

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 7 October 1999

The Council met at Three o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

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

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

THE HONOURABLE DAVID CHU YU-LIN

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

THE HONOURABLE CYD HO SAU-LAN

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

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE MICHAEL HO MUN-KA

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

THE HONOURABLE LEE WING-TAT

THE HONOURABLE LEE CHEUK-YAN

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

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

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

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

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

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

THE HONOURABLE NG LEUNG-SING

PROF THE HONOURABLE NG CHING-FAI

THE HONOURABLE MARGARET NG

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

THE HONOURABLE RONALD ARCULLI, J.P.

THE HONOURABLE MA FUNG-KWOK

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE AMBROSE CHEUNG WING-SUM, J.P.

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.

THE HONOURABLE WONG YUNG-KAN

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

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE YEUNG YIU-CHUNG

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH

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

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

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

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

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

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

THE HONOURABLE LAW CHI-KWONG, J.P.

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

THE HONOURABLE FUNG CHI-KIN

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

MEMBERS ABSENT:

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE MRS ANSON CHAN, G.B.M., J.P.

THE CHIEF SECRETARY FOR ADMINISTRATION

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

THE FINANCIAL SECRETARY

THE HONOURABLE ELSIE LEUNG OI-SIE, J.P.

THE SECRETARY FOR JUSTICE

MR MICHAEL SUEN MING-YEUNG, G.B.S., J.P.

SECRETARY FOR CONSTITUTIONAL AFFAIRS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CLERK IN ATTENDANCE:

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

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

PRESIDENT (in Cantonese): Will Members please remain standing while the Chief Executive enters this Chamber.

(After the Chief Executive had taken his seat, Members raised their hands to indicate their wish to ask questions)

PRESIDENT (in Cantonese): Members are quick to respond by raising your hands without waiting for the reminder. Let me go over the usual practice of the Council. After I have asked a Member to ask a question, the Member can ask a short follow-up after his original question has been answered. I will let Members who have never asked questions to ask questions first.

MR LAU WONG-FAT (in Cantonese): *Chief Executive, I can see from the policy address that the Government takes environmental improvement very seriously. Will the Government consider setting an example, making efforts in the Civil Service first and offering compulsory environmental protection courses to civil servants to enhance their awareness of environmental protection? Will the Government issue new guidelines to instruct government departments to enforce more stringent standards in respect of use of paper, electricity and vehicle and waste disposal for the benefit of environmental protection?*

CHIEF EXECUTIVE (in Cantonese): It is not fair if we only start with the Civil Service, should Honourable Members start making efforts together with us? *(Laughter)* I think that environmental protection is everybody's duty. If our colleagues in the Government, Honourable Members and everyone in the community perform their environmental protection duties, the results will be much better. Mr LAU has expressed a great idea and we will follow it up.

PRESIDENT (in Cantonese): Mr LAU, do you wish to follow up? Please sit down, you need not stand up. *(Laughter)* If you do not wish to follow up, I will ask another Member to ask a question.

MR LAW CHI-KWONG (in Cantonese): *Madam President, can I remain seated when I ask my question? With respect to the policy address made by the Chief Executive yesterday, there has been comment that the Chief Executive is suffering from hypermetropia. I told the press that sometimes it is very difficult to tell the difference between hypermetropia and presbyopia, since in whichever case the sufferer is unable to see the things close to him. Many a time, if we are unable to survive today, we cannot make it to tomorrow. The Chief Executive said in reply to questions raised by members of the public that the policy address was to cater to the needs of our children and grandchildren to come. Certainly, we should provide for the needs of our children and grandchildren. However, having regard to the great many people who are currently unemployed and impoverished, how can these people think about the future if they cannot even take care of the daily needs of their children now? In view of the circumstances, can the Chief Executive tell this Council how he is going to help these many people who are presently unable to scrape a living, so that their children can enjoy equal opportunities in growing up and in receiving education?*

CHIEF EXECUTIVE (in Cantonese): Actually, the Government has all along attached great importance to the less fortunate in our community. Indeed, the many initiatives in various policy areas we have been pushing ahead with over the past two-odd years were formulated with their needs in mind as well. It is true that Hong Kong has suffered an economic recession in the wake of the regional financial turmoil. However, as a result of the effort made over the past two odd years and the various measures adopted, including rebates on taxes and rates, pressing ahead with infrastructural projects, offering support to small and medium enterprises and so on, our economy is now recovering steadily. As I mentioned yesterday, while we may hopefully expect to see an over 2% economic growth in the second half of the year, the unemployment problem will still be with us until our economic growth regains its vitality. In this connection, we can see that our economy is showing signs of rebound. Having worked hard for such a long period of time, the harvesting season finally arrives. I have talked about the subjects of environmental protection and education in my policy address. Actually, these two subjects are of great importance to not only the long-term development of Hong Kong but also our community presently. Environmental protection, apart from being a factor affecting our physical health, is also an industry which, I believe, can create job opportunities. As to education, with good education, everyone could enjoy equal opportunities in participating in the future development of the community. Hence, although I

need to wear a pair of glasses, I can see things very clearly because the glasses I have got are very good ones.

MR LAW CHI-KWONG (in Cantonese): *Since the Chief Executive has not answered my question directly, I wonder if he was implying that not much help could be offered to those people for the time being, but the community would naturally offer them assistance upon the recovery of our economy. Nevertheless, if our economy should improve, more often than not it would be the well-off rather than the grassroots or the unemployed who enjoy the benefits first. In this connection, may I ask the Chief Executive what specific measures the Government can offer to genuinely help those people; or it has merely asked them to keep on waiting?*

CHIEF EXECUTIVE (in Cantonese): Mr LAW, I did not say that those people could only wait. As a matter of fact, things will naturally turn for the better when the economy improves; everybody will in turn be benefited one way or another.

MISS MARGARET NG (in Cantonese): *Madam President, in his policy address, Mr TUNG reiterated that the rule of law would be upheld and that the common law would continue to be practised under the Basic Law. While I feel much relieved by this, it seems that the rule of law that Mr TUNG claims to uphold is apparently different from the rule of law that I claim to uphold. May I ask Mr TUNG whether he thinks that the rule of law upheld by some people is reminiscent of colonial rule, hence different from the rule of law upheld by him?*

CHIEF EXECUTIVE (in Cantonese): Miss NG, it is your, my and everyone's duty to uphold the rule of Law. We have a comprehensive set of laws to uphold. We have to uphold the Basic Law as well as the concept of "one country, two systems". We should not make a difference between the rule of law upheld by you and that upheld by me. Of course, I understand that we very often have divergent views when it comes to interpretation. However, it does not matter. It is a responsibility shared by us all.

MISS MARGARET NG (in Cantonese): *Madam President, please allow me to follow up briefly. With regard to the case of the interpretation of the Basic Law, the Chief Executive mentioned in his policy address that many people had divergent views on this issue. On that occasion, many members of the legal profession thought that the Chief Executive did not take enough time to hear the views of some of our colleagues. Should another issue of similar magnitude arise in future, in which divergent views are expressed on the Basic Law, could the Chief Executive listen to more dissenting views and take them into account in time?*

CHIEF EXECUTIVE (in Cantonese): With regard to this issue, I and my colleagues in the Government of the Hong Kong Special Administrative Region (SAR) had listened to many views. We did not make a decision until after the media, the whole community and the Legislative Council had had an extensive debate on this matter. With regard to the interpretation of the Basic Law, I said that we would be very happy to consider a better solution. However, there was no other alternative to solve this very difficult question. Under the general principle of upholding the rule of law, I feel that it is already a very good thing that a satisfactory solution has been found.

