

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 27 October 1999

The Council met at half-past Two o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

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

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

THE HONOURABLE DAVID CHU YU-LIN

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

THE HONOURABLE CYD HO SAU-LAN

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

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE MICHAEL HO MUN-KA

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

THE HONOURABLE LEE WING-TAT

THE HONOURABLE LEE CHEUK-YAN

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

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

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

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

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

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

THE HONOURABLE NG LEUNG-SING

PROF THE HONOURABLE NG CHING-FAI

THE HONOURABLE 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 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 MARGARET NG

THE HONOURABLE SIN CHUNG-KAI

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

PUBLIC OFFICERS ATTENDING:

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

THE CHIEF SECRETARY FOR ADMINISTRATION

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

THE FINANCIAL SECRETARY

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

THE SECRETARY FOR JUSTICE

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

SECRETARY FOR CONSTITUTIONAL AFFAIRS

MR 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

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

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

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

MISS YVONNE CHOI YING-PIK, J.P.
SECRETARY FOR TRADE AND INDUSTRY

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

CLERKS IN ATTENDANCE:

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

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation	<i>L.N. No.</i>
Food Adulteration (Artificial Sweeteners) (Amendment) Regulation 1999.....	259/99
Public Health and Municipal Services Ordinance (Public Pleasure Grounds) (Amendment of Fourth Schedule) (No. 7) Order 1999.....	260/99
Public Swimming Pools (Designation) (No. 2) Order 1999.....	261/99
Lingnan University Ordinance (54 of 1999) (Commencement) (No. 2) Notice 1999.....	262/99
Post Office (Amendment) Regulation 1999 (L.N. 178 of 1999) (Commencement) Notice 1999.....	263/99
Merchant Shipping (Safety) (High Speed Craft) (Amendment) Regulation 1999 (L.N. 182 of 1999) (Commencement) Notice 1999.....	264/99
Import and Export (Strategic Commodities) Regulations (Amendment of Schedules 1 and 2) Order 1999 (L.N. 183 of 1999) (Commencement) Notice 1999.....	265/99

Other Papers

- No. 21 — The audited Statements of Accounts of the Provisional Regional Council for the financial year ended 31 March 1999 and the Director of Audit's Report
- No. 22 — Provisional Regional Council Annual Report 1998-99
- No. 23 — Provisional Regional Council Revised Estimates of Expenditure 1999/2000
- No. 24 — The audited Statement of Assets and Liabilities, Statements of Receipts and Payments and Statement of Revenue and Expenditure by Select Committees of the Provisional Urban Council for the year ended 31 March 1999 and the Director of Audit's Report
- No. 25 — Provisional Urban Council Annual Report 1998/99
- No. 26 — Office of the Telecommunications Authority Trading Fund Report for the period from 1 April 1998 to 31 March 1999

Report of the Bills Committee on Adaptation of Laws (No. 5) Bill 1999

WRITTEN ANSWERS TO QUESTIONS**Submission of Reports by Auditors**

1. **MR ERIC LI:** *Madam President, section 61 of the Banking Ordinance (Cap. 155), section 53D of the Insurance Companies Ordinance (Cap. 41), section 89A of the Securities Ordinance (Cap. 333) and section 51A of the Commodities Trading Ordinance (Cap. 250) provide that an auditor shall not be*

regarded as contravening his duty by reason of his communicating in good faith to the relevant authorities any information or opinion on a matter of which he becomes aware in his capacity as auditor. In this connection, will the Government inform this Council of the respective numbers of reports of suspected fraudulent acts or omissions that have been submitted to these authorities by auditors since the respective provisions in their present form came into operation?

SECRETARY FOR FINANCIAL SERVICES: Madam President, since the respective provisions in their present form came into operation, the Hong Kong Monetary Authority has not received any report submitted by auditors pursuant to section 61 of the Banking Ordinance; and the Insurance Authority has received two reports by auditors pursuant to section 53D of the Insurance Companies Ordinance. The Securities and Futures Commission has respectively received 120 and 15 reports by auditors pursuant to section 89A of the Securities Ordinance and section 51A of the Commodities Trading Ordinance since April 1997¹.

Cultivation of Local Talents

2. **DR DAVID LI:** *Madam President, the Government plans to launch a scheme to import talented mainlanders who excel in their own fields and possess the technological know-how and experience most needed in Hong Kong. In this connection, will the Government inform this Council of the plans it has for cultivating local talents and enabling them to face the competition from these talented mainlanders?*

SECRETARY FOR EDUCATION AND MANPOWER: Madam President, the aim of the Admission of the Talents Scheme is to admit mainland talents with outstanding qualifications, experience or expertise that are not readily available

¹ The Securities and Futures Commission (SFC) does not maintain a central database for these reports. They are filed in separate intermediaries files, making it an extensively time-consuming process to retrieve the relevant data. Within the resources and time constraints, the SFC is therefore unable to provide the figures as from the commencement of the relevant provisions.

but of value to Hong Kong. The talents admitted through the Scheme will enhance the competitiveness of our economy as a manufacturing or services centre, particularly in knowledge-intensive, high value-added activities.

As a matter of practice, the Administration regularly reviews with training institutions the provision of training places for local people in support of Hong Kong's development needs. For instance, we are seeking the advice of the University Grants Committee on whether the number of research postgraduate students should be increased in the next triennium so as to strengthen the pool of local researchers in support of Hong Kong's development towards a centre of technology and innovation.

Following the introduction of the Scheme, the Administration will monitor the types of talent admitted and discuss with the training institutions the possibility of cultivating such talents locally.

Selection of Sites for Social Security Field Units

3. **MR LAW CHI-KWONG** (in Chinese): *Madam President, regarding the selection of sites for social security field units (SSFUs) by the Social Welfare Department (SWD), will the Government inform this Council of:*

- (a) *the factors to be considered in selecting the sites, and whether their accessibility to the elderly and disabled persons is one of the factors; if so, how this factor is weighted;*
- (b) *the remedial measures to be taken when elderly and disabled persons indicate that they have difficulties in visiting a particular SSFU; and*
- (c) *the mechanism in place for clients to express their views on the selection of sites for SSFUs?*

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

- (a) When the SWD selects premises for its SSFUs, convenience for the clients is one of the prime factors taken into consideration. Other factors that are always taken into account include availability of suitable premises in the district having regard to the size, rent level and the intended use of the premises; cost of maintenance and refitting; the need to ensure continuity in service; accessibility to the premises by public transport, and so on. The SWD will also bear in mind the special needs of the elderly and disabled clients, for example, whether there are ramps for use by those in wheelchairs. The SWD will seek professional advice from the Government Property Agency and the Architectural Services Department and balance all factors before taking a decision. But it will not be possible to assign to these factors weightings that are applicable in all districts.
- (b) As explained above, the SWD will bear in mind the special needs of elderly and disabled clients when planning new SSFU offices. The SSFUs will also put in place additional measures, where necessary, to facilitate visits by elderly and disabled clients. For example, when a SSFU has to relocate, it will send its new address to all existing clients three weeks before the move. It will ensure that there are clear directional signs in the building and nearby, where appropriate, showing the location of the new office. Where necessary, volunteers will be deployed to provide escort service inside the building in the initial period after relocation. Furthermore, SSFU staff is happy to provide special assistance, such as home visits, to elderly or disabled clients who have genuine difficulties in visiting the SSFU in person.
- (c) Clients may contact the SSFU direct if they have any comments on the selection of premises for a SSFU. They can do this by telephone, by fax, by post or in person. In addition, customer liaison group consisting of client representatives has been set up in every district. Client representatives are welcome to raise any topics relating to any aspects in the administration of the social security schemes for discussion at the liaison groups.

