could continue reporting on different views without being subject to any political censorship or press control. In addition, we also urge the Central Government to adopt an open-minded attitude and respect the editorial independence of the local media in news reporting, for any arbitrary application of political pressure would serve to break the promises of "one country, two systems" and "a high degree of autonomy" in the end.

With these remarks, I support the motion.

PRESIDENT (in Cantonese): Mr Andrew CHENG, I have listened very patiently until the end of your speech, and I have also given you eight more seconds.

MISS CHRISTINE LOH: Madam President, it is useful to have today's debate so that this Council can express our reaction to Mr WANG Fengchao's remarks. Allow me to analyse what he said. I do not dispute his right to free speech, but

I do question the policy behind his remarks. And it is the policy analysis that I find necessary for Hong Kong people to think through.

Firstly, I think that his remarks were politically unwise. It was unwise for him to make his statement to Hong Kong in the way that he did. As a seasoned diplomat, he should have known the negative impact it would have both in Hong Kong and internationally. Indeed, when faced with broad criticism, there was an attempt to suggest that Mr WANG's remarks were his personal views, and not those of Beijing. I find that hard to believe, but let us assume that this was true. If I were his boss, I would severely reprimand him for having given the national government a bad name.

Secondly, his remarks did not have the intended effect. If we look at a policy, what we want to achieve is that the policy can have the intended effect. If it does not have the intended effect, you may want to review your strategy. He wanted to tell the local media that "Taiwan" was a national matter, and as such, it had to be treated differently from other issues. He said that local media should not report remarks advocating Taiwan independence.

He has presented a view that news reporting should be "patriotic" when it relates to a national matter. He has so far been unsuccessful in promoting patriotic reporting. If that was something either he and/or Beijing wanted to promote in Hong Kong, the strategy completely backfired. Indeed, what really upset Hong Kong people was precisely this narrow interpretation of patriotism and his placing this interpretation of patriotism above our freedom of expression and news reporting.

I have tried to understand Beijing's concern over Taiwan. Whilst I do understand this concern, I do not support the way in which Beijing wants to deal with it. Beijing's warning to the media was aimed ultimately to control our thoughts. Beijing seems to believe that if there was no reporting about a certain view, it would stop people thinking and spreading an idea. As Beijing does not want Hong Kong people to support Taiwan independence, it thinks that if there was no reporting about Taiwan independence, the idea would not take root. That is very much in line with Beijing's traditional thinking about controlling free speech, and that is why there was such a negative reaction in Hong Kong.

In developing this strategy, Beijing seems to have ignored the fact that there is no support in Hong Kong for Taiwan independence. And Madam

President, do you remember well the recent debate that we have in this Council? Thus, the conclusion that Hong Kong people drew from Mr WANG's remarks was that Beijing just wanted to restrict reporting. It stemmed from a highly paternalistic attitude and it was that attitude that drove Mr WANG to give a heavy-handed warning. My assessment of this strategy is that it has totally failed. Indeed, as I said, Madam President, it has backfired, it has given Mr WANG himself and the Chinese Government a very bad name. Thus, I hope very much that the Chinese Government would rethink how we want to deal with this issue in this part of China, the Hong Kong Special Administrative Region. I think it is important for Beijing to understand and accept that our society is based on different values and we do things differently. Whilst we can try to understand Beijing's concern, there are situations like this one where we have to tell Beijing loud and clear that there is a line beyond which we will not cross. We do not think that reporting views that Beijing does not want to hear amounts to advocacy of a certain view. If Beijing continues to think that by clamping down on reporting of views which it does not like is going to stop spreading of certain ideas, I submit that this is an extremely outdated view.

Hong Kong people and the international community have reacted so negatively because we do recognize that at the root, what Beijing wants to do is to control our thinking. I hope that Beijing will give us the benefit of the doubt that we are sensible adults. We recognize and accept that Hong Kong is fully a part of China that there is no independence moving in Hong Kong and Hong Kong people do not support the independence of Taiwan. If they can accept that, they would not create two categories of reporting. One category will follow the Basic Law, while the other category is classed as national issues. Our fear is that if Taiwan and Tibet are national issues, are there any other things that may arise that will also be classed as national issues? So, I think that those are some of the root causes of the very negative reaction of Hong Kong.

I would just end by saying that I do not know whether Mr WANG Fengchao has actually contravened the Basic Law or not. That is why I concentrated my speech in talking about the policy objectives behind what he said. However, I do see it as a very serious issue, and with the caveat that I am not in a position to determine whether Mr WANG Fengchao has contravened the Basic Law, I am, nevertheless, prepared to vote for the motion.

MR TAM YIU-CHUNG (in Cantonese): Madam President, when speaking in this debate today, Members of the Democratic Party mostly did not speak within the scope of the motion. Many a time it required the President's well-intentioned reminders. For example, Mr James TO spoke of CHANG Hui-mei; Mr Albert HO translated Mr WANG Fengchao's remarks as actions; and Mr Andrew CHENG spoke of the slack business of his law firm. Why did they do so? I believe that it is because their party leader's three allegations against Mr WANG are difficult to substantiate. As they could provide neither the evidence nor justification, all they could do was to extend the scope of question indefinitely, pointing their fingers randomly at anything they could think of.

One great merit of living in Hong Kong is that one can speak his mind freely and unreservedly no matter he is in the Bank of China Building or the headquarter of the Hongkong and Shanghai Banking Corporation. Article 27 of the Basic Law provided in express terms that Hong Kong residents shall have the freedom of speech. There is no reason why Mr WANG, who is in Hong Kong, should be discriminated against or his freedom of speech should be restricted.

In his motion Mr Martin LEE considered that Mr WANG's remarks have undermined the freedom of the press. In fact, Mr WANG did not say what sort of reports on the Taiwan issue is allowed and what is not allowed. He did not specify an upper limit. Nor did he specify a lower limit. How possibly could the freedom of the press be undermined? Further, Mr WANG did not ask the Government of the Hong Kong Special Administrative Region (SAR) to do anything on this issue. Nor did he go so far as to act like Mr LEE who had telephoned the Director of Public Prosecutions, Mr I Grenville CROSS, SC, earlier asking him to prosecute the *Oriental Daily News*, which was obviously an attempt to suppress freedom of the press. If there was anyone attempting to suppress the freedom of the press, I think Mr LEE might be the one.

Moreover, Mr LEE opined that Mr WANG's remarks have damaged "one country, two systems". Let us take a look at this. To uphold national unity and territorial integrity is precisely the essence of "one country, two systems"; on the contrary, remarks that call for "Taiwan independence" constitute attempts of secession which will infringe national sovereignty and territorial integrity. Therefore, the fallacy of "Taiwan independence" and the essence of "one country, two systems" are basically contrasting. Mr WANG's remarks against "Taiwan independence" are precisely meant to uphold the principle of "one country, two systems". We must truly understand that "Taiwan independence" has severe

impacts on cross-strait relations, on the economies of China and Taiwan, and also on the situation of the Asian Pacific region. These will subsequently create unfavourable factors to Hong Kong's investment environment as well as our economy which is now in the course of recovery. Therefore, we must truly understand that "Taiwan independence" carries implications of war. To connive at, propagate and disseminate remarks that call for "Taiwan independence" is tantamount to calling for a war. Therefore, opposing the independence of Taiwan is closely related to the interests of Hong Kong. This is already fully reflected in the earlier discussions of this Council.