MR GARY CHENG (in Cantonese): *Madam President, before the reunification, the Government gave people the impression that governance was effected by allowing things to steer their own course. It seemed that nothing needed to be done for Hong Kong to be prosperous. After the reunification, and while there were certain objective and external factors, I suddenly came under the impression that the SAR Government churns out innovative ideas every day: the Cyberport, a centre for Chinese medicine, a floral port, a Disney theme park, a cruise terminal, a fishermen's wharf, and now it even comes up with the idea of a casino. Is the Government actually moving from one extreme to another, or is it having too many ideas and being too ambitious? Some may worry that this will eventually give rise to problems. As the saying goes, "one tends to seek medical treatment rashly when critically ill". Is this precisely a description of our situation now?*

CHIEF EXECUTIVE (in Cantonese): I think I explained in detail yesterday the role of the Hong Kong Government on the economic front. Over the years, the Hong Kong Government has made remarkable economic achievements. This is fundamentally attributable to a number of reasons. First, the Hong Kong Government upholds the principle of a free-market economy, and is willing to allow for self-regulation in the market. The Government will not step in unless the market has gone beyond control, in which case the Government will have no choice but to take certain actions, similar to what we did last August. This is the broad principle that we adhere to. All along, the Government has persisted with fiscal prudence and small government, but in the meantime, we also have to take into account the general direction because there are indeed too many changes and the world is changing everyday. Yesterday, I said that we were faced with three momentous changes. First, the challenges posed by the development of information technology and the globalization of world economy. Today, we are not only competing with the neighbouring regions. Our competitors may well include Singapore, Shanghai, Tokyo, Sydney, and even London and New York. Second, the progress made in the Mainland. We are faced with the challenges brought by the fact that the gap between Hong Kong and many cities in the Mainland has become increasingly small. Third, the restructuring of Hong Kong economy. Following a major round of economic restructuring which took place in Hong Kong in the 1960s, a labour-intensive economy emerged subsequently. With the northward relocation of industrial enterprises in the 1980s, service industries began to develop in Hong Kong. What is the way forward for Hong Kong in the forthcoming 21st century?

Indeed, Hong Kong is faced with these changes, but did the Government simply intervene for this reason? No, that is not the case. All that the Government has done is to listen to the views from all sides in the market and after it has fully grasped the picture, it continued to work on the basis of a market-oriented economy, providing support in terms of software and hardware as far as possible. What does hardware refer to? It means such facilities as railways, the airport, the Cyberport and so on. What about software? It means co-ordination in areas of education, environmental protection, and so on. This has been, and will continue to be, the role played by the Government. In fact, we have a very vibrant market here in Hong Kong and it encompasses a lot of ideas.

Regarding the difference in the governance of Hong Kong, there is actually nothing different. This is also an issue that I have discussed a lot with

the Chief Secretary for Administration and the Financial Secretary. People said that our approach has been changed, but having looked over it over and over again, we indeed do not see any changes at all. Perhaps one thing has been changed, and that is, the environment changes much faster than before. Therefore, the Government has to react more quickly, and so, the Government has to react more promptly. Apart from this, we still have to work according to the market-oriented principle.

MR GARY CHENG (in Cantonese): *Mr TUNG, I am not saying that the approach taken by the former Government was absolutely correct. In proposing innovative ideas, this Government has not done anything wrong, and to me, I even think that it is right to do so. But my question is whether it is desirable to put forth so many new ideas all at one time. This gives an impression that the situation seems to be so desperate that the Government must make every effort to think of a myriad of solutions. Is this exactly what the Government has wanted to do?*

CHIEF EXECUTIVE (in Cantonese): Let me tell you that first, we have not changed our established policies as they are correct. Second, it is not quite right to say that the many ideas were introduced by the Government, because in fact they were proposed by the market itself. The Government only acted in response to the demands of the market and reacted after conducting studies in the relevant areas.

MR LAU CHIN-SHEK (in Cantonese): *Apart from what the policy address has put forward, I believe the Chief Executive himself also agrees that however appealing the blueprint is as depicted in the policy address, it still requires the concerted efforts of the people of Hong Kong as a whole. Having done a bit of counting, I found that the policy address has mentioned 13 times that the people of Hong Kong must join hands and face the future together. However, I have no idea as to why the Chief Executive has consistently refused to communicate with the democratic camp, and even sought to force the democratic camp into a corner, but the democratic camp is supported by the public. In retrospect, I think the relationship between the head of the Government and the democratic camp is now the worst. I wish to ask the Chief Executive whether he will, apart from rallying his supporters, consider improving his relationship with the*

democratic camp so that all people of Hong Kong can genuinely work in concert in facing the future?

CHIEF EXECUTIVE (in Cantonese): Mr LAU, I am a bit scared whenever I come to the Legislative Council because I do not think there is anyone who will lend support to me or the Government. *(Laughter)* In fact, I am more than happy to communicate with the Democratic Party or the democratic camp. I have put it across time and again that my door is always open for them and they are always welcome. I have absolutely no intention to refrain from communicating with the Democratic Party or the democratic camp.

MR LAU CHIN-SHEK (in Cantonese): *Madam President, can the Chief Executive give specific examples to explain how communication can really be conducted in the way as he described just now, and that is through the door which is always open?*

CHIEF EXECUTIVE (in Cantonese): There used to be a mechanism for bi-monthly meetings and this mechanism still exists. If no meeting could be arranged, it was normally because there was no time to spare but it was not me who did not have the time.

MR TIMOTHY FOK (in Cantonese): *Mr TUNG, in your policy address, you said that we should learn from Britain, London and New York. As you know, the British Government is now trying its best to bid for sponsorship of the World Cup Races for Soccer, while the sports sector in Hong Kong is hoping to bid for the Asian Games in 2006. Representatives of the sports sector are of the view that we have the determination and ability to host the event. However, in hosting such a large-scale event, the Government's attitude and the hardware facilities are decisive factors. May I ask whether the Chief Executive can give us a clear message with regard to this? In last year's policy address, Mr TUNG said that a multi-purposed sports stadium would be built. This year, we are very glad that Mr TUNG has announced the location of the stadium. I hope that I will no longer have to ask questions about the stadium next year.*

CHIEF EXECUTIVE (in Cantonese): Sports always has a role to play in any society. It is beneficial to people's health. Another important factor we must consider is that it contributes to social cohesion. That is why the Government should support sports.

With regard to the bid for the Asian Games, there are three factors we must take into account. First, as we know, it is impossible for us to build a new stadium by 2006. In that case, can the existing facilities meet the needs of the Asian Games? No matter what we do, we must aim for world-class. Otherwise, would it not be better to postpone doing it? We have to consider thoroughly whether our existing facilities can really meet the needs of the Asian Games and whether they are world-class. Second, we must see if we have the organizational ability. I believe we have the ability. However, we have to see how strong an organizational ability for this do we have. The third question is of course the question of resources. We will study these points. Actually, the government departments would like to study the matter jointly with the sports sector in order to arrive at a better conclusion.

PRESIDENT (in Cantonese): Mr FOK, do you wish to follow up?

MR TIMOTHY FOK (in Cantonese): *Thank you, Mr TUNG. I will try to maintain such a partnership when the time comes.*

MR CHAN WING-CHAN (in Cantonese): *Thank you, Madam President. After going through the policy address delivered yesterday, I have the impression that the Chief Executive is really living up to his words insofar as environmental protection is concerned, and is prepared to meet the challenges in nurturing quality people. "Quality Home" is a very good caption and indeed a skilful way of packaging. However, the Chief Executive has not devoted much attention to unemployment and employment problems, and has thus failed to bring wage earners some good news. Perhaps we can even say that there seems to be no good news at all. We all support the improvement on the environment. What worry the public are rising charges. For instance, the Government signalled yesterday that the penalty for smoky vehicles would be set at \$1,000. This has exerted enormous pressure on professional drivers. And then we will see a drastic increase in sewage charges. All these have caused great anxiety to*

members of the public. Madam President, I am going to raise my question now. (Laughter) As more than 200 000 people still remain unemployed at the moment, what will the Government do to tackle this unemployment problem so that these people could be employed and have their living environment improved, thereby enabling them to share the fruit of the "Project 2000" as outlined by the Chief Executive?