Preventing Contractors of Public Housing from Jerry-building Practices

4. **DR RAYMOND HO** (in Chinese): *Madam President, it was reported that in the newly completed flats of Un Chau Estate in Sham Shui Po, the cement used in basin stands and stove tops in kitchens was found to be mixed with other materials such as cardboard and styrofoam. In this connection, will the Government inform this Council:*

- (a) *of the follow-up actions taken in respect of such cases; whether the authorities have investigated the contractor concerned to establish if there have been jerry-building practices;*
- (b) *whether it has plans to check if other newly completed public housing flats have the same problem; and*
- (c) *of the measures it will take to prevent contractors of public housing from jerry-building practices?*

SECRETARY FOR HOUSING (in Chinese): Madam President, the Housing Authority has completed an investigation of the incident at Un Chau Estate. The finding is that bathroom vanity tops, cooking benches and sink units have been provided in accordance with relevant contract specifications. Light weight concrete, made of polystyrene beads and cement, is used to construct the slabs of stainless steel cooking benches and sink units in order to reduce weight and prevent vibration. Such design is safe. As regards bathroom vanity tops, medium density fibreboard is used because it is moisture resistant. The vanity top is supported by a steel frame, and the whole assembly is structurally safe.

It is the Housing Authority's usual practice to inspect all newly completed public housing flats to ensure compliance of standard components with contract specifications.

There are a number of measures to prevent contractors from jerry-building. First, standard components are supplied to construction sites by approved suppliers only, and these components have already been tested for compliance prior to approval being given to such suppliers. Secondly, samples are taken regularly from components to be delivered to sites for testing to ensure

compliance. Thirdly, an approved sample is kept at each construction site, and Housing Authority site staff will inspect a percentage of the components delivered to the site during installation. Fourthly, Housing Authority site staff will carry out inspections to check the compliance of all installations before the flats are handed over.

Safety of Liquefied Petroleum Gas Vehicles

5. **MR LAU KONG-WAH** (in Chinese): *Madam President, regarding the safe use of liquefied petroleum gas (LPG) vehicles, will the Government inform this Council:*

- (a) whether it knows the experience of other territories in using LPG vehicles and whether there have been accidents related to the LPG fuel system on vehicles; if so, of a breakdown of these accidents by causes;*
- (b) whether it has studied if it is safe to use mobile phones in LPG vehicles and the possibility of vehicle explosion or fire so caused; if so, of the findings;*
- (c) whether it plans to publish guidelines for the public on issues requiring the attention of passengers in LPG taxis; and*
- (d) of the marking for identifying LPG taxis?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Chinese): Madam President,

- (a) Over four million LPG vehicles are in operation in about 30 countries such as Japan, the Netherlands, Australia, Austria and Italy with proven safety records. The fuel tanks of LPG vehicles are designed to withstand severe impact without rupture and can survive vehicle fire. Overseas experience shows that LPG vehicles are at least as safe as diesel and petrol vehicles.

A risk assessment consultant commissioned by us carried out a survey of previous accident experience with gas fuelled vehicles. The consultant found that there had been very few accidents involving the fuel systems of gas vehicles. There were four reported LPG vehicle accidents on the road. Details are at Annex A. It should be noted that all four cases involved converted LPG vehicles which are not allowed in Hong Kong. We only allowed custom made LPG vehicles produced by original vehicle manufacturers which are subject to very high safety and performance standards. Our risk consultant has confirmed that there had not been any accidents relating to the fuel system of custom made LPG vehicles.

- (b) The risk of explosion or fire associated with the use of mobile telephones in an LPG vehicle is extremely low. First, LPG vehicle fuel systems are closed systems with safety features to prevent accidental release of LPG. The risk of fuel leakage is less than that of a petrol or diesel vehicle. In addition, the fuel system of an LPG vehicle in Hong Kong is required to be physically separated from the passenger compartment in order to further prevent any accumulation of LPG. Second, LPG will only burn when mixed with air in proportions within the flammable limits and there is an ignition source. According to a study carried out by the Inter-departmental Working Group on the Use of Mobile Phones at Petrol Filling Stations, the output energy of a mobile telephone is generally too low to cause ignition.
- (c) There is no particular aspect to which passengers have to pay special attention while travelling on LPG taxis as compared to the case of diesel taxis. The general conduct of taxi passengers is specified in Regulation 46 of the Road Traffic (Public Service Vehicles) Regulations. The safety-related provisions of the regulations such as not to enter or alight from a taxi while it is in motion and not to lean out of a taxi apply equally to both types of taxis.
- (d) A specially designed LPG taxi logo is placed at both the front fender and the boot lid of each LPG taxi for identification purpose and for promotion of the LPG taxi scheme. A sample of the logo is at Annex B.

Annex A

Reported LPG vehicle accidents on the road

<i>Date</i>	<i>Place</i>	<i>Cause of Accident</i>
October 1990	Thailand	A converted LPG taxi (converted from petrol fuelled to run on both petrol and LPG) exploded presumably due to a gas leak.
November 1992	Australia	A fire occurred in a converted LPG van. Subsequent forensic tests revealed that the fire was not LPG related.
December 1994	Thailand	A converted LPG vehicle exploded in a road accident after being hit by a heavy truck.
April 1996	Slovakia	The petrol tank of a converted LPG vehicle exploded, followed by an explosion of the propane fuel tank.

Annex B

Control of Vehicle Emissions

6. **DR LUI MING-WAH** (in Chinese): *Madam President, regarding the air pollution problem caused by vehicle emissions, will the Government inform this Council:*

- (a) *apart from providing grants for installing catalytic converters on diesel goods vehicles and buses, of the other measures it will take to reduce air pollution caused by vehicle emissions;*
- (b) *given that there are reports that vehicles installed with catalytic converters may emit larger amounts of substances hazardous to health if they run on low-grade diesel, whether it will consider adopting legislative measures to prohibit vehicles from using low-grade diesel;*
- (c) *whether it has any plans to conduct a study on the feasibility of using liquefied petroleum gas (LPG) as fuel for heavy vehicles and buses; and*
- (d) *of the progress of the feasibility study on the introduction of electric trolley buses into Hong Kong?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Chinese): Madam President,

- (a) A wide range of ongoing and new measures are being implemented to reduce emissions from all categories of vehicles. These include:
 - (i) taxis: grants will be provided to assist owners to switch to LPG vehicles. We are also working to ensure that adequate supporting facilities for LPG vehicles can be provided at relatively low costs;
 - (ii) light buses: a trial of LPG and other alternative fuelled light buses will be launched next year. If the results are satisfactory, we intend to provide financial assistance similar

to that for the taxi trade to encourage operators to switch to clean alternatives;

- (iii) light diesel vehicles: subject to ongoing operational trails, we intend to provide free installation of particulate traps which are capable of reducing about 20% particulates emissions for all pre-Euro standard light diesel vehicles (including diesel taxis and light buses before they switch to LPG). For the longer term, we will be considering other alternatives to diesel for these vehicles;
- (iv) buses: the franchised bus companies have agreed to retrofit some 2 000 buses that do not meet the Euro II emission standards over the next two years with catalytic converter. They also plan to scrap most of their older buses over the next three years. All replacement buses will be new models which meet the latest emission standards. The Transport Department is also continuing with its programme to rationalize bus services and reorganize bus stops in busy areas to reduce congestion, improve traffic flow and reduce pollution;
- (v) medium and heavy diesel vehicles: subject to ongoing operational trials, we intend to provide free installation of catalytic converters which are capable of reducing up to 50% of the particulates emissions for all pre-EURO standard medium and heavy diesel vehicles;
- (vi) all vehicles: we will be adopting the more stringent Euro III emission standard for all new diesel vehicles as from 2001. As further practicable emission standards for diesel or for petrol vehicles are developed in coming years, they will be introduced into Hong Kong. We will present next year proposals for phasing in age limits for different categories of vehicles for consultation;

- (vii) fuels: we intend to reduce the benzene in petrol to not more than 1% in 2000 and to reduce the sulphur content of motor diesel to not more than 0.035% in January 2001. We are seeking also to introduce ultra low sulphur diesel (with sulphur content of 0.005%) initially for the franchised bus fleet;
- (viii) emission control: we introduced in September 1999 an advanced smoke test (by means of a dynamometer) for light diesel vehicles spotted for emitting excessive smoke. Dynamometers for conducting smoke tests on heavy diesel vehicles will be introduced next year. We intend to introduce a legislative proposal later this year to increase the fixed penalty for smoky vehicles to \$1,000. We will also conduct strengthened smoke tests as part of the annual inspection programme of all commercial vehicles and to introduce an emission check in the roadworthiness inspection to petrol vehicles;
- (ix) education and training: seminars and workshops for the vehicle service trade aim to promote proper maintenance to reduce emissions and to familiarize them with the dynamometer smoke tests are being held. We will also be working with the vehicle service trade and the Vocational Training Council to study ways to assist the trade to improve its standards of service;
- (x) pedestrianization: pedestrian precincts are being planned in a number of new development areas and on both sides of the harbour. An inter-departmental action group is studying potential street level pollution blackspots which could benefit from pedestrianization or other means which could reduce pedestrian exposure to pollution;
- (xi) transport planning: we will integrate transport and land use planning in a more timely and co-ordinated manner in order to reduce the police's need to travel, which in turn alleviates the demands put on the transport system and reduces vehicle emissions.