Taiwan-related affairs are directly handled by the Central Government. The Liaison Office of the Central People's Government in the SAR is an agency which has the mandate of the Central People's Government, and one of its major duties is to handle affairs relating to Taiwan. It follows that a person in charge of the Liaison Office is just discharging his duties in giving remarks opposing "Taiwan independence". Given that his remarks do not involve matters within the limits of Hong Kong's high degree of autonomy, assertions of interference in the internal affairs of the SAR and damaging "one country, two systems" are illogical.

Madam President, since Mr WANG made his remarks, reports on Ms Annette LU Hsiu-lien have never stopped in the press and on television and radio. All we have seen in reality is that Mr WANG is the only person who has kept silent since his recent remarks. I really do not see that Hong Kong's press freedom has been slightly undermined. That this Council can openly debate Mr WANG's remarks is the best proof. From this perspective, I really do not see that Mr WANG's remarks have done any damage to the freedom of the press in Hong Kong. Therefore, the three allegations are unfounded. I trust that Honourable colleagues will make a fair judgment.

With these remarks, I oppose Mr Martin LEE's motion.

MR JASPER TSANG (in Cantonese): Madam President, I have an increasingly strong feeling that I agree with many things that Mr Albert HO said. In the beginning of his speech just now, Mr Albert HO said that whoever wants to distinguish between the Democratic Alliance for the Betterment of Hong Kong and the Democratic Party should listen attentively to this debate today. I think he is right in saying that we should listen clearly. To put it more in a high-

profile way, I would say that whoever wants to know who is truly upholding "one country, two systems" should listen clearly to this debate today. To put it more candidly as in Mr Albert HO's style, I would say that whoever wants to know the true meaning of alarmist talk, bold speculation and "raising to a higher plane of principles indefinitely", or who is intimidating the people of Hong Kong and spreading heresy, to borrow Mr LEUNG Yiu-chung's phrases, must listen clearly to this debate today.

What did we hear just now? We heard "suppression", "restriction" and "serious crisis". But we must really listen clearly because these situations have not yet occurred. Just now Miss Emily LAU also said that we are not yet in a state as serious as that but those situations will take place one after another slowly; that those remarks would come as a warning or an admonition first and if we are not obedient, the results will be this and that. In fact, we have heard these for years since the reunification and I think we can make a judgment. I hope that in the following months, friends of the Democratic Party will keep telling the citizens on the street everyday that Mr WANG Fengchao is going to suppress the people; that Mr WANG Fengchao is going to impose restrictions on them by not allowing them to talk and see if there is anyone who believes in them. They may as well add that we are now in a critical state and the alarm has already been sounded, and that those situations will emerge slowly if we are not vigilant. They can say so to the people and let the people make their own judgment.

However, I would suggest that Mr Albert HO should withdraw a remark of his for I think it is very dangerous. Mr HO said earlier that speeches can also be taken as actions. I think this is a warning which is not so desirable; and surprisingly, this remark came from a Member of the Democratic Party, telling us that speeches are also actions, that is, saying something is in itself a kind of action. No matter Mr HO's warning is directed at Mr WANG Fengchao or Chinese officials or anyone else, what he was trying to say is this: speeches are tantamount to urging or inciting others to do something or not to do something, and therefore, what one has said can become an action. If we do think this way, I would have great misgivings about how "one country, two systems" could be upheld.

Just now a number of colleagues opined that those remarks by Mr WANG Fengchao are surely not his personal opinion, but the position of the Central Government. But in the debate, some colleagues also pointed out that Mr WANG Fengchao was invited to a symposium on the principle of "one China"

where he had expressed his views. Is it our view that officials like Mr WANG Fengchao should not be allowed to attend any symposium on issues relating to Hong Kong and express their views there, or else they will be interfering in the affairs of Hong Kong? If so, I would like Mr Martin LEE to make it clear in his response later that Hong Kong should not allow any Chinese officials to attend symposia discussing issues relating to Hong Kong, that they should be excluded from these symposia, or that they, when attending these symposia, cannot express their views in their capacity as Chinese officials and cannot express views that are not accepted or agreed by any people of Hong Kong? Is this what he means? If so, let the public see clearly for themselves what "freedom of speech" as advocated by the Democratic Party is all about.

Madam President, when the NATO started bombing Yugoslavia (please rest assured that I do not intend to bring up again the remarks made by Mr Martin LEE then in this Council), I happened to be in London and I learned that opinion polls in England indicated strong public opposition against the operation. I stayed in England for a few days and saw many bloody photographs on newspaper everyday. These photographs were not about the aftermath of the bombing, but the suppression by the MILOSEVIC Government on the people of Kosovo. Later, public opinion began to change gradually, with more British supporting the bombing, but the British Prime Minister, Tony BLAIR, was still dissatisfied. He openly criticized the English media for their excessive negative reports on the bombing but too little coverage on the persecution of the people of Kosovo by the Yugoslavian Government. He alleged that this had not incubated enough public opinion so there was insufficient public support for the Government's operation. He also commented that the media has the responsibility to propagate. These remarks of Tony BLAIR immediately offended the English media. The result was not that everyone kept silent, or all sectors of the media reported only the atrocities of the MILOSEVIC Government and not the aftermath of the NATO bombing; on the contrary, all pointed an accusing finger at Tony BLAIR. This was how the incident ended. No one thinks that what Tony BLAIR did was right, but no one thinks that he had violated the British laws or trampled on human rights.

Mr WANG Fengchao has made his remarks. Some people agreed with him but some did not. This has precisely displayed the freedom of speech in Hong Kong. Friends of the Democratic Party have put up publicity boards everywhere opposing "prosecution against someone for what he has said". Just now Mr LEUNG Yiu-chung deliberately toned down the remarks of Mr Martin

LEE, saying that Mr Martin LEE considered Mr WANG Fengchao's remarks not so appropriate and desirable. This is not the case. Mr Martin LEE alleged that Mr WANG Fengchao had violated the Basic Law and damaged "one country, two systems". Madam President, what is it, if not an instance of "incrimination"?

DR YEUNG SUM (in Cantonese): Madam President, Mr WANG Fengchao is the person who has kept quiet as referred to by Mr TAM Yiu-chung. This is probably because Mr WANG Fengchao's remarks will have great impacts or he knows that he has made indiscreet remarks, thus, he finds it better for him to remain low-key.

Mr Gary CHENG has said that Mr WANG Fengchao should have the freedom of speech, we agree to this but we oppose the policy he mentioned. The remarks made by Mr WANG Fengchao on whether the press can report on "Taiwan becoming independent" are not his own views but the policy of the Central Government. I would quote a declaration made by the spokesman of the Press Office of the State Council: "If any person forcibly states that upholding national safety and unity is the responsibility of the press, it endangers freedom of the press and is logically incorrect. The international community has reached a consensus on the implementation of the "one country, two systems" policy in Hong Kong while the "one country, two systems" spirit embodies the "one China" principle. The remarks of Mr WANG Fengchao, Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, are appropriate and they embody the consistent policies of the Central Government." Madam President, these are very serious remarks. Mr WANG Fengchao is not expressing his own views on the report of the press on "Taiwan becoming independent", but what he said reflects the consistent policy of the Central Government.