CHIEF EXECUTIVE (in Cantonese): As I said earlier as well as yesterday, the unemployment problem has all along been a matter of grave concern to the Government. Over the past two-odd years, the Government has, for the sake of the unemployed, made a lot of efforts to stimulate the economy. I am pleased to see that our economy is recovering slowly. It is my earnest hope that the unemployment rate will decline subsequent to the recovery of our economy. Another point I want to make may not sound helpful to the unemployed but is probably a matter of interest to Members. When compared to the number of employed people dated 30 June 1997, the number of people employed dated 30 June 1999 has represented a rise of 150 000, with an increase of 60 000 in last year alone. Of course, one of the reasons is that our population growth is now faster than before. But this is yet another matter. We need to care for the unemployed from various perspectives but the best way to express our care is to provide them with more job opportunities as far as possible. How are we going to do that? Information technology (IT) which we are promoting provides an excellent opportunity for creating more jobs. We hope we can, through the concerted efforts of members of the community, create numerous good opportunities in real terms. Of course, for many of those who are out of job at the moment, what I said may not offer immediate help to them. I really feel sorry about this because I know this is really what happens. I have on past occasions told Members that I frequently talked to members of the public. I know very well what they have in their minds. As for environmental protection

(A shout in the public gallery)

PRESIDENT (in Cantonese): No shouting allowed on the public gallery. (*Two men on the public gallery kept on shouting*)

PRESIDENT (in Cantonese): Security guards, escort them away. Security guards, please escort them away! *(Several security staff approached the two men in an attempt to stop them from shouting but they remained standing and shouting.)*

PRESIDENT (in Cantonese): We will have to adjourn the meeting if they refuse to leave the Chamber. *(The two men were escorted away from the public gallery.)*

PRESIDENT (in Cantonese): We shall proceed with the meeting.

CHIEF EXECUTIVE (in Cantonese): As for environmental protection, it is necessary to pay certain charges. If we fail to promote environmental protection today, however, we will have to pay for it many folds higher in the future. This is the reason why we must promote environmental protection now. I did say that the Government would be fully responsible for investing in this area. As for recurrent expenditure, I think the "user pays" principle is correct. In the course of action in this respect, extensive consultations will definitely be made so that every member of the public will have a chance to participate.

MR CHAN WING-CHAN (in Cantonese): *Madam President, I do understand the importance of environmental protection. One of the policies outlined in the policy address is related to environmental protection. What will the Chief Executive do in order to draw up a good, cost-effective and attractive proposal for improving the environment? Cost-effective means cutting down expenses, thereby alleviating the public's burden.....*

PRESIDENT (in Cantonese): Excuse me, Mr CHAN. You should now raise a simple follow-up question. The question you raised earlier was related to unemployment; now you are asking about environmental protection. Will you please try to link up your follow-up question with your main question.

MR CHAN WING-CHAN (in Cantonese): *Fine. The Chief Executive remarked that IT is going to provide job opportunities. But I am afraid that only those who meet certain academic standards and who have acquired certain knowledge can take up the posts related to IT. The policy address seems to have neglected the poorly-educated and low-skilled people. Can the Chief Executive give his view in this respect?*

CHIEF EXECUTIVE (in Cantonese): Some people in the IT field, albeit not having completed their university education, have succeeded in becoming one of the richest men in the world. With their wisdom, they are able to give full play to their strong points. As for those member of the general public who are more elderly or not well-educated, we are indeed deeply sympathetic with them. We hope the economic recovery can bring them job opportunities.

MR BERNARD CHAN (in Cantonese): *Thank you, Madam President. First, I would like to thank Mr TUNG for spending 35 minutes yesterday in talking about the environmental policy of the Government. My question is: Does Mr TUNG know that many other vehicles also emit nitrogen oxide apart from diesel vehicles and public buses? If the Hong Kong Government does not reduce the total number of vehicles, can it be so sure that nitrogen oxide emissions can be reduced by 30% by 2002? I am not only talking about diesel vehicles, but also the total number of vehicles.*

CHIEF EXECUTIVE (in Cantonese): The total number of vehicles in Hong Kong amounts to 500 000. Actually, this figure is lower than that of other countries. The reason is that we have a more efficient public transport system. As I said yesterday, I hope that through our joint efforts, the level of air pollution could be reduced to that of London and New York by 2005. The series of measures mentioned in the policy address are directed against diesel vehicles. As I said yesterday, 98% of the respirable particulates in the air come from diesel vehicles. Therefore, if the problem of pollution by diesel vehicles could be solved, the air quality would greatly improve. Of course, we must also co-operate with the Mainland. Both sides have to make an effort.

MR ALBERT HO (in Cantonese): *Thank you, Madam President. I am sure that Mr TUNG will also agree that following the reunification, it is very important for the Hong Kong Special Administrative Region Government and the mainland government authorities, including the Central Government, to establish a kind of working relationship. Following the reunification, we can notice that government officials are frequently sent to the Mainland to hold meetings with the regional authorities and the Central Government. The Judiciary also once sent a formal delegation to the Mainland for interflow of views and other activities, so as to increase mutual understanding and co-operation. So far, only the Legislative Council and the other two tiers of our representative Government have still been unable to organize any formal delegation to the Mainland. In 1995, the Regional Council was close to the point of sending a delegation to the Mainland, but the trip was subsequently cancelled because some members of the delegation were refused entry into the Mainland. Then, after the reunification, I know that the Security Affairs Panel once requested to conduct a visit in the Mainland, especially the Guangdong Province. But the Panel has so far failed to receive any reply to its request. Besides, a Bills Committee on Chinese medicine was also close to the point of sending a delegation to the Mainland, but the whole thing was ultimately cancelled. So, be he an individual Member wanting to attend an academic conference in the Mainland, or 19 Members who wanted to present a letter jointly signed by them to the State Council, none of them could make the trip in the end. Well, putting aside the cases of individual Members, we will still see that no delegation has ever been allowed to visit the Mainland, even on official business. Mr TUNG is the bridge between us and the Central Authorities. So, may I ask him, first, whether or not he thinks that he has the responsibility to establish a working relationship, a channel of communications for work, between the three tiers of our representative Government and the Central Authorities? What is he going to achieve? Nothing about this has been mentioned in the policy address.*

CHIEF EXECUTIVE (in Cantonese): Mr HO, I think you are saying that any activities involving Members of the Democratic Party or the democratic camp are bound to have problems. You also know that I am very willing to make efforts in this respect. Well, I believe that some people belonging to the Democratic Party or the democratic camp can still go back to the Mainland; it is not true to say that not even a single one of them is allowed to go back. I have actually discussed this problems quite a number of times with you and several of colleagues. I told you that over the past 50 years, our country had undergone

drastic changes; with its social stability and sustained economic growth, our country has gained the support and recognition of the people and its international status is also rising. That is why I really hope that the Democratic Party and the democratic camp can all look at our country from a more progressive perspective. Well, as I have already mentioned, can you just make some "overtures" in various aspects? *(Laughter)* In fact, I have racked my brains over and over again, but I still do not know how to make this work. I think we must make more efforts, and I hope you will really make some "overtures", and take a few more steps forward.

MR ALBERT HO (in Cantonese): *Madam President, I very much hope that Mr TUNG can tell us what overtures we should make before we can possibly improve the relationship. But the problem reminds me of one thing. Since the reunification, the Government, in particular the Security Bureau, has been making great efforts to ask foreign countries to offer us visa-free access. When approached on such matter, foreign governments have never asked the people of Hong Kong to make any overtures. So, why is it that when we want to go back to our motherland, with our home-visit permits, we are instead asked to make some overtures before we can be allowed to go back? What overtures are we supposed to make? Perhaps Mr TUNG would like to tell us what to do. This is our fundamental right. Am I correct, Mr TUNG?*

CHIEF EXECUTIVE (in Cantonese): Mr HO, some people belonging to the Democratic Party and the democratic camp have indeed been refused entry. This is a fact which, I think, all of us can see. I have actually discussed this with you and several of your colleagues. I hope we can all make more efforts.

MR JASPER TSANG (in Cantonese): *Madam President, some critics say this year's policy address has "obviously favoured property developers". Will the Government inform this Council whether there is a policy in which the Government, now intending to increase the proportion of flat-owners, will provide more financial assistance to the people to achieve this end?*

CHIEF EXECUTIVE (in Cantonese): Mr TSANG, some said this year's policy address is targeted at property developers. Others said the policy address repeatedly mentioned the idea of asset inflation, which is bad for the economy in the long term and would give a blow to the property market. Indeed, our main goal is to help people settle in a stable home and find a stable job. We hope to stabilize the property prices and sharpen our competitive edge. I said I did not want to see big fluctuations in property prices. I also understand to citizens in general, buying a flat is a life-long investment and so it is important that property prices be stable. All government policies are formulated on the basis of this goal.

MR JASPER TSANG (in Cantonese): *Madam President, I would like to make sure whether the Government intends to reduce its assistance given to public housing, switching to use public money to subsidize the people in buying properties from the private property market.*

CHIEF EXECUTIVE (in Cantonese): As I explained yesterday, I have discussed this point in paragraph 80 of my policy address last year. The Government is studying the issue but has not arrived at any conclusion yet. Once the conclusion is made, we will provide details to the public.