- (b) Diesel is a mixture of hydrocarbon fuel which has a certain amount of sulphur content. Different grades of diesels differ in their sulphur content as well as its hydrocarbon composition. In Hong Kong, 0.05% sulphur content is specified for motor vehicle diesel. The Environmental Protection Department tested a diesel catalyst with a low-grade diesel of higher sulphur content (0.2%) and found its performance satisfactory. Vehicle using diesel with higher sulphur content will lead to higher emissions of sulphur dioxide and sulphates but this has nothing to do with the use of catalytic converters. There will not be any increase in harmful substances if vehicles installed with catalytic converters run on high sulphur content diesel. On the contrary, overseas reports show that diesel catalysts are effective in substantially reducing total hydrocarbon emissions including toxic hydrocarbon emissions.

The Air Pollution Control (Motor Vehicle Fuel) Regulation prohibits the supply or sale of any motor vehicle diesel that has a sulphur content exceeding 0.05% by weight in Hong Kong. The sale or use of duty-not-paid diesel (which may include higher sulphur content diesel) is also an offence under the Dutiable Commodities Ordinance. We are aware that cross-boundary goods vehicles are allowed to refill a certain amount of diesel (a maximum of 300 litres depending on the size of vehicle) in the Mainland and such diesel may contain a higher sulphur content. At this point we do not consider it appropriate to prohibit the cross-boundary vehicles from refuelling in the Mainland since vehicle drivers have a practical need to do so, but we are collaborating with the Guangdong authorities to look into the feasibility of harmonizing motor diesel fuel specifications.

- (c) The Government has done a preliminary study of fuelling larger vehicles by LPG. The initial findings indicate that the fuel-infrastructure and lack of suitable vehicles will be a constraint. Also, there may be a general increase in risk level out of a greater use of LPG. Our plan is to extend the use of LPG from taxis to light buses before we consider whether other classes of vehicles can also run on LPG.

- (d) The Government will commission a consultancy study to examine the feasibility of introducing an electric trolley bus system in Hong Kong as a longer-term measure to help reduce vehicle emissions from road transport. The study will cover, *inter alia*, the operational, financial and legal implications of introducing such a system in Hong Kong's operating environment. We aim to commence the study in early 2000.

Implementation of Demand Side Management Programmes

7. **MR HOWARD YOUNG:** *Madam President, regarding the implementation of the Demand Side Management Programmes as a means to achieve energy efficiency and protect the environment, will the Government inform this Council whether it knows:*

- (a) *the issues that the power companies have to resolve before they can implement the Programmes; and*
- (b) *the scheduled launch date of the Programmes?*

SECRETARY FOR ECONOMIC SERVICES: Madam President, we consulted the Panel on Economic Services of this Council on 24 May 1999 on a plan for implementing the Demand Side Management Programmes. At the Panel meeting, Members expressed concerns over a number of issues such as the tariff impact of the Programmes, supply of energy-labelled appliances and possible alternative arrangements for promoting energy efficiency. In view of Members' concerns, we agreed not to implement the Programmes for the time being until we have further considered Members' views in consultation with the two power companies. We are now discussing with the power companies on ways to improve the Programmes and would revert to the Panel before end of the year.

New Territories Small Houses

8. **MISS CHRISTINE LOH:** *Madam President, regarding the New Territories small houses, will the Administration inform this Council:*

- (a) of the current number of outstanding small house applications and the total area of land involved in these applications;*
- (b) whether it knows the number of eligible indigenous male villagers who have yet to submit applications for building small houses and the total area of land involved; and*
- (c) of the recommendations made by the Committee set up to examine the small house policy; and of the scheduled date for such recommendations to be submitted to this Council?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Madam President,

- (a) As at 30 September 1999, there were about 16 650 outstanding small house applications. Based on the requirement of about 130 sq m of land for one small house development, the estimated amount of land involved in these applications is about 216 hectares;
- (b) There is no estimate of the number of eligible indigenous male villagers who have yet to submit applications for building small houses and therefore there is no estimate of the total area of land involved. Such estimate is not particularly meaningful as not all eligible indigenous male villagers will submit applications for various reasons such as migrating overseas, and not all applications will be successful for various reasons such as land title problems and site constraints. In fact, our record shows that the rejection rate for small house applications is over 60%; and
- (c) We aim to complete the review on the small house policy by end of the year. We will then consult the Council and concerned parties and the general public on the outcome of the review.

Shuttle Bus Services between Tung Chung MTR Station and New Airport

9. **MR HOWARD YOUNG:** *Madam President, regarding the shuttle bus services between Tung Chung Mass Transit Railway (MTR) Station and the airport at Chek Lap Kok, will the Government inform this Council whether it has plans to discuss with the parties concerned with a view to tying in the departure times of these buses with the arrival times of the MTR trains at the Station?*

SECRETARY FOR TRANSPORT: Madam President, there are four whole-day and one peak-hour supplementary airport shuttle bus routes plying between Tung Chung MTR Bus Terminus and Chek Lap Kok. The frequencies of these bus services range from six to 25 minutes throughout the day, with more frequent services during peak hours.

These bus routes serve passengers from Tung Chung New Town as well as those interchanging for the shuttle bus service from other transport modes including the MTR Tung Chung Line. When working out the service frequencies of these bus routes, the bus companies have taken into account a number of factors, including the time-table of the Tung Chung Line and the passenger demand. Bus captains of the bus companies have been instructed to synchronize the bus departure time with the arrival time of MTR services as far as possible. For example, the bus captains would usually allow for some flexibility in the bus departure so as to wait for the passengers arriving from the MTR.

Given the present passenger demand for these shuttle bus services, it may not be financially viable to increase their frequency to match the 10-minute frequency of the Tung Chung Line throughout the day. That said, the Transport Department will work closely with the bus companies and where necessary, fine-tune the time-tables of the airport shuttle bus services from Tung Chung MTR Station to meet changing circumstances.

Emissions from Diesel-powered Buses

10. **MISS CHRISTINE LOH:** *Madam President, regarding emissions from diesel-powered buses, will the Administration inform this Council whether:*

- (a) it knows the number of operational buses of each franchised bus company that do not comply with the Euro II emission standard;*
- (b) it is stipulated in the franchise agreements with the bus companies that they should take responsibility for exercising stringent controls over the emission of their buses;*
- (c) it has any plans to provide incentives to franchised bus companies to switch to the use of less polluting fuels, such as ultra low sulphur diesel, biodiesel or natural gas; and*
- (d) it knows if franchised bus companies have plans to replace the older or the more polluting buses as a matter of priority?*

SECRETARY FOR TRANSPORT: Madam President, at present, 2 211 in-service buses are of Euro II standard. This accounts for 37% of the total franchised fleet of 5 992 buses. Another 1 334 buses (22%) are of Euro I standard. The remaining 2 447 (41%) are of pre-Euro standard.

The controls on emission standards of franchised buses are statutory requirements rather than franchise requirements. The Public Bus Services Ordinance empowers the Commissioner for Transport to monitor the maintenance of the franchised buses. Each franchised bus company has its own well-established maintenance schedule which is closely monitored by the Transport Department. The Department also arranges vehicle examiners to conduct spot checks on in-service buses every day to ensure that a high standard of maintenance and acceptable emission level are maintained.