In Hong Kong, the media is a public tool of our society, they reflect public opinion and report the facts in an objective and impartial manner. Prof NG Ching-fai, Mr TAM Yiu-chung and Mr Gary CHENG have just asked if the reports of the media are in crisis. Have they not reported on many matters? Have they not reported on the inaugural speech of Mr CHEN Shui-bian? Now that these have all been reported, where does the crises arise? Madam President, the press has made the above reports and we actually have to commend the press in Hong Kong for sticking to their professional spirit. I heard Mr CHEUNG

Kin-bo say that they could not remain silent any more and I am really touched. If they have not stuck to their principle, would reports on Taiwan be so common?

Madam President, Members think that there will not be any crisis if the incident ends up perfectly alright, but if the Hong Kong media does not uphold the professional spirit and fails to hold fast to its posts once it learns about the views of the Central Government, would there still be any freedom for the press? In fact, we should rejoice that the press in Hong Kong comprises a group of professionals who stick to principles. It is a pity that their work has been trampled on by the Central Government, it trampled on their shoulders although they uphold the principle of freedom of the press in Hong Kong.

For the Central Government, the press is the political tool of the country, thus, they have said that they should uphold national unity. However, I am really sorry that this may be the political responsibility of the Central Government. Yet, the media in Hong Kong is only the public tool of our society for reflecting the social reality and public opinion as well as reporting news and the facts in an impartial and objective manner.

Mr Martin LEE has put it right that Mr WANG Fengchao's remarks have damaged "one country, two systems" because he has infringed upon freedom of the press in Hong Kong. He has said that when the press in Hong Kong reports on Taiwan in future, and whenever "Taiwan becoming independent" is involved, there should be a bottom line beyond which reports cannot be made. If such reports are made, they will encourage secession which is a very serious political crime. Such remarks have actually demarcated very clearly a bottom line for the press in Hong Kong.

I have read a very interesting editorial about a horse called "Voice of Taiwan independence", if it wins, can the radio report the stakes? Can the winner take the stakes? At that time, someone will keep talking about the "voice of Taiwan independence". Do Members belonging to the Democratic Alliance for the Betterment of Hong Kong hope so? Do they want to support the remarks of Mr WANG Fengchao that they cannot make a report whenever "Taiwan independence" is involved?

The Democratic Party is against "Taiwan independence", but we do not think there is any problem if someone reports or discusses it. However, Mr WANG Fengchao has said, in his capacity as an official of the Central

Government, that the policy of the Central Government will disallow this in future. Is this damaging freedom of the press in Hong Kong? If freedom of the press in Hong Kong is damaged, will it damage the foundation of "one country, two systems"? We cannot make remarks against our conscience. Although we are in different stations of life, we must still debate over this.

A Member has said that Mr WANG Fengchao has only expressed his own views. Those who support the freedom of speech will wonder why he cannot say so. But the problem is he is talking about the policy of the Central Government and asking the press in Hong Kong to become a political machine of the country instead of being a public tool of our society as it has consistently been. That is why we oppose this so strongly.

For the sake of freedom of the press and "one country, two systems", we strongly reprimand Mr WANG Fengchao for making such a gesture to reflect the policy of the Central Government. He has interfered with the freedom in Hong Kong because the Central Government should only be responsible for military and diplomatic affairs while they cannot express views on or intervene in the freedom of the press in Hong Kong.

With these remarks, I support Mr Martin LEE's motion.

MR CHEUNG MAN-KWONG (in Cantonese): Madam President, I think Mr WANG Fengchao should be the happiest person today. If Mr WANG Fengchao were here and heard our debate, he should titter because he could hardly imagine that what he said on behalf of the Central Government, that struck freedom of the press in Hong Kong by asking the press not to report on Taiwan independence, had gone wrong and that his remarks were referred to as his personal remarks after the incident. Do you believe this? Do you not know the Communist Party? Do you really believe that these are the personal remarks of Mr WANG Fengchao? Even Mr WANG Fengchao himself cannot believe it.

Dr YEUNG Sum has just quoted the remarks of the spokesman of the Press Office of the State Council that the remarks of Mr WANG Fengchao, Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, were appropriate and embodied the consistent policy of the Central Government. How can they be personal

remarks then? After Mr WANG Fengchao made the remarks, the Central Government said that his remarks represented the policy of the Central Government. The Central Government supposed that people would forget about it after a certain period of time and they would then say that these were the personal remarks of Mr WANG Fengchao. Does Mr WANG Fengchao believe this? Ask Mr WANG Fengchao if he dares? Is he willing? Thus, insofar as this issue is concerned, nothing is personal. The Democratic Alliance for the Betterment of Hong Kong knows the Communist Party better than the Democratic Party, do they think that Mr WANG Fengchao has really convey these remarks as personal remarks?

MR TAM YIU-CHUNG (in Cantonese): Madam President, I wish to seek an elucidation.

PRESIDENT (in Cantonese): Mr TAM Yiu-chung, do you wish to elucidate what has just been said?

MR TAM YIU-CHUNG (in Cantonese): No, I would like Mr CHEUNG Man-kwong to make an elucidation.

He said that a Member had said that the remarks made by Mr WANG were personal remarks and were not made on behalf of the Central Government. Which Member had said that the remarks made by Mr WANG were meant to be personal?

MR CHEUNG MAN-KWONG (in Cantonese): Madam President, we need only look up the record of proceedings. If we even negate this point, it is not necessary for us to debate over this up till this day.

Secondly, the Central Government also said that Mr WANG Fengchao had made the remarks on behalf of the Central Government. What did Mr WANG Fengchao say that day? He said that "the media has the responsibility and obligation to uphold national unity and territorial integrity, and it cannot spread remarks that advocate arguments for the "two-states theory" and "Taiwan independence". In the choice of targets for news reports, no matter what the

subjective awareness of the media would be, there would be inclinations for objective results". The most important sentences are: "Voices, despite of their differences, cannot be sought to reflect the value of news." It has been put very clearly that the press should not report news on "Taiwan independence" or interview those who advocate "Taiwan independence"; it is incorrect to allow voices of "Taiwan independence" to be spread among the media in Hong Kong and it is a national policy to oppose "Taiwan independence". As national policy is the most superior, and even overrides freedom of the press, they should not look for different voices to reflect the value of news in Hong Kong, that is, the value of freedom of the press. Such were the remarks made by Mr WANG Fengchao which attracted much criticisms from the media and the public.

These remarks have violated freedom of the press in Hong Kong, hence we have such a debate today and hence we have thus criticized Mr WANG Fengchao's remarks. Why was it raised to a higher plane of principle? Mr WANG Fengchao was criticized precisely because he had raised to a higher plane of principle the interview of Ms Annette LU by the media in Hong Kong. What did Mr WANG Fengchao do after he was criticized? He dared not say a word or make a response. Even when he touched upon this issue on public occasions, he only said that all had been said. Why did he dare not speak? It is because he had made a mistake, at least he had made a mistake when dealing with the media and the press in Hong Kong, thus, he had a guilty conscience.