MR FUNG CHI-KIN (in Cantonese): *Thank you, Madam President. The Chief Executive mentioned in the policy address yesterday that Hong Kong develop into a cosmopolitan city like London and New York. We in the financial sector appreciate that the policy address has not only made comparisons in the financial aspect, but also touched on other areas, in particular, the notion of "people-oriented and community-oriented". Although the Chief Executive has not devoted much attention to the financial sector, he made a remark, among other things, reminding the banks of not to make loans by merely relying on the "bricks and mortar" as far as possible. To us, it seems that he was trying to criticize the financial sector. For instance, in developing environmental protection items, some scientists or experts might have come up with some brilliant ideas but they will then need to borrow money from the banks to develop their projects. What good ideas will the Chief Executive and his think-tank have that can convince the banks to support the projects?*

CHIEF EXECUTIVE (in Cantonese): It is actually not totally unfounded for me to ask the banks not to see "the bricks and mortar" as collateral for loans. Let us look at the banks in other countries. They will engage specialists to examine the development and business prospects of SMEs, instead of merely looking at whether or not the SMEs have "the bricks and mortar". I earnestly hope that our banks can make a significant change in culture in order to really help the SMEs. I am sorry if Members see me as criticizing the banks. Perhaps this is really the case. *(Laughter)*

MR FUNG CHI-KIN (in Cantonese): *It seems that this explanation is not going to help property developers. After listening to the Chief Executive's explanation, I hope the banking sector can explore more ways to support various trades and industries. The policy address should have provided many business opportunities. We shall see what we can do.*

MRS SOPHIE LEUNG (in Cantonese): *Thank you, Madam President. Chief Executive, the Liberal Party's objectives this year are also targeted at the development of "3Es", with two of the items, namely, environmental protection and education, coinciding with the contents of the policy address. This is why some people have said that we must have got some insider information. Indeed we do not have any of that. We finalized these objectives in July and started to work in this area. The Liberal Party is seriously concerned with our economy. We are all along of the view that the recovery of the Hong Kong economy hinges on the concerted efforts of various trades and industries before we can move towards high value. Of course, our economic development should not rely on high technology alone.*

In last year's policy address, the Chief Executive paid much attention to building Hong Kong into a movie centre and a fashion design centre. To date, the respective industries still consider the Government to have failed to produce any substantial results in the relevant promotion. Will the Chief Executive inform this Council what concrete measures the Government will take in this area (we will also ask the Secretary for Trade and Industry this question in due course)? Furthermore, what can the business sector do in order to tie in with the work of the Government? We consider this an excellent goal for it will not only rejuvenate Hong Kong's industries, but also greatly help the tourism industry.

CHIEF EXECUTIVE (in Cantonese): Just as I said this morning, ladies should know best insofar as this is concerned. New York, Paris and Milan are all fashion centres. What Hong Kong has achieved in this area is not too bad at all. But what should we do in order to consolidate our status in the international fashion market? This requires efforts from all Members. This is because the Government can only do its utmost to co-ordinate in terms of software and hardware, with a view to enabling Members to give full play to their talents in this area.

As for the movie industry, recently I have another opportunity to discuss with Jackie CHAN and others for a considerable period of time to see in what areas the Government can help to provide opportunities for our movie industry to take off. As regards such questions as how to stimulate the economy and create job opportunities, they are actually lingering in my mind and that of my colleagues every minute of the day and they are under our active consideration. Should Members come up with any good suggestions, we will definitely explore ways to accommodate the suggestions as far as possible.

MRS SOPHIE LEUNG (in Cantonese): *Madam President, please allow me to raise a brief follow-up question. The Chief Executive's remarks today are indeed very encouraging. We will definitely try our very best. As the Chief Executive said, nowadays, every one of us, even including the gentlemen, are fashion-minded. However, this does not mean that everyone understands the hardship of the industry and its development process. Some people may not understand that the fashion of New York, the United Kingdom or Milan is different from that of Hong Kong in terms of the direction of development. I do not want to see too many outsiders "pointing here and there" or making uninformed comments. Actually, being the second biggest garment exporter in the world, Hong Kong should be able to make an enormous success. As for the Government's co-ordination in terms of software and hardware, I hope we can conduct further discussions for what we need may not necessarily be the software or hardware provided by the Government. Moreover, the Government does not necessarily need to spend enormous funds to cater to our needs.*

CHIEF EXECUTIVE (in Cantonese): Fine.

MR CHAN KWOK-KEUNG (in Cantonese): *Mr TUNG, as a representative of the labour sector, I very much welcome the ideas of training up quality people and life-long learning. Mr TUNG said that interest-free loans would be provided to tertiary students and the scope of the loan scheme would be further expanded. But I am still concerned about grassroots workers, many of whom I trust will want to receive education. But very often, because of high tuition fees or the problem of "failing to make ends meet", they find it impossible to further their studies. Will the Government therefore consider the idea of expanding the loan scheme to cover these people, so that they can also benefit from life-long learning?*

CHIEF EXECUTIVE (in Cantonese): I believe we can do that through the school system.

MR CHAN KWOK-KEUNG (in Cantonese): *I would like to know what help they can get if they wish to repeat their secondary education, moving up step by step again. Loans are currently available to tertiary students, but there are no loans available to secondary school students. And, please do not forget, tuition fees charged by secondary schools are very high.*

CHIEF EXECUTIVE (in Cantonese): I think we have to discuss this matter from two perspectives. It will be good to Hong Kong as a whole if we can create an environment conducive to life-long learning. The Education Commission is currently conducting an extensive public consultation on this matter, and it will submit a report to us at the end of June next year. The report will cover a review of the entire education system, including the issue of life-long learning. Life-long learning opportunities for all will inevitably involve the question of resources. And, matters like the co-ordination of primary, secondary and tertiary education, the need for more quality teachers, whole-day primary schooling and more computer and Internet services will also require huge resources.

But how are we going to deal with the problem of resources? Government investments in education already account for 20% of its Budget. To begin with, the Government should of course make more effective use of available resources, and we will certainly continue to make more efforts in this

direction. I also know that many people in our community are more than willing to spend money on their own education or that of their children if they have the means and ability. As for the part to be played by the whole community and what further efforts the Government should make, these are also an important topic in the consultation exercise of the Education Commission. That is why I hope that Mr CHAN and other Members will all give more opinions, so that the Government can know what to do in June next year.

MR CHAN KWOK-KEUNG (in Cantonese): *Thank you, Mr TUNG. But I still hope that Mr TUNG can appreciate the plight of the grassroots.*

CHIEF EXECUTIVE (in Cantonese): I will, and I know about this all.

MR CHAN KWOK-KEUNG (in Cantonese): *I am only asking the Government to extend loans, and I am not*

CHIEF EXECUTIVE (in Cantonese): I get your point, and I know about this all. I am trying to say that your suggestion is one of the many issues which we will look at. Certainly, I get your point.

MR NG LEUNG-SING (in Cantonese): *Thank you, Madam President. In the policy address, the Chief Executive devoted two paragraphs to economic recovery, stressing inter alia that real interest rates have remained on the high side and interest rates are subject to upward pressure. Although the Government is confident of an economic growth, will it inform the public of its forecast of the future changes in the deflationary situation so that the public need not wonder why they should shop when commodity prices are dropping every day? I would like to have Mr TUNG's views on this.*

CHIEF EXECUTIVE (in Cantonese): In my view, there are various factors underlying a drop in commodity prices. First, competition. Second, we have encountered economic difficulties. However, I believe commodity prices will begin to stabilize as our economic situation improves. But commodity prices

may take some time to stabilize as they will fluctuate with economic growth. Yet, I am sure that commodity prices will begin to stabilize along with economic growth.