The introduction of ultra low sulphur diesel fuel, combined with tighter engine emission standards and the use of diesel catalysts, is a promising means reduce emissions from the franchised bus fleet significantly within the next few years. Given that the franchised bus companies are currently already exempted from the duty on diesel fuel and First Registration Tax on vehicles, the scope for

further financial incentives is limited. The Administration has been concentrating on removing any obstacles to the supply and use of ultra low sulphur diesel by the franchised bus fleet. At the same time, we will keep an open mind on the introduction of other cleaner fuels and will work with the franchised bus companies and others to identify practical options to introduce such fuels.

The franchised bus companies have a programme to retrofit diesel catalysts on some 2 000 buses of pre-Euro standard within the next two years. The catalysts could reduce emission by up to 50% from individual vehicles. Most of the other older buses with pre-Euro engine would be scrapped within the next three years.

Consultation Concerning Services of Social Security Field Units

11. **MR LAW CHI-KWONG** (in Chinese): *Madam President, will the Government inform this Council how it determines the matters related to the services of social security field units (SSFUs) on which it should consult the public, and of the criteria for determining such matters?*

SECRETARY FOR HEALTH AND WELFARE (in Chinese): Madam President, the SSFUs are responsible for implementing social security schemes according to established guidelines. The Social Welfare Department (SWD) will determine how SSFUs should be operated to provide appropriate services to different categories of clients. Customer liaison groups consisting of client representatives have been set up in every district to collect feedback on the services provided by SSFUs in their daily operations. Major changes to the administration of the social security schemes, for example, the provision of additional assistance to unemployed CSSA recipients under the Support for Self-reliance Scheme, will also be discussed in these groups. Client representatives are welcome to raise any topics relating to any aspect of the administration of the social security schemes for discussion. Clients themselves may also contact the SSFU in their district directly if they have any comments on the operations of the SSFU.

Safety of Nuclear Power Plant in an Earthquake

12. **MISS EMILY LAU** (in Chinese): *Madam President, it is reported that, on 30 September this year, an earthquake with a magnitude of 3.7 on the Richter scale occurred in Dapeng Peninsula in the vicinity of Daya Bay Nuclear Power Plant. In this connection, will the executive authorities inform this Council:*

- (a) *whether they know if the nuclear power plant is located in an active seismic zone and the maximum strength of an earthquake it can withstand; and*
- (b) *of the existing mechanism for the Administration and Hong Kong people to know whether the operation and safety of the nuclear power plant have been affected if an earthquake occurs in the area where it is situated or in its neighbourhood, and the way in which the mechanism operates?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) The Guangdong Nuclear Power Station (GNPS) is not located on any active seismic belt. Nevertheless, the GNPS has been designed and built to be able to withstand tremors of up to Intensity VIII on the Modified Mercalli Scale^{Note}. Furthermore, as an additional safeguard, the reactors may be shut down safely, if necessary.
- (b) In the event of a safety incident at the GNPS which may result in a release of radioactivity, irrespective of whether an earthquake is involved, the Guangdong authority will notify the Hong Kong Observatory as soon as possible through an established dedicated channel. Furthermore, in case of any special event which may affect the normal operation of the GNPS, the plant operator will, through the CLP Hong Kong Limited, notify the Hong Kong Observatory.

^{Note} The Modified Mercalli Scale classifies the intensity of earthquakes into 12 levels ranging from Intensity I ("not felt") to Intensity XII ("total damage").

Upon notification, the Hong Kong Observatory will, in consultation with the Electrical and Mechanical Services Department and the Department of Health, assess the situation and advise the Secretary for Security on the need to activate the Daya Bay Contingency Plan and the appropriate activation level.

In the unlikely event that the Daya Bay Contingency Plan is activated, the Information Services Department will co-ordinate public dissemination of up-to-date information and ensure that the public is advised on the contingency measures, if required.

Maintenance of Old Public Rental Housing Estates

13. **MR FRED LI** (in Chinese): *Madam President, at present, the main doors and metal gates of many flats in public rental housing (PRH) estates aged 10 years or more are rather dilapidated, while other indoor installations also need repairing. In this connection, will the Government inform this Council whether it knows:*

- (a) *if the Housing Authority (HA) plans to replace or repair the main doors and metal gates for all the flats in PRH estates aged 10 years or more; if so, of the details; if not, the reasons for that;*
- (b) *the items of fittings and fixtures in PRH flats the maintenance responsibility for which rests with the HA and the tenants respectively;*
- (c) *given that with effect from 1 April 1999 the HA ceased to arrange for tenants the repair services payable by the tenants themselves, of the channels through which tenants are informed of the repair items to be taken up by the HA and the items to be handled by contractors hired by tenants directly; and*
- (d) *if the HA will embark on a comprehensive study on the various repair and maintenance problems caused by the building design of old type PRH estates, formulate appropriate policies and measures on the maintenance of buildings of old-type PRH estates and draw up a timetable for the necessary works; if not, the reasons for that?*

SECRETARY FOR HOUSING (in Chinese): Madam President, to ensure cost-effectiveness and to avoid wastage, the HA's policy is to replace or repair the main doors and metal gates of domestic flats in PRH estates only when necessary.

The HA is responsible for funding and carrying out repairs to fixtures and fittings installed by the HA inside tenants' flats if these repairs relate to defects attributable to normal wear and tear. Tenants should hire their own contractors to carry out repairs to those fixtures and fittings which have been altered by tenants themselves, repairs which are not attributable to normal wear and tear, and decorations and finishes installed by tenants themselves.

Tenants have been informed of the above arrangements through Estate Management Advisory Committee meetings, estate newsletters, and notices posted in estate offices and individual housing blocks.

As the present arrangements are considered appropriate, the HA does not intend to embark on a comprehensive study of maintenance and repair of PRH estates. In case of specific maintenance problems, the HA will identify the cause and carry out rectification works if it is responsible for such works.

Copyright Royalty Charges

14. **MR MA FUNG-KWOK** (in Chinese): *Madam President, the Copyright Ordinance (Cap. 528) empowers registered licensing bodies to levy copyright royalty charges on users of copyright works. In this connection, will the Government inform this Council:*

- (a) of the composition of such bodies, as well as the basis for the determination and apportionment of copyright royalty charges; and*
- (b) how it ensures that the levels of copyright royalty charges set by these bodies are fair and reasonable?*

SECRETARY FOR TRADE AND INDUSTRY (in Chinese): Madam President,

- (a) The Copyright Ordinance does not stipulate the composition of copyright licensing bodies or the basis for the determination and apportionment of copyright licence fees. However, we are drafting subsidiary legislation to implement the voluntary registration system of copyright licensing bodies provided under the Copyright Ordinance, with a view to enhancing the transparency of the fees charged by them.
- (b) The Copyright Ordinance provides a mechanism for settling disputes arising from the collection of copyright licence fees. Anyone who finds the licence fees charged under a copyright licensing scheme unreasonable may lodge a complaint with the Copyright Tribunal. The Copyright Tribunal is a statutory body established under the Copyright Ordinance. It is a quasi-judicial body appointed by the Chief Executive, and is empowered to adjudicate on, amongst other things, disputes arising from the collective administration of copyright.

Allocation of Time Slots for Holding Marriage Ceremonies

15. **MR TAM YIU-CHUNG** (in Chinese): *Madam President, the Immigration Department currently handles, on a first-come-first-served basis, applications by the public for appointments for holding marriage ceremonies at a marriage registry. Some members of the public queue outside marriage registries for a number of days in order to ensure that their marriage ceremonies will be held on certain popular days. In this connection, will the Government inform this Council:*

- (a) *how the priority is decided between Notices of Marriage sent in by mail from overseas and those submitted to marriage registries in person by the public; and*

- (b) *whether it will consider allocating the dates and time slots for holding marriage ceremonies by drawing lots, instead of on a first-come-first-served basis; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) Regarding the allocation of appointments for marriage at marriage registries, irrespective of the method of application, overseas applicants mailing in Notice of Marriage and local applicants submitting it in person will have their wishes accommodated if the demand for marriage appointments on the specific date requested has not exceeded the booking capacity. In the event of excessive demand, priority will be given to applicants who make submission in person. The Immigration Department will contact the overseas applicants concerned to arrange appointments on alternative dates. In the first nine months of this year, there was no case in which an alternative date needed to be arranged for overseas applicants.
- (b) The first-come-first-served arrangement is adopted because it provides an opportunity for applicants to choose a desired date and time slot for marriage solemnization. The lot-drawing method offers less flexibility. If it is used arbitrarily, some applicants might be given a marriage appointment date which they dislike, for example, an inauspicious day on the Chinese calendar. While we do not intend to replace the first-come-first-served arrangement, measures are being considered to improve it. These include the use of an interactive voice processing system to allow the public to book a marriage appointment by telephone. This method will obviate the need for queuing up outside marriage registries without compromising the first-come-first-served principle. In the longer term, automated booking may be introduced through the Internet or other electronic means.