A Member said that we must catch the person whom we wish to convict red-handed, and the remarks of Mr WANG Fengchao I just quoted has caught him red-handed and on the spot. Therefore, we need not dilute Mr WANG Fengchao's remarks as personal remarks, or make remarks in this Council that not only we ourselves do not believe, but also Mr WANG Fengchao does not believe, the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region does not believe and the State Council does not believe. We might as well say that Mr WANG Fengchao as the representative of the Central Government in Hong Kong has said something wrong and admit this frankly in a practical and realistic manner.

Mr DENG Xiaoping has said that we should be practical and realistic and rectify whatever is wrong. This is right, it is no big deal for a person to say something wrong, why should a wrong act done by Mr WANG Fengchao be defended? Conversely, we should think about the damage done by the remarks of Mr WANG Fengchao on freedom of the press in Hong Kong and on the great cause of the unification of Taiwan.

Mr Jasper TSANG said he opposed "Taiwan independence", and so do the Democratic Party and I, but we must adopt methods that would possibly oppose "Taiwan independence" to show Taiwanese people that Hong Kong was tolerant and broad-minded enough to interview Ms Annette LU who had clearly indicated that she supported "Taiwan independence", so that Taiwanese people would regard "one country, two systems" in a new light. Only this would really promote the policy on the unification of China and lay the solid foundation for opposing "Taiwan independence". If we keep on saying in this Council things that even we ourselves do not believe, or even regard the remarks Mr WANG Fengchao obviously made on behalf of the Central Government as his personal remarks, would this be beneficial to the unification of Taiwan? Please do not do any such thing. The essential feature of all political parties is to tell the truth, and both the Democratic Party and the Democratic Alliance for the Betterment of Hong Kong should do the same.

Thank you, Madam President.

MR LEE WING-TAT (in Cantonese): Madam President, I have just listened attentively to the debate over this motion and I would only like to add two more points to the points already made by the Democratic Party.

First, views expressed by colleagues of the Democratic Alliance for the Betterment of Hong Kong (DAB) on Mr WANG Fengchao's remarks have turned the logic upside down or distorted it. In fact, the Democratic Party has never opposed any person speaking on this issue and airing his views, thus, what I said has nothing to do with "incrimination" and nobody is going to prosecute Mr WANG Fengchao. We have never said that we do not allow Mr WANG Fengchao or any official of the Central People's Government's Liaison Office to express views related to Hong Kong. The crux of the problem is that I have heard at least three DAB colleagues expressed their views, but they have not stated their stance. Do they agree to the remarks made by Mr WANG Fengchao? We certainly have to safeguard freedom of speech of individuals. Mr Martin LEE has just expressed his views on this, but everybody can have his own views, and he can agree or disagree with Mr LEE. If I have heard it right, among the three colleagues, it seems that only Mr YEUNG Yiu-chung has been more specific. He thinks that Mr WANG Fengchao's remarks are well-intentioned persuasion and he has made positive comments on Mr WANG Fengchao's remarks. I think that Mr YEUNG has expressed his views very

generously and clearly. If he is to represent the views of the DAB, I will not comment on them any more. However, Mr Jasper TSANG and Mr Gary CHENG have not made this point. Why is this such an important point? Apart from defending the freedom of another person to express his views, we would also like to discuss whether his views are suitable in our society that has enjoyed freedom of the press for many years. Putting it in simpler terms, are Mr WANG Fengchao's remarks correct?

I have read carefully the article written by Mr Jasper TSANG published on the *Ming Pao* on 20 April. I have read the article for a total of three times, but I find that his article does not have any conclusion. He has only mentioned that Hong Kong people highly support freedom of the press and freedom of speech while the officials of the Central Government and the state leaders have their views such as upholding national unity, opposing "Taiwan independence" and secession and so on. Mr TSANG has actually stated two different points of view. In his article, Mr TSANG has not stated whether the remarks of Mr WANG Fengchao are correct, or whether they should be criticized. Mr YEUNG Yiu-chung has stated clearly that he agrees to what Mr WANG Fengchao has done but Mr TSANG has not done so.

Today, colleagues of the DAB have not focussed their discussions on this point, that is, whether Mr WANG Fengchao has the right to make the remarks. As some colleagues of the DAB have still not spoken, I hope that they can respond to this and state whether they agree to the remarks of Mr WANG Fengchao. The community is concerned about the views of the political parties in Hong Kong on freedom of the press, news reports and how a balance can be struck between upholding national unity and opposing secession.

The views of the Democratic Party are very clear. We think that the remarks of Mr WANG Fengchao are incorrect and we cannot accept them. Even if our state leaders do not accept the interview and the remarks, the interviewee is free to express her views. Does the public support her after she has expressed her views? Hong Kong has extensive room for remarks and discussions. Thus, we agree that the Cable TV can interview Ms Annette LU and we even agree that other television stations and newspapers can interview Mr CHEN Shui-bian. This is our explicit stance and I hope that the DAB can also tell us their stance.

Second, Mr Jasper TSANG's article has mentioned a problem that it is not possible for Hong Kong to enact a law to make this report illegal — I suppose he is referring to the report on the Cable TV's interview of Ms Annette LU. If I have guessed it wrongly, I hope that Mr TSANG will duly indicate this — but this point deserves consideration. As we all know, there is no law in Hong Kong that imposes sanction upon this at the moment. Yet, when we enact a law that prohibits secession and subversion against the Central People's Government to implement Article 23 of the Basic Law in the future, I hope that Mr TSANG will stick to this principle. In other words, if the Government of the Special Administrative Region (SAR) enacts a law in future and Mr TSANG has not changed his stance, we should not restrict the press from making reports similar to the interview of Ms Annette LU by the Cable TV for the purpose of implementing Article 23 of the Basic Law. I hope that this point can be clearly recorded. I also hope that Mr TSANG will continue to stick to his viewpoint. If he continues to maintain this viewpoint until then while a sufficient number of Democratic Party members could still be in this Council by then, with the addition of members from Frontier — I also hope that Miss Christine LOH will stay on by then — plus the support from other democrats and the DAB, the SAR Government will probably not be successful even if it wants to legislate for the purpose of implementing Article 23 of the Basic Law, and to prohibit reports or interviews related to news that has a "Taiwan independence" inclination and these reports will not be regarded as illegal then. I would like to make clear this point and to have it recorded in history. I also hope that Mr TSANG will maintain his own viewpoint in the future.

Thank you, Madam President.

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, when discussing the motion moved by Mr Martin LEE, we should perhaps put its subject matter in Hong Kong's broader context. Hong Kong people fully recognize that the question of Taiwan is a matter of cardinal importance as it is of relevance to national unification, the future of the Chinese people as well as the interests of people on both sides of the Taiwan Strait. Any attempt to violate the principle of "one China" or to promote Taiwan's independence is bound to upset the stability both across the Taiwan Strait and in the Asia-Pacific region, and cause serious and lasting damage to Hong Kong's economic development. Two weeks ago, the Legislative Council debated and carried a motion expressing opposition to Taiwan becoming independent. It

underlined Members' grave concern in this matter. Similarly, people from various sectors in Hong Kong, including officials of offices established by the Central People's Government (CPG) in Hong Kong, have expressed their concern on this important matter and made known their views. This is understandable. In Hong Kong, public discussion on matters of general concern is a natural phenomenon, a reflection of Hong Kong's freedom of expression.