MR NG LEUNG-SING (in Cantonese): *I wish to follow up. I know that the Mainland has adopted such measures as deposit interests and taxation when it encountered a similar situation. Has the Government considered adopting certain measures to stabilize commodity prices or will it allow commodity prices to fluctuate freely under changing circumstances?*

CHIEF EXECUTIVE (in Cantonese): I think the situation of the Mainland is somewhat different from that of Hong Kong, therefore, we cannot make reference to the practices of the Mainland or other places. We will pay close attention to this.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, Mr TUNG has repeatedly alluded to his wish that Hong Kong would become New York and London in Asia. Just now many Honourable Members from the financial and economic sectors were very glad and remarked that they would love to see Hong Kong attaining such a status. However, I just wonder if Mr TUNG is aware that the development of New York and London alike is not confined to the financial and economic aspects of the cities. In fact, the success of the two cities must be sustained by a good many other factors including their respective democratic political systems, the rule of law, freedom of information and so on. Regrettably, we feel that the democratic development of Hong Kong as a whole has ceased to progress but retrogressed since Mr TUNG assumed office. On the other hand, as inquired of by the Honourable LAU Chin-shek just now, how is Mr TUNG going to communicate with Members from the pro-democracy camp? Just now Mr TUNG only replied that we could meet every two months, and that his door would always be open. As a matter of fact, Mr TUNG has never informed us how Hong Kong could have a democratic system comparable to that of London and New York. Quite the contrary, Mr TUNG has given us an impression that he keeps practising nepotism and making backroom deals all the time. As such, may I ask Mr TUNG whether he had considered enabling the political system of Hong Kong as a whole to become fairer, more open and more democratic when he referred to the examples of New York and London?*

CHIEF EXECUTIVE (in Cantonese): Just now I was referring to the mechanism whereby arrangements could be made for me to meet with Members of the Council every two months. However, I did not forbid Mr LEUNG to call me at 2878 3377, which is my number. *(Laughter)* Actually, Members are welcome to call me. I am ready to meet with Members at any time should such need arise. This is the first point.

Secondly, regarding the pace of democratization in Hong Kong, according to the provisions set out under the Basic Law, the democratic development process is to be completed gradually in 10 years' time. We are now proceeding step by step in this direction, and I believe we are doing fine in this respect. Perhaps some might find our pace a little too slow; however, as I pointed out yesterday, some other people would consider our democratic development progressing much faster than before. So, it is only natural for different members of the community to hold divergent views. We in the Government will certainly strive to ensure the high degree of openness and transparency of the Government, and to uphold the rule of law. We will certainly make every effort to achieve this objective, and I just hope Members will not I meet with a great many people every day, and I am most happy to communicate and to meet with every one of you.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, I believe the problem is related to not simply the communication issue or the bi-monthly meeting arrangement, since there are a good many problems in our community that can hardly be resolved by a meeting or two. As such, I hope that the Government can put in place a comprehensive system in order to achieve the objective of effective development. If I should be the only person who could have more chances to meet with Mr TUNG and to give him my views, I would consider it very unfair. Besides, if Mr TUNG should favour me to such an extent, I would certainly feel very uneasy, wouldn't I? Hence, I would prefer to have a system which is considered fair and equitable by all parties concerned, in particular after I have now seen how politically biased many Honourable Members of the Executive Council could be. Given that the same problem of political bias could also been found among members of many government advisory bodies or the Housing Authority, the existing system is indeed not sufficiently fair and impartial. In this connection, may I ask Mr TUNG whether he would consider improving the system?*

CHIEF EXECUTIVE (in Cantonese): As I said yesterday, we have been trying to feel out an appropriate relationship between the Executive Council and the Legislative Council over the past two years. I hope very much that if we keep on working hard, a mechanism of mutual trust and mutual checks and balance would be established for the two Councils. I believe we are now proceeding in this direction, and I am sure we could achieve this goal if both the Executive Council and the Legislative Council would adhere to the spirit of the Basic Law in discharging their respective responsibilities. Let us keep up with our good work in this regard.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, to improve air quality, the Government will tighten the control on diesel vehicles and it has promised to provide vehicle owners with subsidy amounting to \$1.4 billion. However, those in the transportation industry have doubts about these proposals and they worry about the effects on their livelihood. What measures does the Government have to gain the support of the trade?*

CHIEF EXECUTIVE (in Cantonese): When I made environmental protection one of the topics in the policy address, some people had reminded me that the public other than 2% would not care about this issue. Therefore, they asked me if this should be covered from a political angle. Having discussed the matter with my colleagues in the Government, I think that we must discuss this because if we do not do so today, we will have to pay higher prices tomorrow. If only 2% of the people find the problem serious, we will definitely fail to promote environmental protection. To succeed, I must gain the support of the community as a whole. How should we promote environmental protection? I hope that 60 Honourable Members can co-operate and make efforts to facilitate the community reaching a consensus and taking environmental protection seriously, and the Government will surely perform its duties, listen to the views and cater for the interests of various parties. Most importantly, the ultimate goal is to enhance environmental protection. I hope that Honourable Members will support the Government in its work.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, I believe Honourable colleagues of this Council strongly support environmental protection and think that improving air quality really demands immediate action. How can*

the Government strike a balance among the proposals that will be made in future so that the trade will willingly support them and public money will be aptly spent? We have to strike a balance between the two and I hope that we can really achieve this.

CHIEF EXECUTIVE (in Cantonese): Right, Mr TAM, we will handle this carefully.

MR HO SAI-CHU (in Cantonese): *Thank you, Madam President. We are certainly very happy that the Chief Executive can accept the views of the Liberal Party in respect of environmental protection and the training of talents, but our top priority is economic development. As a matter of fact, not only do we think this way. The general public is also very concerned about economic development which seems to be the greatest concern of the community. In his policy address last year, the Chief Executive proposed a host of administrative and financial measures to relieve the plights of the people and assist the industrial and commercial sector to tide over difficulties. In this policy address, however, not much is mentioned in this area of work. For example, in paragraph 158, it is stated that "All the Government's economic endeavours are infrastructure related.". There is very little mention on how assistance can be given to help the industrial and commercial sector turn the corner or resume normal operation as soon as possible. May I ask the Chief Executive if he considers it unnecessary to work any further to facilitate economic recovery to the full, or is he expressly or tacitly telling the industrial and commercial sector that they have to solve the problems by themselves and that from now on, no assistance will be offered to the industrial and commercial sector and we have to fend for ourselves? Are these his true intentions?*

CHIEF EXECUTIVE (in Cantonese): Mr HO, I think the economy is on its way to recovery. As I have said, we can expect an economic growth of over 2% in the second half of the year. We made this forecast after we have carefully studied the statistics. In reply to your question, I would like to say that the Government has been making a lot of efforts to study how more software or hardware can be provided to foster a change for the better in the business environment. I believe that the majority of the business sector do not wish to see government intervention in their daily operation. All they want is

government assistance in the creation of a better business environment. I understand that Members have a diversity of views on this. Some hold that the Government has failed to streamline its formalities or procedures. For instance, a guesthouse needs to obtain tens of approval stamps before it is allowed to start business. We are currently looking into the problem and will continue to follow it up.

MR HO SAI-CHU (in Cantonese): *Madam President, please allow me to follow up. Just now the Chief Executive mentioned a point which we have also raised before. He mentioned that cumbersome government formalities are required in applying for licences or making investments. Is the Chief Executive going to streamline government formalities expeditiously? Can he confirm in express terms that the Government will work to this end expeditiously?*

CHIEF EXECUTIVE (in Cantonese): Members may know that we have a working group responsible for this area of work. Recently, there have been certain changes in the personnel of the working group. We will follow up and continue to put in efforts in this regard.

MR JAMES TO (in Cantonese): *Madam President, I want to discuss the more concrete issue of the rule of law with the Chief Executive. I have been watching quite closely how our disciplined forces put the rule of law into practice. I notice that right at the very moment when Hong Kong was reunited with the Mainland, the Hong Kong police already took the bold and unprecedented move of trying to drown the voices of peaceful and reasonable protesters with orchestral music. Even though the Independent Police Complaints Council subsequently ruled that the police had done wrong and wrote to the Chief Executive on this matter, you did not take any action, and the whole thing was eventually forgotten. Then, I notice that some disciplined forces started to act more brazenly than before.*

I wonder if the Chief Executive is aware of the following two cases. In the first case, a certain disciplined force applied to the Magistrate Court for a warrant to search the offices of the Macau Jockey Club. The Magistrate concerned rejected the application because he deemed that there was no sufficient reason. But then a certain police superintendent simply signed the

warrant and proceeded with the search. In the past, this was totally inconceivable, and no one would ever dare to do something like this. In the second case, some Immigration Department officers deported the people concerned 10 minutes before the Court started to hear their application for a habeas corpus, and, these officials were well aware of the fact that the relevant Court proceedings were still in progress. I do not know whether the Chief Executive is going to handle these matters of minor technicality. But I really hope that the Chief Executive can pay attention to our disciplined services, so as to find out how they look at the rule of law. You must check whether your relatively lenient, compassionate and understanding attitude towards some matters has made them brazen enough to ignore the rule of law.