Staff of Education Department Taking up Private Duties

16. **MR CHEUNG MAN-KWONG** (in Chinese): *Madam President, it was reported that a Senior Education Officer of the Education Department (ED) had, without making any declaration of interests, acted as an honorary adviser to an aided school of which she would become the principal upon her retirement early next year. In this connection, will the Government inform this Council of:*

- (a) the number of senior officers of the ED who have been appointed to posts of headmasters, principals or senior staff in aided primary schools, secondary schools and other educational institutions upon their retirement last year;*
- (b) the existing mechanism and requirements for declaration of interests adopted by the ED regarding the taking up of private duties by its staff; the number of cases in which such requirements have been breached, and the number of staff against whom disciplinary actions have been taken in the past five years; and*
- (c) the measures currently in place to prevent senior officers of the ED from exploiting their official capacity to boost their chances of being employed as headmasters or principals of aided schools or taking up posts in other educational institutions upon their retirement?*

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

- (a) From October 1998 to September 1999, a total of five officers of the ED at the ranks of Senior Education Officer and above were appointed principals or senior staff in aided schools or other educational institutions while they were on their pre-retirement leave or during the first two years of retirement. Officers who have retired from the Civil Service for more than two years are not required under the Civil Service Regulations to seek permission before taking up outside appointments and so we do not have information on appointment of these retired officers to schools or other educational institutions.

- (b) There are established rules and regulations governing conflict of interests and taking up of outside work by civil servants. All officers are required to make a conscious effort to avoid or declare, as appropriate, any conflict that may arise or have arisen in various situations, including the taking up of outside work. Any officer who wishes to take up outside work, either paid or unpaid, during working hours must obtain permission from the head of his department. The head of department may give permission after, *inter alia*, being satisfied that the work is clearly in the public interest. As regards the taking up of paid outside work outside working hours, an officer has to likewise obtain permission from his head of department before taking up the work. The head of department will consider, amongst others, whether the outside work may conflict with the officer's duties as a civil servant. If the outside work is unpaid, the officer concerned is required to consider conscientiously whether conflict of interests exists or may exist, and if so, he must seek his head of department's consent.

As with all civil servants, staff of the ED are required to follow the relevant rules and regulations on declaration of interests and taking up of outside work. The Department also imposes additional departmental requirements on officers undertaking outside work. These requirements aim to prevent officers from accepting or taking up outside work which may give rise to a real or apparent conflict of interests with their official duties or position. They cover, *inter alia*, the following:

- (i) professional officers are not permitted to undertake teaching or other teaching-related and school administrative outside work in the aided or private sector; and
- (ii) all ED staff should refrain from having private interests in any educational business or its related business. They are not permitted to engage in such work.

Also, officers are required to state clearly in their application forms for undertaking outside work whether there will be any conflict of interests in taking up outside work.

Officers who fail to meet the service-wide requirements and the additional requirements of the ED are liable to disciplinary action.

In the past five years (January 1995 to September 1999), a total of 14 ED officers were found to have failed to comply with the relevant procedures. Disciplinary actions in the form of written or verbal warnings have been taken on all 14 officers for procedural non-compliance. None of these cases involved conflict of interests.

- (c) Officers who have retired from the Civil Service are required under the pension legislation to seek approval before taking up any employment during their pre-retirement leave and the first two years after retirement. The purpose is to ensure that retired officers do not enter into any employment which may compromise them or the Government, whether through a conflict of interests or by taking up a job which could reflect badly on or otherwise embarrass the Government.

Applications for post-retirement employment are considered having regard to the following factors:

- (i) whether they have been involved in policy formulation or decision, the effects of which could benefit their prospective employers;
- (ii) whether the prospective employers might gain an unfair advantage over competitors because of their previous knowledge and experience;
- (iii) the public perception of the officers taking up the proposed employment; and
- (iv) whether the proposed employment would result in an undesirably high public profile, embarrass the Government or give rise to any suggestions of impropriety.

Applications are considered at a senior level for close scrutiny and tight control. Applications from all non-directorate officers in the ED are approved at Assistant Director (for applicants of MPS 44 or below) or Deputy Director (for applicants of MPS 45-49) levels. Applications from directorate officers are scrutinized and recommended by the Director and are submitted to the Secretary for the Civil Service for approval.

BILLS

Second Reading of Bills

PRESIDENT (in Cantonese): Bills: Second Reading.

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on the Adaptation of Laws (No. 5) Bill 1999.

ADAPTATION OF LAWS (NO. 5) BILL 1999

Resumption of debate on Second Reading which was moved on 10 March 1999

PRESIDENT (in Cantonese): Under Rule 21(4) of the Rules of Procedure, I have permitted Mr Andrew WONG, Chairman of the Bills Committee on the Adaptation of Laws (No. 5) Bill 1999, to address the Council on the Committee's Report.

MR ANDREW WONG: Madam President, in my capacity as the Chairman of the Bills Committee on Adaptation of Laws (No. 5) Bill 1999, I would like to give an account of the work of the Bills Committee.

Like other law adaptation bills, the Adaptation of Laws (No. 5) Bill 1999 aims to adapt Ordinances to bring them into conformity with the Basic Law and with the status of Hong Kong as a Special Administrative Region of the People's Republic of China. The Bill covers 10 Ordinances and their subsidiary legislation dealing with land and building matters, including three Ordinances which members are of particular concern. These three ordinances are the Lifts and Escalators (Safety) Ordinance, the Aliens (Rights of Property) Ordinance and the Demolished Buildings (Re-development of Sites) Ordinance. I shall highlight briefly our concerns on each of these Ordinances.

The existing Lifts and Escalators (Safety) Ordinance exempts lifts and escalators installed in any building belonging to the government of any member of the Commonwealth or of a foreign country from the application of certain provisions relating to safety inspection. The Bill proposes to adapt the reference to the "government of any member of the Commonwealth" to the "Central People's Government". As the Central People's Government was no longer a foreign government on and after 1 July 1997 and has ceased to be exempted under this category, we consider the proposed adaptation appropriate in order that the Central People's Government could continue to enjoy exemption from the application of the Ordinance.

Regarding the Aliens (Rights of Property) Ordinance, our concerns are two-fold, namely, whether the Ordinance should be retained and whether the proposed adaptations are appropriate. We note that the Ordinance was enacted in 1853 pursuant to the United Kingdom Act for the Naturalization of Aliens. Since the Act has ceased to apply to Hong Kong after the reunification, our question is whether there is a need for the Ordinance. We notice that the object of the Ordinance is to remove doubt regarding the right of aliens to hold and transfer immovable property in Hong Kong. The majority of our members, therefore, consider it necessary to retain the Ordinance from the conveyancing point of view. Our members are concerned that the repeal of the Ordinance may give rise to doubts on the right of aliens to hold property after the change of sovereignty. We, however, take note of the reservation of the Honourable Miss Margaret NG about the retention of the Ordinance. Miss NG is of the view that since there has never been any doubt on the right of aliens to hold property in Hong Kong, the repeal of the Ordinance should not create such doubts.

As I have mentioned, the content of the proposed adaptations to the Aliens (Rights of Property) Ordinance has been another concern of the Bills Committee. Amongst others, the Bill proposes to repeal the preamble of the Ordinance which sets out the background to its enactment and the power upon which it was enacted. Since the background to the enactment is a historical fact which cannot be adapted and the preamble has no legal effect, we accept that deletion of the preamble is appropriate. The Administration has taken on board our suggestion to amend the Chinese rendition for "alien" from "外國人" to "外籍人士" to make it consistent with that in the Interpretation and General Clauses Ordinance. The Administration will later move amendments to the Bill to this effect.