In Hong Kong, the Basic Law protects freedom of speech, of the press and of publication. Such freedom is not subject to any restriction after reunification. The local media have been as lively and robust as before, reflecting the freedom and diversity of our society. Hong Kong's press freedom has not been undermined. We fully appreciate that freedom of the press is much cherished in our community. In line with the established policy, the Government of the Hong Kong Special Administrative Region (SAR) will continue to respect and protect press freedom in strict accordance with the relevant provisions in the Basic Law.

Mr Martin LEE has made known his views on the implementation of "one country, two systems" in Hong Kong in the motion. In the view of the SAR Government, since reunification the CPG has acted in strict accordance with the principle of "one country, two systems" and the provisions in the Basic Law, and fully respects the high degree of autonomy of the SAR. These are clear to the local community and widely recognized internationally. As regards offices established by the CPG in Hong Kong, they have made it clear repeatedly that their personnel shall abide by the laws of the SAR. This is fully consistent with the Basic Law provisions. We firmly believe that the offices set up by the CPG in Hong Kong will continue to act in accordance with this principle.

Madam President, I have explained the position of the SAR Government on a number of issues raised in today's motion. Since reunification, the SAR Government has implemented the Basic Law fully and faithfully, and has practised "Hong Kong people ruling Hong Kong" and a high degree of autonomy successfully in accordance with the "one country, two systems" principle. I firmly believe that Members of this Council and the public will continue to support the Government in these areas.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr Martin LEE, you still have seven minutes 50 seconds.

MR MARTIN LEE (in Cantonese): Madam President, the Secretary for Constitutional Affairs has spoken for more than three minutes. I was really afraid that he might not be quite willing to speak and when I read the reports on newspapers, I even feared that no one would come forward to respond today. It is a great pity that Mrs Anson CHAN is not here today because what she said something different the other day.

Madam President, we knew from newspapers and television that after Mr WANG Fengchao had made the remarks, at first pro-Communist people were critical and they wondered if the remarks had gone a bit too far. But they later came forward to make up for what Mr WANG Fengchao has said and claimed that Mr WANG Fengchao's remarks were merely his personal remarks. Some Members of this Council had also responded that those were his personal remarks. Yet, the situation became entirely different when the State Council showed its support. Today, pro-Communist Members made consistent statements and I believe the Democratic Alliance for the Betterment of Hong Kong (DAB) would not vote in a "6:4" manner. I find and have calculated that the ratio of Members who have expressed their views is 9:7, that is, nine Members supported while seven Members opposed my motion, and I will obviously lose. Today, I have heard pro-Communist Members say that Mr WANG Fengchao was not wrong and he had done something fair, reasonable and lawful and that was what he should have done. It seems that if ever a mistake has been made in this case, it was made by me, not Mr WANG.

I believe Members know that Mr TSANG very much agrees with Mr Albert HO. How does the DAB differ from the Democratic Party? Both parties dare to speak. However, we make remarks that nobody else in Hong Kong dares to make and we even dare to make remarks that the Central Government deemed politically incorrect. Then, why did I say that the DAB dare to speak? They dare to reprove me and the Democratic Party. Brave to speak up, so great they are. The DAB dares to speak, but the difference between the DAB and the Democratic Party is that the Democratic Party "flagrantly" defends freedom of speech and freedom of the press. We really made a "flagrant defence". What about the DAB? They would also defend, yet their defence are often followed with a "but". They do so every time.

Hong Kong people's eyes are discerning and they know if I have made a mistake or Mr WANG Fengchao has made a mistake. Or, has the DAB made a mistake? We have better let people make their own decision.

Some have said there is nothing to fear because the remarks made by Mr WANG Fengchao are casual and will not affect freedom of the press in Hong Kong. So reporters need not be afraid. But to say that they are not afraid is untrue. I was just surrounded by a group of reporters who supported me outside the Legislative Council Building, and they have not given me so much support in recent years. (*Laughter*) Members well know that nothing will happen after I have reproved someone but they know the consequence after Mr WANG Fengchao has made the remarks. Which reporter who have offended me would have to die for it? What do they have to fear? Some newspaper offices would even give the reporters a pay rise accordingly. Yet, for reporters who have interviewed Ms Annette LU, disobedient reports or reporters who dare continue to report on remarks on "Taiwan independence" — although such reporters would probably be hard to find — do they want to return to the Mainland in future? They may have to share the experience of Mr Fred LI who could not return to the Mainland to taste lychees. This is the difference between Mr WANG Fengchao and I.

The Taiwanese people have freedom of speech and they can discuss unification — although most of them do not like unification but they can still discuss this, they can also discuss "Taiwan independence" or even suspend the relevant discussions for the moment. Members may well try to discuss "Taiwan independence" and "democracy" in the Mainland, and see what will happen. I thought that it would be alright for us to discuss this in Hong Kong but I then found that it was not the case. Reporters in Hong Kong cannot discuss "Taiwan independence" or report on this any more. Precisely because of this, on the evening when Mr CHEN Shui-bian was elected the President of Taiwan, he said that he could not accept the so-called "one country, two systems". Nevertheless, are we upholding the principle of "one country, two systems" now? Actually, this is a case in which our system does not meet with the consent of the other regime.

Mr YEUNG Yiu-chung has said that I should know that Mr WANG Fengchao's remarks have not contravened the Basic Law, otherwise, why did I not bring a charge against him? I would like to tell Mr YEUNG that I am sorry that we cannot bring any charge against someone under Article 23 of the Basic

Law. Mr WANG Fengchao knows this, thus, he asked the Government of the Special Administrative Region to legislate quickly so that he can bring a charge against me or other people in accordance with the law so enacted. It is very strange of Mr YEUNG Yiu-chung to say at the very end of this speech that I tried to incriminate for words expressed, and that I have thus contravened the Basic Law. I must tell Mr YEUNG that he cannot bring a charge against me yet, and he has to wait until such a law has been enacted.

It seems that I have heard Mr Ambrose LAU's remarks before. When I looked up the *Wen Wei Po* afterwards, I found an article with the same title and Mr WANG Fengchao is mentioned in the last sentence of the article, that is, "this issue is unrelated to freedom of the press". Today, Mr Ambrose LAU has also said that this issue is unrelated to freedom of the press. Members should not be surprised. I agree with him because this is really unrelated to freedom of the press, but only that it is related to the lack of freedom of the press.

If Members defend Mr WANG Fengchao, we cannot help but worry about what would happen in the future. Will he say all of a sudden that Hong Kong should no longer "stir up trouble" or no deficit budgets should be work out? As he has freedom of speech, he can express such views. Who dares to say that we should take no notice of him? If, one day, he says that Hong Kong people are suffering hardships and tariff should not be increased, nobody will dare to increase tariff. That is very good because Hong Kong people will be benefitted. What if he says in future that bus fares can be increased, and so bus fares are thus increased. What can we do about it? Members have said that he has freedom of speech, but as he is an official of the Central Government, should we urge him to make more use of his freedom of speech? How can his remarks be considered the same as other people's remarks?