CHIEF EXECUTIVE (in Cantonese): Mr TO, this is the first time that I have ever heard of the two cases mentioned by you. I will follow them up and ascertain what has happened. I wish to tell you that both the police and the Immigration Department are first-rate disciplined services in the world. I can tell anyone at any time that they are two first-rate disciplined services, and that their fair enforcement actions have gained the high respect of the community. I will certainly look into the circumstances surrounding the individual cases concerned, but I must still say that Mr TO may well be influenced too much by a "conspiracy mentality". The real situation is not what he thinks it is.

MR JAMES TO (in Cantonese): Madam President, I am sure that you will not regard me as a Member who always makes accusations without any good ground. I am not looking at the matter with a "conspiracy mentality"; instead, I have been looking at the whole trend out of close observation. I also hope that the cases mentioned are just isolated cases involving only the malpractices of the individuals concerned. But I also hope the Chief Executive can realize that while we commend a disciplined service for its efficiency, detection rate or administrative efficiency, we must also make sure that it does at the same time uphold the rule of law as an inviolable principle, a bottomline which should never be forsaken for the sake of any efficiency target or policy objective of the Government. If the Chief Executive can make a fresh commitment to the rule of law along this line, I am sure that the public will have more confidence in the adherence to the rule of law by the disciplined services.

CHIEF EXECUTIVE (in Cantonese): Mr TO, I am totally confident that our disciplined services will always obey the law and respect all regulations.

MRS MIRIAM LAU (in Cantonese): *Thank you, Madam President. Mr TUNG, one major issue of the policy address this year is environmental protection. The Government plans to spend over \$30 billion in the next 10 years on all sorts of environmental protection projects. Out of the \$30 billion, \$1.4 billion has been set aside to assist trade participants to change to liquefied petroleum gas (LPG) and other diesel vehicles to install such environmentally-friendly devices. Compared to the amount of money spent on the prevention and control of water pollution and waste disposal, \$1.4 billion is a small sum. My understanding is that the assistance to be given to taxis from the \$1.4 billion means a maximum of \$40,000 per taxi for switching to a new car. But is Mr TUNG aware that taxis have become negative assets after the financial turmoil? Many taxi-owners are finding it difficult to service the instalment loans for their cars. They just do not have the extra resource to buy a new car and obtain a new mortgage. Those who borrowed huge sums before cannot get a mortgage now. I am very disappointed that the Government has turned down the strong request of the trade for interest-free or low-interest loans to enable them to change to LPG taxis. Will Mr TUNG tell me why the request was not met? Will he reconsider helping needy car-owners to change to LPG taxis by way of low-interest loans?*

CHIEF EXECUTIVE (in Cantonese): First of all, in terms of numbers, \$1.4 billion as against \$30 billion appears to mean a big difference between the two. But that does not represent the actual position because a number of infrastructure projects are involved in that \$30 billion. As regards the question of whether \$1.4 billion is sufficient, I must point out that amount is decided after careful consideration by colleagues in the Government and after some research jointly conducted with the people in the trade. I would let Secretary Gordon SIU inform this Council and the public later about the details.

MRS MIRIAM LAU (in Cantonese): *Mr TUNG, could you state the stance of the Government clearly: Will it try every means possible, including the provision of loans, to assist owners to switch to LPG vehicles?*

CHIEF EXECUTIVE (in Cantonese): I am aware of the negative asset situation of owners. That is a consequence of the economic recession in the past two years. The Government has come up with a plan for what is best that can be done to help. I understand the plan has been subject to discussion and we still have time to conduct a consultation before announcing it.

PROF NG CHING-FAI (in Cantonese): *Madam President, Mr TUNG mentioned yesterday that the Government and the Guangdong authorities had decided to move the Dongjiang intake upstream to avoid taking in more contaminated water from the tributaries. And at the same time, the Guangdong authorities also planned to construct a closed aqueduct within four years. Many Honourable colleagues have said that while this project would make Hong Kong's drinking water cleaner, it will not help very much in mitigating the environmental pollution problem in Dongjiang. Moreover, since a lot of people living along the banks of Dongjiang still draw water directly from it for drinking, their health will continue to be affected. Will the Government consider providing some kind of low-interest loan to the Guangdong authorities to help them build some sewage treatment plants to tackle the problem of water pollution in Dongjiang? Such a financing arrangement should include terms like technology and project management to be provided and carried out by Hong Kong. This move will not only enable the joining of forces with the Mainland to solve the problem of pollution in the drinking water supply from Dongjiang, but will also promote the development of our environmental protection industries, thereby achieving three positive results.*

CHIEF EXECUTIVE (in Cantonese): Prof NG, I said yesterday that under the present circumstances, our plans for improving the quality of the Dongjiang water supplied to Hong Kong are moves in the right direction. These arrangements are formulated as a result of detailed studies undertaken together with the Guangdong authorities. We are aware that they are also very much concerned with the problem of pollution of the water from Dongjiang. As you have mentioned, not only are the people of Hong Kong drinking water from it, but there are also a lot of people in Guangdong doing the same. Therefore, the Guangdong authorities are very much concerned about the pollution problem. There are sewage treatment plants in Guangdong and part of the sewage is being treated there. They will certainly step up their efforts in this respect. On the other hand, we will continue to exchange views with the Guangdong authorities

on that issue. You may be aware that we have put the continued efforts on ensuring the quality of Dongjiang water on the six-point agenda we have tabled in our discussions with the Governor of Guangdong Province. What you have just mentioned is a new suggestion that I have heard for the first time. We will look into this to see if it is workable. We will certainly work with the Guangdong authorities and keep a close watch of the problem. I think we are moving in the right direction, at least in the not too distant future.

PROF NG CHING-FAI (in Cantonese): *Madam President, yesterday I also heard Mr TUNG talk about the issue of environmental protection industry. As a matter of fact, there is a bright future lying ahead of the environmental protection industry. A number of years ago, the local technological sector pointed out that the environmental protection industry was one of the four industries with the greatest potentials for development, so the industry may merit our greater attention.*

CHIEF EXECUTIVE (in Cantonese): If we are to invest so much resources in environmental protection, I think it would only be fair to say that we expect some or more returns. In Asia, Japan is one of the most advanced countries in environmental protection. This said, we can still take the lead in some particular areas in environmental protection. I think we will stand a chance.

MR HOWARD YOUNG (in Cantonese): *Madam President, before the Chief Executive delivered his policy address, there had been a lot of speculations as to whether or not the franchise to build a Disney theme park would be secured before the policy address was delivered. There were also speculations as to whether any good news on this would be released in the policy address. The Chief Executive said yesterday that negotiations were still under way. Although he said that good progress was being made and that the scheme would be very beneficial to Hong Kong, the date of 31 October was mentioned still. Would Mr TUNG inform us whether or not he is concerned that should any specific date be stressed, it would serve to undermine our bargaining position? We understand of course that the terms of the deal should be to our advantage and that the other party will not ask for an exorbitant price. Have we said to the other party that we can only make a deal if the final outcome of the talks is in our best interest? If the outcome of the talks is not to our advantage, we know that the scheme may*

fail to get funding approval. I am not saying that we should press for a rock bottom price, but at least we cannot allow the other party to ask for too high a price.

CHIEF EXECUTIVE (in Cantonese): I know that many people have expressed their wish to see a satisfactory outcome from our talks with the Walt Disney Company. I also know that if we can be successful in our negotiations with the Walt Disney Company and that the terms proposed are acceptable to us, then this will be to our advantage. But if we are too rash and press for a release of some good news to the public on 6 October, can we be sure that we shall have the results of the negotiations before 6 October? Will that be a proper thing to do? We should let the negotiations run their course, for the other party is very strong. Why was the date of 31 October mentioned? Actually, the date of 31 October has already existed ever since our announcement of the related papers. So, that is not a date which has been decided recently. It was decided a long time ago. We hope that the talks will come to a successful conclusion on that date. The date was decided a long time ago. There are many people who wish that I can make some announcement on that topic on 6 October. These are the expectations of the public. The originally set date is 31 October.