I shall now go on to the Demolished Buildings (Re-development of Sites) Ordinance. The Ordinance provides that upon registration in the Land Registry of a final award of compensation payable to protected tenants of a building on which a redevelopment notice has been served, the amount of such compensation shall constitute a charge on the property in favour of the Financial Secretary Incorporated. The Ordinance confers on the Financial Secretary Incorporated the powers and remedies of a mortgagee by deed under the Law of Property Act 1925 and the common law in England. The Bill proposes to substitute the powers and remedies available to the Financial Secretary Incorporated under the Law of Property Act and the English common law with those under the Conveyancing and Property Ordinance and the relevant common law in Hong Kong.

We note that the powers and remedies of a mortgagee by deed under the Conveyancing and Property Ordinance are slightly wider than those under the Law of Property Act in England. In this context, the proposal in this Bill is not a straightforward law adaptation. However, having considered that the only affected party is the Financial Secretary Incorporated and that the relevant provision has not been invoked over the past 15 years, we accepted the proposal.

Madam President, the Bills Committee supports the resumption of the Second Reading debate on the Bill.

Thank you, Madam President.

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

(No Member responded)

PRESIDENT (in Cantonese): Secretary for Planning, Environment and Lands, do you wish to reply?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Madam President, I have nothing to add to the Report of the Chairman of the Bills Committee. May I just thank him and all other members of the Bills Committee who have worked on this piece of legislation. With this, I shall be moving an amendment later on.

Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Adaptation of Laws (No. 5) 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): Adaptation of Laws (No. 5) Bill 1999.

Council went into Committee.

Committee Stage

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

ADAPTATION OF LAWS (NO. 5) BILL 1999

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Adaptation of Laws (No. 5) Bill 1999.

CLERK (in Cantonese): Clauses 1 to 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): Schedules 1, 3 to 10.

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): Schedule 2.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Madam Chairman, I move that Schedule 2 be amended, as set out in the paper circularized to Members. The reasons for the amendment have already been explained by the Chairman of the Bills Committee. Thank you, Madam Chairman.

Proposed amendment

Schedule 2 (see Annex)

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 amendment moved by the Secretary for Planning, Environment and Lands 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): Schedule 2 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.

ADAPTATION OF LAWS (NO. 5) BILL 1999

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

Adaptation of Laws (No. 5) Bill

has passed through Committee with amendment. 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 Adaptation of Laws (No. 5) 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): Adaptation of Laws (No. 5) Bill 1999.

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on the Adaptation of Laws (No. 21) Bill 1999.

ADAPTATION OF LAWS (NO. 21) BILL 1999**Resumption of debate on Second Reading which was moved on 14 July 1999**

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Adaptation of Laws (No. 21) 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): Adaptation of Laws (No. 21) Bill 1999.

Council went into Committee.

Committee Stage

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

ADAPTATION OF LAWS (NO. 21) BILL 1999

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Adaptation of Laws (No. 21) Bill 1999.

CLERK (in Cantonese): Clauses 1, 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): Schedules 1 to 7.

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

(Member 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.

ADAPTATION OF LAWS (NO. 21) BILL 1999

SECRETARY FOR TRANSPORT (in Cantonese): Madam President, the

Adaptation of Laws (No. 21) Bill

has passed through Committee without amendment. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now proposed the question to you and that is: That the Adaptation of Laws (No. 21) 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): Adaptation of Laws (No. 21) Bill 1999.

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on the Adaptation of Laws (No. 26) Bill 1999.

ADAPTATION OF LAWS (NO. 26) BILL 1999

Resumption of debate on Second Reading which was moved on 14 July 1999

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Adaptation of Laws (No. 26) 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): Adaptation of Laws (No. 26) Bill 1999.

Council went into Committee.

Committee Stage

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

ADAPTATION OF LAWS (NO. 26) BILL 1999

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Adaptation of Laws (No. 26) Bill 1999.

CLERK (in Cantonese): Clauses 1, 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): Schedules 1 to 11.

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.

ADAPTATION OF LAWS (NO. 26) BILL 1999

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): Madam President, the

Adaptation of Laws (No. 26) Bill 1999

has passed through Committee without amendment. 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 Adaptation of Laws (No. 26) 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): Adaptation of Laws (No. 26) Bill 1999.

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on the Adaptation of Laws (No. 31) Bill 1999.

ADAPTATION OF LAWS (NO. 31) BILL 1999

Resumption of debate on Second Reading which was moved on 14 July 1999

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Adaptation of Laws (No. 31) 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): Adaptation of Laws (No. 31) Bill 1999.

Council went into Committee.

Committee Stage

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

ADAPTATION OF LAWS (NO. 31) BILL 1999

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Adaptation of Laws (No. 31) Bill 1999.

CLERK (in Cantonese): Clauses 1, 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): Schedules 1 to 14.

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.

ADAPTATION OF LAWS (NO. 31) BILL 1999

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

Adaptation of Laws (No. 31) Bill 1999

has passed through Committee without amendment. 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 Adaptation of Laws (No. 31) 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): Adaptation of Laws (No. 31) Bill 1999.

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on the Adaptation of Laws (No. 28) Bill 1999.

ADAPTATION OF LAWS (NO. 28) BILL 1999**Resumption of debate on Second Reading which was moved on 14 July 1999**

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Adaptation of Laws (No. 28) 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): Adaptation of Laws (No. 28) Bill 1999

Council went into Committee.

Committee Stage

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

ADAPTATION OF LAWS (NO. 28) BILL 1999

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Adaptation of Laws (No. 28) Bill 1999.

CLERK (in Cantonese): Clauses 1, 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): Schedules 1 to 12.

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.

ADAPTATION OF LAWS (NO. 28) BILL 1999

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

Adaptation of Laws (No. 28) Bill 1999

has passed through Committee without amendment. 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 Adaptation of Laws (No. 28) 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): Adaptation of Laws (No. 28) Bill 1999.

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on the Adaptation of Laws (No. 23) Bill 1999.

ADAPTATION OF LAWS (NO. 23) BILL 1999

Resumption of debate on Second Reading which was moved on 14 July 1999

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Adaptation of Laws (No. 23) 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): Adaptation of Laws (No. 23) Bill 1999.

Council went into Committee.

Committee Stage

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

ADAPTATION OF LAWS (NO. 23) BILL 1999

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Adaptation of Laws (No. 23) Bill 1999.

CLERK (in Cantonese): Clauses 1, 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): Schedules 1 to 8.

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

(Members raised their hands)

CHAIRMAN (in Cantonese): Those against please raised 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.

ADAPTATION OF LAWS (NO. 23) BILL 1999

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, the

Adaptation of Laws (No. 23) Bill 1999

has passed through Committee without amendment. 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 Adaptation of Laws (No. 23) 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 raised their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raised 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): Adaptation of Laws (No. 23) Bill 1999.

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on the Adaptation of Laws (No. 24) Bill 1999.

ADAPTATION OF LAWS (NO. 24) BILL 1999

Resumption of debate on Second Reading which was moved on 14 July 1999

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Adaptation of Laws (No. 24) 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): Adaptation of Laws (No. 24) Bill 1999.

Council went into Committee.

Committee Stage

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

ADAPTATION OF LAWS (NO. 24) BILL 1999

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Adaptation of Laws (No. 24) Bill 1999.

CLERK (in Cantonese): Clauses 1, 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): Schedules 1 to 4.

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.

ADAPTATION OF LAWS (NO. 24) BILL 1999

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, the

Adaptation of Laws (No. 24) Bill 1999

has passed through Committee without amendment. 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 Adaptation of Laws (No. 24) 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): Adaptation of Laws (No. 24) Bill 1999.

MEMBERS' MOTION

MOTION OF THANKS

Continuation of debate on motion which was moved on 20 October 1999

PRESIDENT (in Cantonese): This Council now continues with the Motion of Thanks debate.

PRESIDENT (in Cantonese): Dr LEONG Che-hung, you may now speak on Mr Martin LEE's amendment.

DR LEONG CHE-HUNG: Madam President, I rise to speak against the amendment which expresses regrets to the conventional Motion of Thanks.