Lastly, Madam President, I would like to respond to Mr Andrew CHENG's remark of "taking its time". This is actually a famous statement concerning the case of a German, Martin NIEMOLLER. He suffered a lot during the Second World War. He was caught and imprisoned by the Nazi German army. When his case was vindicated, people thought that he would bring a charge against the Nazi German army, but he did not do so for he said that he was actually wrong. According to him, when the Nazi soldiers made arrests, they first caught Communist Party members, he did not defend the Communist Party members because they were already well-organized, furthermore, he was not a member of the Communist Party. Later, when the

Nazi army went out to arrest the Jews, he did not defend the Jews because he was not a Jew. The Nazi army then arrested some trade unionists, and as he was not a trade unionist, he did not defend them. When Catholics were arrested, he did not defend the Catholics because he was a Christian. At last, the Nazi army arrested him, but there was no one remaining to defend him. That is what would happen when time is taken to do something slowly. So, let us wait and see. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Martin LEE, as set out on the Agenda, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Martin LEE rose to claim a division.

PRESIDENT (in Cantonese): Mr Martin LEE has claimed a division. The division bell will ring for three minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Michael HO, Mr CHEUNG Man-kwong, Mr SIN Chung-kai and Mr LAW Chi-kwong voted for the motion.

Mr Kenneth TING, Mr James TIEN, Dr Raymond HO, Mr Eric LI, Mr LEE Kai-ming, Dr LUI Ming-wah, Mrs Selina CHOW, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mr CHAN Wing-chan, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Mrs Miriam LAU, Mr FUNG Chi-kin and Dr TANG Siu-tong voted against the motion.

Dr LEONG Che-hung abstained.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr LEE Wing-tat, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss Christine LOH, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Miss Emily LAU, Mr Andrew CHENG and Mr SZETO Wah voted for the motion.

Miss CHAN Yuen-han, Mr Gary CHENG, Mr Andrew WONG, Mr Jasper TSANG, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr David CHU, Mr HO Sai-chu, Mr NG Leung-sing, Prof NG Ching-fai, Mr MA Fung-kuok, Mr CHAN Kam-lam, Mr YEUNG Yiu-chung, Mr Ambrose LAU and Miss CHOY So-yuk voted against the motion.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 24 were present, four were in favour of the motion, 19 against it and one abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 28 were present, 12 were in favour of the motion and 15 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was negatived.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the meeting until 2.30 pm on Wednesday, 31 May 2000.

Adjourned accordingly at nine minutes past Nine o'clock.

Annex I

WRITTEN ANSWER

Written answer by the Secretary for Education and Manpower to Mr YEUNG Yiu-chung's supplementary question to Question 1

In relation to the number of Secondary Three school leavers who applied for the Certificate in Vocational Studies course and the percentage of them eventually got enrolled on the course, I undertook to provide Members with the relevant information. Details have been obtained from the Vocational Training Council and are now attached for Members' reference.

Education Level of Applicants and Students of the Certificate in
Vocational Studies Course in 1999-2000

	<i>Full-time Mode</i>	<i>Part-time Evening Mode</i>
<i>Education level of applicants for first year study</i>		
Secondary Three	2 932 (69.6%)	391 (38.6%)
Secondary Four or above	1 234 (29.3%)	500 (49.4%)
Others ¹	48 (1.1%)	122 (12.0%)
Total	4 214 (100%)	1 013 (100%)
 <i>Education level of students admitted to first year study</i>		
Secondary Three	555 (67.4%)	173 (37.9%)
Secondary Four	70 (8.5%)	43 (9.4%)
Secondary Five	190 (23.1%)	205 (45.0%)
Others ²	8 (1.0%)	35 (7.7%)
Total	823 (100%)	456 (100%)

¹ For applicants, "Others" refers to applicants who have completed Secondary Two or below, applicants whose education attainment are unknown, mature applicants or those possessing other qualifications.

² For new students, "Others" refers to students who are mature students or who possess other qualifications as deemed to be acceptable by IVE (for example, qualifications obtained in Mainland China or overseas).

Annex II**WRITTEN ANSWER****Written answer by the Secretary for Health and Welfare to Dr David LI's supplementary question to Question 2**

As the Secretary for Planning and Lands pointed out in his reply, the respective bureaux and departments will undertake detailed planning in the light of the prevailing demographic conditions and provide the necessary services accordingly. We have considered the needs of new arrivals and the population demography in planning our future social welfare services.

To assist us in this work, we are making use of the profile and information published on a regular basis by the Home Affairs Department, the Immigration Department and the Census and Statistics Department. The information reflects the specific needs of new immigrants.

We also support non-governmental organizations which provide specialized services to new arrivals, in conducting studies on new immigrants to identify the social issues and needs. The research study conducted by Prof Nelson CHOW for the International Social Service — Hong Kong Branch in 1997 provided useful reference material in this regard.

We also intend to commission a consultancy study to review our family welfare services. The consultancy study will address, amongst others, the increase in the new arrival population and its impact on service provision.

Annex III**WRITTEN ANSWER****Translation of written answer by the Secretary for Planning and Lands to Miss Emily LAU's supplementary question to Question 2**

The Administration has looked into some overseas experience in terms of population planning. Our findings suggest that most countries do not have a population policy, as in all advanced economies birth rates have dropped so fast as to make natural population growth a non-issue. The only important exceptions are India and mainland China which have tried to use birth-control strategies. However, the Administration does not have information as regards the factors that have been taken into consideration for drawing up such strategies by Indian and mainland Governments.

Most countries, however, have an immigration policy. While many countries do not publish the rationale behind their immigration policy, countries such as Canada and Australia explicitly consider human resources and family reunion, rather than natural resources.

Annex IV**WRITTEN ANSWER****Written answer by the Secretary for Health and Welfare to Dr LEONG Che-hung's supplementary question to Question 5**

As far as we know, no professions in Hong Kong have introduced or plan to introduce measures that deter foreign nationals from taking the relevant licensing examinations in order to regulate the number of practitioners of the professions.

From the information available to us, some countries, such as Australia, New Zealand, Canada, the United States, and the Philippines require doctors with overseas qualifications to pass some form of licensing examinations before they can be registered. Some countries, such as New Zealand, impose certain residency requirements; while others, such as France, will only register their nationals or nationals of member states within the same economic union as medical practitioners.

WRITTEN ANSWER**Written answer by the Secretary for Security to Mr James TO's supplementary question to Question 6**

We have consulted the Department of Justice and the Department's advice is reproduced below for Members' reference:

- (i) Whether swearing is an offence depends on what is meant by swearing. In this regard, swearing can range from insulting, abusive or threatening language directed at a person or group of persons, language which slanders a person or group of persons or it may be merely a curse directed at no person in particular.
- (ii) A mere curse or the use of language which is insulting, but which is neither threatening, nor said in a noisy or disorderly manner would not constitute an offence in Hong Kong, except in certain public places. For example, Mass Transit Railway premises, public bus, taxi, ferry and so on. A list of these public places and the related offences is attached for reference. Apart from that, it would not constitute an offence in Hong Kong, and therefore would not be an offence on board a Hong Kong-controlled aircraft.
- (iii) That said, if the use of words amounts to threatening a person with injury to the person, reputation or property of that person, any other persons or any deceased person, with the intention of frightening that person, or causing that person to do something he is not legally bound to do or to omit to do something he is legally bound to do, this can be an offence commonly known as criminal intimidation under section 24 of the Crimes Ordinance (Cap. 200).
- (iv) Moreover, if the speaker acts in a disorderly or noisy manner with the intention of provoking a breach of the peace or a breach of the peace is likely to result from such conduct, then conduct by words alone is sufficient to constitute the offence under section 17B(2) of the Public Order Ordinance (Cap. 245).