MR HOWARD YOUNG (in Cantonese): *I also agree that we would rather wait for a few more weeks in order that a better deal can be struck. That would be much better than a rushed deal. This morning, someone talked with you in a phone-in programme on the radio. He raised the point of whether or not the Disney theme park should carry some Chinese characteristics. My personal view is that the park should retain its original flavour. May I know if we have pointed out to the other party that in Los Angeles for example, there are other theme parks such as the Universal Studios besides the Disneyland, and that we may bring in different theme parks like the MGM Studio of Florida and the Magnificent China together? Our aim should be that even if the outcome of the negotiations is good, it should not lead us to dismiss other possibilities, that is, we should not bar other people from building other theme parks in Hong Kong. May we know if this is the attitude we should adopt?*

CHIEF EXECUTIVE (in Cantonese): We should first wait and see if any agreement can be reached by 31 October. If this can be done, we would certainly inform you of the details. As to what Mr YOUNG has asked, that involves business negotiations, the details of which I am afraid I cannot disclose at this moment. *(Laughter)*

MR SIN CHUNG-KAI (in Cantonese): *Madam President, I am extremely disappointed at the Mr TUNG's treatment of employment and the economy in his policy address. There are actually many different ways of stimulating our economic growth, one example being market liberalization. Last week, a total of 48 international and local companies bid for the licences of external telecommunications and non-wireline-based FTNS; this will surely create many job opportunities in Hong Kong. But when it comes to market liberalization, Mr TUNG's performance is really very disappointing. The local fixed networks market will not be liberalized until 2003; and, for the energy market, the electricity market, the town gas market and even the aviation market (Mr TUNG may want a bit more liberalization for the aviation market), no concrete scheme or measure on market liberalization or even the enhancement of our competitiveness has been put forward so far. Mr TUNG has repeatedly mentioned the 29% unemployment rate of our young people, and he also said a lot on the globalization of the world economy, the application of Internet technology, electronic trade, information technology and so on. But what has the Government done so far to assist our young people in learning all these new technologies? I believe that young people will face fewer problems when trying to learn these new skills, and I am sure that they can adapt to the new environment and face new challenges more easily. How determined is the Government to give our young people new hopes? And, what concrete measures are put forward in the policy address to achieve this end?*

CHIEF EXECUTIVE (in Cantonese): We have actually been working hard to enhance the competitiveness of the various primary trades and industries in Hong Kong. But inevitably, we have been hindered by quite a number of constraints insofar as the pace is concerned. For the power supply market, for example, we have to abide by the existing agreement, which will not expire until 2008. In other areas, we are also trying to promote market liberalization. As for the pace of liberalization, I must say that different people in the community do hold different opinions. Those with vested interests will naturally want to bar

liberalization forever, but those who are unable to gain any benefits now will of course want to see immediate market liberalization. The Government must consider all the factors involved, so as to strike a proper balance; this is of the utmost importance, because we have to safeguard the long-term interests of the whole community and also the interests of consumers. This is the very principle underlying our efforts of promoting market liberalization.

For young people, the ultimate solution should be education as it has always been. We must provide good education. And, in this respect, the Education Commission is currently conducting a consultation exercise, and hopefully, it will be able to publish a relatively comprehensive report by June next year. By then, we will be able to make joint efforts to promote our education. Yesterday, I also raised the point that the youth problem actually involved much more than education, and that we must also assist parents in communicating with the young generations. Besides, the mass media and the whole community should also have a role to play. So, I think all of us do have to share part of the responsibility. But, specifically, how are we going to do the job? This should not be discussed in the policy address, and I think the various Policy Bureaux will discuss these questions in detail with Members on other suitable occasions.

MR SIN CHUNG-KAI (in Cantonese): *Mr TUNG, when I talked about concrete scheme, I was not referring to any concrete scheme in the policy address. When we look at your policy objective of training young people on information technology and the relevant skills, we notice that the results in the past year were indeed very poor. I hope you will urge your officials to work harder in this respect, so as not to waste the time of those young people aged between 15 and 19. As you pointed out yesterday, many of those who are not at school really need to receive training on new skills. I hope you can look again at the policy address and check how much relevant work has been done.*

CHIEF EXECUTIVE (in Cantonese): Mr SIN, educational reforms are long-term tasks. What we are doing now is first to identify those areas which need further improvement and then start doing what should be done. I believe that once we are able to come up with a relatively comprehensive approach, we will be able to implement educational reforms much more smoothly.

DR TANG SIU-TONG (in Cantonese): *Madam President, in paragraphs 48 and 49 of the policy address, the Chief Executive mentioned the role of Hong Kong in the joint development of the Pearl River Delta Region, laying particular emphasis on improving cross-boundary traffic and customs clearance arrangements. Nevertheless, some of the existing policies and plans of the Government run counter to the policy objectives. For example, the setting up of two boundary crossing points between Hong Kong and Shenzhen, and the levy of land departure tax which is being considered by the Government. May I ask what policies and specific measures the Government plans to adopt to facilitate cross-boundary customs clearance?*

CHIEF EXECUTIVE (in Cantonese): Yesterday I stressed in particular that following Macau's reunification with China, the region, which covers an extensive area of land, encompassing Macau, Zhuhai, Shenzhen, Hong Kong, the whole of the Pearl River Delta Region, and even the whole of Guangdong Province will become a new economic region or economic zone. Hong Kong will have a role to play in this economic zone and I believe Hong Kong will also benefit from it. However, we have to appreciate that we are practising "one country, two systems" and therefore, boundaries must exist. We must strive for economic achievements under the principle of "one country, two systems". As to how the cross-boundary customs clearance procedures can be further streamlined and improved, we are very concerned about this issue and are actively studying it. Perhaps Dr TANG is not happy with my answer but we are actively looking into it and I hope we can provide Members with more details in due course.

DR TANG SIU-TONG (in Cantonese): *Madam President, may I follow up? May I ask if consideration will be given to moving the first-line to the second-line?*

CHIEF EXECUTIVE (in Cantonese): This is not one of the options being considered. *(Laughter)*

MR EDWARD HO (in Cantonese): *Madam President, a theme of this year's policy address is quality home. The professions to which I belong, for example architecture and planning, are very much interested in it. I think we should be able to contribute in this respect. There are quite a number of questions I would like to ask but of course I cannot ask them all today at this meeting. Paragraph 127 of the policy address mentions three components for a world-class city: firstly, urban renewal; secondly, protection of the natural environment of our countryside; and thirdly, in the Hong Kong context, the beautification of the Victoria Harbour. I agree with them all. But it seems there is a fourth aspect the Chief Executive has not mentioned but that aspect is something we need to do, which is building new towns which conform better to environmental protection principles. There are now 6.8 million people living in Hong Kong. There might be 8 million or 9 million in future. There will certainly be more new towns. According to recent reports in the newspaper, Secretary Gordon SIU said (I do not know if he did say that) there would be three environmentally-friendly new towns in the New Territories, with a population of around 10 000 people each. A town with a population of 10 000 is indeed a small one, as Tai Koo Shing alone has 60 000 residents. Will the Government consider really working together with the relevant professions to implement town planning for the construction of new towns for the 21st century that are more environmentally-friendly?*

CHIEF EXECUTIVE (in Cantonese): I do not know whether the reports are true. I would have to let Mr SIU answer that part of the Mr HO's question. I agree that in the 21st century, there should be new thinking in town planning and the design of new towns. As I said yesterday, I hope to see some new ideas in transport or town planning so that Hong Kong can become a city of high standards, of which everyone is proud.

Will Mr HO raise his question again when Mr SIU has a meeting with all of you next week?

MR EDWARD HO (in Cantonese): *I will. (Laughter)*

MR MICHAEL HO (in Cantonese): *Madam President, I would like to follow up the question about Members from the democratic camp being refused entry to the Mainland. May I ask the Chief Executive what gestures Beijing expects members of the democratic camp to make before they will be allowed to visit the Mainland? Have you been informed by Beijing or do you know anything about that?*

CHIEF EXECUTIVE (in Cantonese): I did not talk to Beijing about this question. However, I have talked to several of your leaders. I specially requested that you should make some gestures and create an environment. I am still waiting. *(Laughter)*

MR MICHAEL HO (in Cantonese): *Mr TUNG, you said you are still waiting. Could you be more specific about what kind of gestures you are waiting for exactly? Why could this not be discussed openly? For instance, when Mr Fred LI took the residents of Kwun Tong to the Mainland to eat lichees, would that count as a kind of gesture?*

CHIEF EXECUTIVE (in Cantonese): Perhaps Mr HO should ask his colleagues.