I speak against it for the following reasons:

Firstly, Madam President, I move this motion, though in my own name, yet as an honourable task for the House. In this debate, there were Honourable Members who have expressed their regrets to the policy address, yet at the same time, many have given the address their thumbs-up. It would, therefore, be wrong for me to support any amendment to the Motion of Thanks, be it to give it a further praise or a signal of condemnation.

Secondly, the purpose of the Motion of Thanks is to use neutral wording to stimulate Honourable Members to speak their minds on the policy direction of governance, with no constraint by any directions that any amendment would impose. As I said when I moved this motion, Members could express their highest appreciation to the address; they could criticize it, they could express their own version of what Hong Kong's policies should be; they could cut it into pieces, or they could throw it out of the window. There is nothing in the motion or in its wording which can stop Honourable Members from doing any of the above, and some Members have done so, not only this time, but in the past Councils.

Thirdly, Madam President, any amendment, for better or for worst, could easily lead Honourable Members with different political beliefs to channel their thoughts and debate at the amendment itself, sidestepping the principle behind the neutral motion which is to stimulate views from all elected representatives of the people. I am, of course, grateful in this debate, which lasted some two days, that in spite of the amendment moved, Honourable Members have not been overtly distracted by it. Their speeches have covered their views on how Hong Kong should move forward and I hope that the Administration will seriously take heed.

On the basis of these reasons, Madam President, I will call on Honourable Members to oppose the amendment. By so doing, I should not be accused of taking sides, rather, it will be a move to increase the chance of the original motion, the motion moved by myself on behalf of the House, to be supported.

Madam President, this must be the fourth time in the past 10 years that an amendment has been moved to the Motion of Thanks. According to my record, the first amendment was started in 1996 and this practice has then been extended throughout, including the Provisional Legislative Council debate as you would remember. On this basis, some Members have suggested that instead of a Motion of Thanks, it should be changed to a "Motion to Take Note". I would suggest that the Committee on Rules of Procedure should deliberate on this proposal, suffice it to say that whatever the wording of the motion, Honourable Members can and will find a way to amend it to tally with their political belief.

Madam President, some Members have expressed doubt on whether such a debate is necessary at all, and some even suggested that the motion as such should be removed in the days to come. I would be the first one to take variance with it. To me, such a debate is not only a conventional one that most parliaments would conduct, but it is also even more vital for this legislature which is a legislature entirely elected by the people, yet having no say in the governance of this Special Administrative Region. As such, this debate is the least that Honourable Members as people's representatives can do, or are given a chance to do, to express on how they feel Hong Kong should be governed.

Finally, Madam President, by objecting to the amendment, I do not necessarily disagree with the sentiment of disappointment as expressed by the Honourable Member who moves the amendment. It is obvious to all too, that many Members who spoke at the debate have expressed their feelings likewise. These are obvious in my personal opening speech and those from many Members who have spoken, even from some who have actually come out outrightly to support the policy address.

Madam President, the message is loud and clear. Members have a lot of misgivings about the governance of Hong Kong. They are dissatisfied with what is offered in the policy address, and that much more is needed to be done to take care of perhaps even the simple daily livelihood of the people of Hong Kong, before we can really move into the New York and London of Asia.

With these remarks, Madam President, I oppose the amendment and call on Members to do likewise.

FINANCIAL SECRETARY (in Cantonese): Madam President, when the Legislative Council debated on the Motion of Thanks last week, I noted that many Members agreed that the two subjects highlighted in this year's policy address, namely, environmental protection and education, are pivotal to the future development of Hong Kong. Yet, there were Members who criticized the policy address for not addressing the economic and employment issues which are of grave concern to the public, and they expressed dissatisfaction at this.

Is it really the case that the Government of the Special Administrative Region (SAR) has neglected the economy and turned its back on people's livelihood, as Members asserted in their criticisms? Being the official responsible for formulating economic policies of the SAR Government, as well as the Chairman of the Task Force on Employment, I am obliged to respond to Members so as to address their concerns and misconceptions.

A number of Members rightly pointed out that the public is now most concerned about their jobs and income. It is precisely because the Chief Executive realized this that he did not wait until his policy address in October this year to come up with measures to address the concerns. Instead, he made revitalization of the economy and resolving the unemployment question priority tasks of the Government as early as in last year.

To begin with, I wish to digress slightly and point out that when the economy is on the ebb, it is often a critical moment to test whether a government can strictly adhere to its fiscal principles. Under its principle of fiscal prudence, the SAR Government makes every effort to ensure that, over time, government expenditure grows at a rate no faster than that of the economy as a whole. This is part and parcel to the success of Hong Kong and explains why the SAR has been able to command confidence and commendation from investors worldwide and credit rating agencies. Only by adherence to such a fiscal principle can we provide the required resources to meet public demands on the one hand and maintain "small government" on the other. The onslaught of the financial turmoil made us see all the more clearly that had it not been the prudent fiscal principles that we have upheld over the years, and with which we managed to build up relatively healthy fiscal reserves, we could not possibly have the strength to fend off the severe attacks on us at that critical time last year, and succeeded in maintaining the stability of our financial systems. Nor could we pledge a positive growth in government expenditure for the years 1999-2000 and 2000-2001 against the backdrop of a negative economic growth in 1998.

I fully appreciate that when the economy has not completely regained its vitality and unemployment rate remains high, Members and the community will naturally have expectations of the Government. However, let us not expect the Government to be able to pull out rabbits from its pocket like a magician. When it comes to fiscal management, I believe that Members and the community should

understand that in view of a budget deficit and shrinkage in revenue, a sensible government must be more prudent in managing the wealth of Hong Kong people, trying its best to achieve savings and tap new sources of revenue. Had we gone so far as to ignore the deficit and acted generously at the expense of taxpayers, taking it as an occasion to dish out gifts whenever we report regularly on our work, and opening the public coffers time and again to offer various concessions and subsidies without having regard for the long-term interest of Hong Kong, I think Members should not only show their disapproval, but also condemn us sternly. It is because in so doing, not only would we unconsciously violate the constitutional provision of keeping expenditure within revenues under Article 107 of the Basic Law, investors worldwide and credit rating agencies would certainly look askance at us. We would be queried whether Hong Kong has departed from its proven fiscal principles, thus jeopardizing the milieu for investment. More importantly, such a practice once adopted would only encourage reliance of businesses and individuals on the Government and represent a gross departure from our road to success.

Therefore, I must take this opportunity to reiterate that the continued prosperity of Hong Kong requires the SAR Government to strictly adhere to the established principle of financial prudence. We must gradually make adjustments in the growth of government expenditure so that, over time, it returns to a level commensurate with the growth of the economy as a whole.

That said, the SAR Government has never ever neglected the importance of the economy and people's livelihood, and it will never do so. In fact, the efforts made by the Chief Executive are there for all to see. Since last year, he has spared no efforts to oversee the work of colleagues in the Government in revitalizing the economy, easing the burden on the people and making improvement in the area of employment. For more than a year, the ways to revive the domestic economy and increase employment opportunities have been the standing topics that the Chief Executive and I discussed in our regular weekly meetings.

On the efforts to facilitate economic growth, the Chief Executive highlighted in his policy address last year the need to broaden our economic base and encourage application of technology and innovation in the industrial and commercial sector with a view to gathering momentum for further development. He went further to appoint Prof TIEN Chang-lin to chair the Commission on

Innovation and Technology. With the tremendous efforts made by the Commission in around a year's time, we already see enthusiastic response from local as well as overseas enterprises. In this year's Budget, I have further put forward measures and proposals to consolidate the local financial sector and facilitate the development of information technology and tourism. These would not be made possible without the supervision of the Chief Executive. All these initiatives demonstrate the unremitting endeavours of the SAR Government to scale new heights on the economic front.

On measures to relieve the people of their plights, Members may recall that last year the Government announced a freeze on a majority of government fees and charges. In June last year, the Government further proposed a range of measures with a view to revitalizing the economy and easing the pressure on the public and businesses. Apart from easing the credit and liquidity crunch, and the moratorium on land sales to stabilize property prices, we also introduced a host of concessions both in tax and government fees and charges. They include a lower diesel duty, reduction in the declaration fees for imports and also rates rebate for the first quarter of 1998-1999.