WRITTEN ANSWER — *Continued*

- (v) In respect of the offences mentioned in (iii) and (iv) above, the fact that a foreign language is used will not have any bearing on these offences, provided the speaker has the necessary intent (for example, to frighten a person) and the manner in which the words are used can properly be described as disorderly or noisy, and either the speaker has the intent to provoke a breach of the peace or a breach of the peace is likely to result from that conduct.
- (vi) In addition to the above offences, the offence of common assault can be committed by words alone, where the words are threatening words and the person to whom they are directed is put in fear of immediate force, that is, that the speaker will use immediate force upon him. It is necessary, however, to prove that the perpetrator either intended to put the other person in fear or was reckless as to whether the other person was put in fear or not.

Table - Statutory Prohibition Against the Use of Abusive Language

<i>Ordinance</i>	<i>Section</i>	<i>Prohibited Act</i>	<i>Premises</i>	<i>Penalty</i>
Mass Transit Railway By-laws (Cap. 270B)	28H(1)(a)	Use of any threatening, abusive, obscene or offensive language	The railway premises	Fine of \$5,000
Stadia Regulation (Cap. 132BY)	10(d)	Use of any obscene or abusive language to the annoyance of any person	Stadium	Fine at level 1 and 14 days imprisonment
Airport Authority Bylaw (Cap. 483A)	19	Use of any threatening, abusive, obscene or offensive language	Bylaw Area (airport area, restricted area, designated roads, excluding MTR area)	Fine at Level 1
Kowloon-Canton Railway Corporation By-Laws (Cap. 372B)	51(1)(a)	Use of any threatening, abusive, obscene or offensive language	The railway premises	\$5,000 and 6 months imprisonment

WRITTEN ANSWER — *Continued*

<i>Ordinance</i>	<i>Section</i>	<i>Prohibited Act</i>	<i>Premises</i>	<i>Penalty</i>
North-West Railway By-laws (Cap. 372E)	24(1)(a)	Use of any threatening, abusive, obscene or offensive language	The railway premises	\$5,000 and 6 months imprisonment
Peak Tramway By-laws (Cap. 265B)	11(ii)	Swear or use of vulgar or abusive language (Applies to passenger)	All premises used in connection with the tramway, including the termini and the tramcars	Fine of \$1,000
Pleasure Grounds Regulation (Cap. 132BC)	22	Use of any obscene language to the annoyance of any person	Public pleasure ground	Fine at Level 1 and 14 days imprisonment
Road Traffic (Public Service Vehicles) Regulations (Cap. 374D)	46(1)(a)	Use of obscene or offensive language (Applies to any passenger or intending passenger)	Public bus, public lightbus or taxi	Fine of \$3,000 and 6 months imprisonment
Road Traffic (Public Service Vehicles) Regulations (Cap. 374D)	45(1)(a)	Behave otherwise than in civil and orderly manner (Applies to drivers)	Public bus, public lightbus or taxi	Fine of \$3,000 and 6 months imprisonment
Ferry Services Regulations (Cap. 104A)	26	Swear or use of obscene or offensive language	Ferry vessel or pier in use on or reserved for a licensed service	Fine of \$2,000
Star Ferry Company Limited By-laws (Cap. 104E)	4(1)(d)	Swear or use of obscene or offensive language	Company's vessels or the company's premises	Fine of \$2,000
Hong Kong and Yaumati Ferry Company By-laws (Cap. 104D)	4(g)	Swear or use of obscene or offensive language	Company's vessels or the company's piers or premises	Fine of \$2,000

WRITTEN ANSWER — *Continued*

<i>Ordinance</i>	<i>Section</i>	<i>Prohibited Act</i>	<i>Premises</i>	<i>Penalty</i>
Hospital Authority Bylaws (Cap. 113A)	7(1)(c)	Use of any language likely to cause offence or annoyance to any person	Hospital	Fine of \$1,000 (1st conviction) or fine of \$2,000 and 1 month imprisonment (subsequent conviction)
Bathing Beaches Regulation (Cap. 132E)	15(b)	Use of obscene language	Bathing beach	Fine at Level 1 and 14 days imprisonment
Miscellaneous Licences Regulations (Cap. 114A)	68(a)	Use of any profanity or impropriety of language. (The responsibility is on the licence holder to ensure the premises are free from such language.)	Public Dance Hall	Fine of \$10,000 and 6 months imprisonment
Prevention of Nuisances and Regulation of Travelling (Cap. 107A) (under the Tramway Ordinance)	12	Swear or use of obscene or offensive language	Cars and trucks used upon tramways	Fine of \$100
Public Health (Animals and Birds) Regulations (Cap. 139A)	45	Use of any indecent or obscene language	Government depot	Fine of \$2,000
Kadoorie Farm and Botanic Garden Bylaw (Cap. 1156A)	16(4)(f)	Use of any obscene language to the annoyance of any person	Kadoorie Farm and Botanic Garden	Fine at Level 2

Annex VI

SECURITIES (AMENDMENT) BILL 1999

COMMITTEE STAGE

Amendments to be moved by the Secretary for Financial Services

<u>Clause</u>	<u>Amendment Proposed</u>
1	<p>(a) In the heading, by adding "and commencement" after "title".</p> <p>(b) By renumbering the clause as clause 1(1).</p> <p>(c) By adding -</p> <p style="padding-left: 40px;">"(2) This Ordinance, other than sections 5 and 6, shall come into operation on 3 July 2000.</p> <p style="padding-left: 40px;">(3) Section 5 shall come into operation on a day to be appointed by the Secretary for Financial Services by notice published in the Gazette.</p> <p style="padding-left: 40px;">(4) Section 6 shall come into operation on the day on which item 43 of Schedule 1 to the Securities (Margin Financing) (Amendment) Ordinance 2000 (20 of 2000) comes into operation."</p>
4	<p>(a) In the proposed section 80A -</p> <p style="padding-left: 40px;">(i) in the definition of "assurance", by deleting "(2) or (3)" and substituting "(3) or (5)";</p> <p style="padding-left: 40px;">(ii) by deleting the definition of "short selling order" and substituting -</p> <p style="padding-left: 80px;">""short selling order" (賣空指示) -</p>

ClauseAmendment Proposed

- (a) subject to paragraph (b), means an order to sell securities in respect of which a seller or a person, for whose benefit or on whose behalf the order is made, has a presently exercisable and unconditional right to vest the securities in the purchaser of them by virtue of having -
- (i) under a securities borrowing and lending agreement -
 - (A) borrowed the securities; or
 - (B) obtained a confirmation from the counterparty to the agreement that the counterparty has the securities available to lend to him;
 - (ii) a title to other securities which are convertible into or exchangeable for the securities to which the order relates;

ClauseAmendment Proposed

- (iii) an option to acquire the securities to which the order relates;
 - (iv) rights or warrants to subscribe to and to receive the securities to which the order relates; or
 - (v) entered into with another person an agreement or an arrangement of a description as is prescribed under section 146;
- (b) in relation to paragraph (a)(ii), (iii), (iv) or (v), does not include an order where the seller or the first-mentioned person has, at the time of placing the order, issued unconditional instructions to obtain the securities."
- (b) By deleting the proposed section 80B and substituting -

"80B. Obligation to confirm short selling order

- (1) A person, where he is selling as a principal, shall not convey a short selling order at or through the Unified Exchange unless he provides to his agent an assurance (which shall be in the form of a document) that -

ClauseAmendment Proposed

(a) he has a presently exercisable and unconditional right to vest the securities to which the order relates in the purchaser of them; and

(b) where paragraph (a)(i) or (v) of the definition of "short selling order" is applicable, the counterparty to the agreement or arrangement concerned referred to in that paragraph has the securities to which the order relates available to lend or deliver to him.