MR MICHAEL HO (in Cantonese): *Ask them what?*

CHIEF EXECUTIVE (in Cantonese): Ask your colleagues.

MR MICHAEL HO (in Cantonese): *Madam President, it is the Chief Executive's question and answer session today.*

PRESIDENT (in Cantonese): I am sorry, Mr HO. I understand your question. However, you have already asked a follow-up. I cannot make an exception for you. Otherwise, I might arouse the dissatisfaction of the other 58 Members. Therefore, under these circumstances, I have to call on the next Member to ask questions.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, I thought that I would not have a chance to ask a question. This is the third policy address by Mr TUNG after the establishment of the Government of the Special Administrative Region. In the last policy address, Mr TUNG has drawn up such blueprints as the Cyberport and a fashion centre. The Hong Kong Federation of Trade Unions supports and agrees that our economy needs restructuring.*

In this policy address, Mr TUNG has drawn up yet another blueprint, and we may call it the millennium blueprint. We support environmental protection and education and we agree that there are air pollution, noise and urban design problems. We have discussed with the relevant government departments over this for many times and we are supportive. However, in the face of unemployment and the three momentous changes Mr TUNG has mentioned — I fully agree to Mr TUNG's analysis, that is, the three points he made in respect of the globalization of the world economy — over 1 million Hong Kong people will obviously be divorced from future social development and they will not be able to enter the labour market. Even if we now see that Madam President, I will ask my question now. (Laughter) What about the livelihood of these people in the next eight to 10 years? What can they do to upgrade themselves? These people are not mentioned in the entire policy address including the section on education and they have not been considered insofar as employment is concerned. Although Mr TUNG has said that there are more than 40 000 jobs, they are not for the over 1 million people with education below Secondary Three level.

Mr TUNG, do you want them to go on suffering? Are we going to let them go on suffering and virtually retire in the end? This is the question I would like to ask.

CHIEF EXECUTIVE (in Cantonese): In the light of economic transformation, if we are not well-prepared, some people will unfortunately suffer. We are precisely experiencing this situation now. We must take education seriously as Hong Kong is going to be an knowledge-intensive economic system and society. If we do not conduct education well, it is open to question whether our economy will continue to be prosperous in future.

In the course of economic transformation, it is a pity that some people will suffer a great deal. The Government has already done all it can for them. The Government has tried its best to stimulate our economy, looked for jobs that will allow them to give play to their skills and given them training and retraining. I know that Hong Kong people do not like to receive Comprehensive Social Security Assistance (CSSA) payments but CSSA payments will continue to be given to protect them. I hope that we can help them as far as possible through training and retraining, and that every graduate retrainee will get a new job.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, I would like to follow up. Mr TUNG has just said that all of us should be prepared. In my view, the 3 million workforce of Hong Kong wish to be well prepared but the problem is: Do they have the conditions to be prepared?*

CHIEF EXECUTIVE (in Cantonese): Yes, I know that.

MISS CHAN YUEN-HAN (in Cantonese): *For instance, the Vocational Training Council of the Government will only admit applicants who have Secondary Three or above level, and applicants for retraining programmes must have Secondary Three level. Some people earnestly hope to enter the labour market but no one employs them. The situation of these over 1 million people demands immediate attention. If they have savings, we may let them suffer a bit but what can they do if they do not have savings or if they have almost used up their savings after an economic slump of over a year? In paragraph 28 of the policy address, Mr TUNG has referred to the safety net provided by the Government. Yet, these people do not want a safety net, they want a job. How can we solve this problem? There is a divergence of opinions between Mr TUNG and me, and the Government has not taken this problem seriously or considered how it can solve this problem.*

CHIEF EXECUTIVE (in Cantonese): There is a divergence between our opinions indeed but where does it lie? The Government takes this problem very seriously and we are making efforts. Is this good enough? Perhaps we can do much better.

MR AMBROSE LAU (in Cantonese): *Mr TUNG, in paragraph 47 of your policy address, it was mentioned that the State Council's Ministry of Foreign Trade and Economic Co-operation and the Trade and Industry Bureau of the Government of the Special Administrative Region had agreed to set up a joint committee to strengthen communication on economic and trade issues. In this connection, could Mr TUNG inform this Council of the details of the joint committee, such as its structure, terms of reference, formation schedule and so on?*

Besides, it is said that over the past two years the Government has been considering setting up an industry service centre in the Pearl River Delta Region to offer practical support to Hong Kong investors doing business in the Mainland. In this connection, I should like to know whether this hearsay is true; and if so, the relevant progress of the work.

CHIEF EXECUTIVE (in Cantonese): I should like to take this opportunity to speak on several points. Firstly, an inter-departmental group under the Financial Secretary is now investigating into how Hong Kong would possibly be affected if China should be admitted to the World Trade Organization (WTO). In addition to discussing with the mainland authorities, the group also maintains contact with the various sectors of the local community that are concerned with the matter. In other words, we must prepare well for the opportunities available to us upon China's admission to the WTO, with a view to giving full play to our strengths as well as a boost to the local economy. So this is the first point I wish to make, albeit not directly related to the joint committee you inquired of just now. In view of the increasingly close economic and trade relationship between Hong Kong and the Mainland, we hope that the joint committee, upon establishment as an institution under the State Council, would serve as a channel through which the Government of the Special Administrative Region could communicate directly with the Central Authorities. We will liaise with the

Central Authorities on broad issues such as how a sound mechanism could be established to attract more Hong Kong investors, to make it more convenient for businessmen from Hong Kong to invest in the Mainland, or to alert us to certain problems beforehand so that we could take better precautions. In a nutshell, a better environment is to be created for local businesses to invest in the Mainland. This is just one of our objectives, and we of course wish to make use of this opportunity to gain a better understanding of the economic and trade development in the Mainland, and of the possible benefits that Hong Kong could enjoy.

However, with regard to the question of whether the joint committee will assist certain investors in resolving their business-related lawsuits in the Mainland, I should like to point out here that the joint committee will not be engaging in activities of this kind. This is because the joint committee would not be able to handle any of its other duties if it should do so, to say nothing of its inability to provide assistance on this front. As such, it should be a joint committee of a macro level.

Regarding the proposal Mr Ambrose LAU inquired of in the second part of his question, as I can remember, the Hong Kong/Guangdong Co-operation Joint Conference is currently studying the matters concerned. I hope to hear from it very soon.

PRESIDENT (in Cantonese): As time is running short, only two more questions could be raised. Honourable Members please make the best use of the time available.

MR CHEUNG MAN-KWONG (in Cantonese): *Madam President, I am sorry, I did not raise my hand this time. I am sorry.*

PRESIDENT (in Cantonese): It does not matter. Maybe you just pressed the button by mistake.

MR CHEUNG MAN-KWONG (in Cantonese): *No, I did not.*

PRESIDENT (in Cantonese): If you did not press the button, we have to check the button mechanism. Now I will call upon another Member to ask questions.

DR LEONG CHE-HUNG (in Cantonese): *Madam President, I hope you will not deduct marks from me, because this time I am not asking a question on my own accord; I am asking it on behalf of the House Committee.*

PRESIDENT (in Cantonese): But I will.

DR LEONG CHE-HUNG (in Cantonese): *You will? I will put the question anyway. (Laughter) Mr TUNG attended this Council three times last year. He talked to our colleagues and everyone would like to have more opportunities to discuss with him in this Chamber. Will Mr TUNG consider holding more talks with us this year? Thank you, Madam President.*

CHIEF EXECUTIVE (in Cantonese): I will come more often if you do not scare me away. *(Laughter)* I think we have had good results in all of the past three meetings. I trust there are numerous channels for us to meet each other from time to time and I am pleased to keep in touch with you. Initially, I will set it down for three times for maintaining contact.

DR LEONG CHE-HUNG (in Cantonese): *Can we have more meetings? (Laughter)*

CHIEF EXECUTIVE (in Cantonese): Yes. Thank you.

NEXT MEETING

PRESIDENT (in Cantonese): This Council would like to thank the Chief Executive for attending the meeting.

In accordance with the Rules of Procedure, I now adjourn the Council until 2.30 pm on Wednesday, 13 October 1999. While the Chief Executive leaves the Chamber, will Members please rise.

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