(2) The person referred to in subsection (1) shall provide to his agent such information (which shall be in the form of a document), if any, and within such time, as are prescribed under section 146.

(3) An exchange participant, where he is selling as a principal, shall not convey a short selling order referred to in paragraph (a)(i) or (v) of the definition of "short selling order" at or through the Unified Exchange unless he has received an assurance (which shall be in the form of a document) from the counterparty to the agreement or arrangement concerned referred to in that paragraph that the counterparty has the securities to which the order relates available to lend or deliver to him.

(4) An exchange participant referred to in subsection (3) shall collect from the

ClauseAmendment Proposed

counterparty to the agreement or arrangement concerned such information (which shall be in the form of a document), if any, and within such time, as are prescribed under section 146.

(5) A person, where he is selling as an agent, shall not convey or accept an order to sell securities which is a short selling order at or through the Unified Exchange unless he has received from his principal or other person, for whose benefit or on whose behalf the order is made, an assurance (which shall be in the form of a document) that -

- (a) his principal or that other person, as the case may be, has a presently exercisable and unconditional right to vest the securities to which the order relates in the purchaser of them; and
- (b) where paragraph (a)(i) or (v) of the definition of "short selling order" is applicable, the counterparty to the agreement or arrangement concerned referred to in that paragraph has the securities to which the order relates available to lend or deliver to him.

(6) An agent referred to in subsection (5) shall collect from his principal such information (which shall be in the form of a document), if any, and within such time, as are prescribed under section 146.

ClauseAmendment Proposed

(7) For the purposes of subsections (1), (3) and (5), a person who conveys or accepts an order for and on behalf of his clients or beneficiaries shall be regarded as selling as a principal if -

- (a) he has full discretion to sell the securities; and
- (b) his conveyance or acceptance is not in accordance with any instruction from his clients or beneficiaries.

(8) The agent or the exchange participant who receives or collects the document containing the assurance and the information shall -

- (a) subject to paragraph (b), retain it for not less than 1 year from the date upon which it is received;
- (b) provide it to the Commission upon request made at any time within that year by an employee of the Commission.

(9) An assurance or information referred to in subsection (1), (2), (3), (4), (5) or (6) shall in any proceedings be admissible as prima facie evidence of the matters specified in that subsection to which the assurance or information, as the case may be, relates.

ClauseAmendment Proposed

(10) Subject to subsection (11), a person who contravenes subsection (1), (3) or (5) shall be guilty of an offence and shall be liable on conviction to a fine at level 5 and to imprisonment for 1 year.

(11) In proceedings for an offence under subsection (10), it shall be a defence for the defendant charged with the offence to prove that when the defendant conveyed or, in the case of subsection (5), conveyed or accepted, the order concerned, he -

- (a) did not know that the order was a short selling order; or
- (b) had reasonable grounds to believe and did believe that the order was not a short selling order.

(12) A person who, without reasonable excuse, contravenes subsection (2), (4), (6) or (8) shall be guilty of an offence and shall be liable on conviction to a fine at level 5 and to imprisonment for 1 year."

- (c) In the proposed section 80C -
 - (i) in subsection (1), by deleting "A stockbroker or stockbroker's" and substituting "An exchange participant or exchange participant's";
 - (ii) by deleting subsection (2) and substituting -

ClauseAmendment Proposed

"(2) For the purposes of this section, "exchange participant's representative" (交易所參與者代表) means a registered dealer's representative of an exchange participant.";

(iii) in subsection (3), by deleting "reasonable" and substituting "lawful";

(iv) by adding -

"(4) For the purposes of subsection (3), "lawful excuse" (合法辯解) includes inadvertence, carelessness or negligence.".

5 (a) In paragraph (a), by deleting "stockbroker" and substituting "exchange participant".

(b) In paragraph (b), by deleting the proposed paragraph (raa) and substituting -

"(raa) providing that a lender under a securities borrowing and lending agreement within the meaning of section 80A shall -

(i) keep such records or documents and in such manner and form as may be prescribed by the rules;

(ii) give copies of any such records or documents -

(A) to the Commission at the Commission's request; and

ClauseAmendment Proposed

- (B) in such manner and form, and within such time, as may be prescribed by the rules;".

New

By adding -

"CONSEQUENTIAL AMENDMENTS**SECURITIES (MARGIN FINANCING)
(AMENDMENT) ORDINANCE 2000****6. Consequential amendment of
Securities Ordinance**

Item 43 of Schedule 1 to the Securities (Margin Financing) (Amendment) Ordinance 2000 (20 of 2000) is amended, in column 3, in the new section 146(1) -

- (a) in paragraph (o), by repealing everything after "notify the" and substituting -

"exchange participant through whom the sale is being effected, of the fact that the right to vest the securities in the purchaser is derived from such an arrangement, and requiring such person, having sold such securities pursuant to such an arrangement, who purchases securities at or through the Unified Exchange in satisfaction, in whole or in part, of the obligations of that person under such arrangement to notify the exchange participant through whom such purchase or purchases are being effected of that fact;";

ClauseAmendment Proposed

(b) by adding -

"(oa) providing that a lender under a securities borrowing and lending agreement within the meaning of section 80A shall -

(i) keep such records or documents and in such manner and form as may be prescribed by the Commission rules;

(ii) give copies of any such records or documents -

(A) to the Commission at the Commission's request; and

(B) in such manner and form, and within such time, as may be prescribed by the Commission rules;". "

Annex VII

INSURANCE COMPANIES (AMENDMENT) BILL 2000

COMMITTEE STAGEAmendments to be moved by the Secretary for Financial Services

<u>Clause</u>	<u>Amendment Proposed</u>
2	<p>By deleting the clause and substituting –</p> <p style="padding-left: 40px;">"2. Section added</p> <p style="padding-left: 80px;">The Insurance Companies Ordinance (Cap. 41) is amended by adding –</p> <p style="padding-left: 40px;">"15C. Standards to be complied with by an actuary</p> <p style="padding-left: 80px;">An actuary appointed under section 15(1)(b) shall comply with the prescribed standards or other standards as the Insurance Authority accepts as being comparable to the prescribed standards."."</p>
3	<p>(a) By adding -</p> <p style="padding-left: 80px;">"(aa) in subsection (3D), by repealing "and (h)" and substituting ", (h) and (i)";".</p> <p>(b) In paragraph (b), in the proposed section 53A(3E), by deleting "The Insurance Authority" and substituting "Subject to subsections (2) and (3)(b) and (c), a person who is the Insurance Authority, and a person employed or authorized by or assisting the Insurance Authority,".</p>
4	<p>By deleting "15(1)(b)" and substituting "15C".</p>