Moreover, pursuant to the reduction in tax and rates as proposed in the 1998-1999 Budget, we also proposed a myriad of measures in the 1999-2000 Budget to further provide relief to individuals, families and businesses. These measures include the instant and partial refund of profits tax, salaries tax and property tax for 1997-1998, the extension of the period for which fees and charges are frozen, lower rates, substantial reduction in merchant shipping registration fees, as well as many other tax concessions.

To give effect to these relief measures, the Government has to take up an additional financial burden of over \$50 billion during the two financial years between 1998 and 2000.

As we know, the Government had a budget deficit of \$23 billion in 1998-1999. A deficit of \$36 billion is forecast for 1999-2000 (that is, this year). We are not sure if we will be able to fully achieve a balanced budget next year, and we forecast a modest deficit of below \$6 billion. In this connection, the Government is not minded only to save money without responding to the needs of the community in the light of the economic conditions.

Regarding the assistance for the public in seeking employment, the Chief Executive, in view of a surge in the unemployment rate since early last year, instructed me to set up the Task Force on Employment in June last year. Representatives from the commercial sector, labour sector, academic sector and training institutes were invited to work with the Government in concert to identify solutions.

Since its inception a year ago, the Task Force has sought to resolve unemployment mainly with a five-pronged approach by:

- (1) providing employment opportunities;
- (2) improving employment counselling and job placement services of the Labour Department;
- (3) expanding job training and retraining for employees;
- (4) granting more loans and subsidies to encourage continuing education; and
- (5) stepping up enforcement against illegal employment.

The Task Force has so far introduced over 30 new measures altogether. From the middle of last year to September this year, it is estimated that infrastructural and public works projects of the Government have created some 90 000 job opportunities in total. Besides, between June last year and June this year, the Labour Department also assisted close to 60 000 people to seek employment successfully. In view of the high unemployment rate among youngsters between the age of 15 and 19, the Task Force strongly supported and actively participated in the Youth Pre-employment Training Programme, a new and large scale pre-employment training programme launched in the middle of this year for youngsters to address their weaknesses, such as lacking job exposure and confidence, by providing them with the appropriate pre-employment and field training opportunities.

Members have questioned the effectiveness of retraining, contending that retraining is not at all helpful to those unemployed people who are older in age with a low education level. However, our statistics show that around 70% of the retrainees on average managed to find a job, and many of them have passed the middle age and are not well educated.

In fact, thanks to the efforts of the Task Force and the stabilizing economy, a lower unemployment rate at 6.1% was recorded for the period between July and September, compared to a high rate of 6.3% early this year. The underemployment rate has also stabilized to the neighbourhood of 3% recently. In fact, although the Hong Kong economy was undergoing adjustments in the past two years, a total workforce between 3.1 million and 3.2 million was maintained. Compared with the third quarter of 1997 when the economy of Hong Kong was at its peak, the total workforce grew by 3.6% in real terms in the third quarter of this year. Job vacancies registered with the Labour Department in the third quarter of this year also increased significantly by 15% compared to the corresponding period last year. We can see from these data that the labour market in Hong Kong did not shrink in the past two years.

There are comments that this year's policy address has emphasized only education to the neglect employment. But by objectively looking at the positive role played by retraining in helping people to seek employment, we should understand that cultivation of talents and life-long learning as stressed in the policy address are essential to sustained economic development and full employment.

The fact is the pace of economic development of a country often hinges on the education standard of its nationals. To an individual, the higher his level of knowledge and skills, the better his career prospects are safeguarded. While education is not meant to serve the economy and market, given that education endeavours can facilitate economic development and strengthen the bargaining power of individuals in employment, how can it be said that education is not correlated with the economy and employment?

Another theme of the policy address this year is the improvement of the natural and urban environment in Hong Kong. Every one knows that in many advanced countries, the environmental protection industry has developed into an important component of the economy, providing new employment opportunities

for numerous people from a diversity of sectors and with different education background. The policy address has clearly stated that the Government will focus its work on the legal and institutional frameworks, and endeavour to open up new horizons for the development of the local environmental protection industry. We will seriously study Members' proposals on the ways to facilitate better co-ordination between environmental protection and industrial policies. Later on, the Secretary for Planning, Environment and Lands will explain in greater detail the business and job opportunities that come with environmental protection. I believe that the policy on environmental protection proposed by the Chief Executive should be able to usher Hong Kong's industrial development into a new epoch with very promising prospects.

Now, let me turn to the economic situation and outlook. Having undergone adjustments for over a year, the Hong Kong economy as a whole began to show signs of recovery in the second quarter of this year. The Gross Domestic Product grew by 0.7%, which is the first positive growth recorded since the end of 1997. In the third quarter, we saw continued improvement in various economic sectors. It is believed that economic recovery will speed up distinctly.

With regard to external trade, Hong Kong's exports to Asia strongly rebounded to a growth of 10% in real terms in July and August as a result of the regional economy regaining vitality. Given a pick-up in exports of the Mainland recently, Hong Kong's export of goods to the Mainland rebounded by 8% in July and August, the first time a growth is recorded this year. As for the conventional overseas markets, exports to the United States and European Union have shown good performance.

Overall speaking, the total exports in July and August 1999 grew considerably by some 8% in real terms. This is also the first time a growth is recorded since the first quarter of last year.

Moreover, as the economies in the region continue to pick up, we are able to maintain an uptrend in tourism. In the first eight months of this year, a double-digit growth of 11% was recorded in the number of incoming visitors.

On local demands, consumer sentiments continue to revive. In July this year, retail sales reversed the 21-month declining trend and recorded a slight growth of 0.8% in real terms. A further growth of 1.9% was registered in August. Furthermore, as I said earlier, the labour market is also stabilizing.

In view of the above, I forecast that the trend for recovery can sustain and it should not be difficult for us to attain the earlier forecast of a 0.5% economic growth for the whole year. At end November, we will further review in detail the economic forecast for 1999. Results of our crude assessment of the economic growth in the third quarter will also be released then.

Still, we must be vigilant of the many uncertainties which warrant our close attention. They include the interest rate in the United States and movement of its stock market, whether or not the revitalization of the Japanese economy can sustain and the movement of the Japanese yen, and whether other Asian countries can implement financial, commercial and administrative reforms to improve their economic foundation thoroughly, thereby sustaining growth in the economies of the region.

The economy of Hong Kong has doubtlessly been hit hard by the financial turmoil that swept across Asia earlier. Yet, its effects served as a catalyst to the various adjustments in the domestic economy and led to a new round of economic restructuring. These adjustments and changes will stimulate the economy of Hong Kong to acquire enhanced competitiveness and a more consolidated foundation.

On the cost of doing business, the asset value plummeted over the past year or so. Compared to the peak level in 1997, residential property prices fell by 44% in August this year. Prices for office premises and shops have also fallen by 57% and 51% respectively. An overheated property market is now gone. Compared to the peak level in 1997, office rentals have fallen by 45% whereas shop rentals have come down by 20%.

With regard to wages, the average earnings in major sectors were down by 1% in the second quarter of this year compared to the same period last year. This represents a drastic decline *vis-à-vis* the double-digit growth before the financial turmoil.

The Composite Consumer Price Index in the first three quarters of this year also fell by 3.9%. From the recent pick-up in exports and tourism, we can see that lowered costs are indeed helpful to restore the competitive edge of local products and services in overseas markets.

However, I must point out that we cannot simply rely on adjustment in prices and costs to maintain Hong Kong's competitive edge in the long run. After all, we have a fairly mature economy. Costs and wages, despite downward adjustments, cannot possibly come down to a level comparable to that in the developing regions. For this reason, a suppression on costs and prices is obviously not the way out for Hong Kong. Instead, the only way for us to succeed is to strive for quality, innovation and originality. In this connection, we should continue to buttress the various sectors in Hong Kong, especially the high value-added technological and financial arenas, in order to facilitate the provision of more innovative products and services of international standard. This is also one of the reasons why we have made intensive efforts to promote innovation and technology, and implement reforms in the financial market.

Furthermore, Hong Kong must continue to strengthen our human capital through education and training endeavours. At the same time, we must endeavour to retain the strengths unique to us, such as the rule of law, freedom of information, a low tax rate, a clean government and so on, in order to maintain our competitive edge.

Madam President, as I said earlier, the revitalization of the economy and resolving the livelihood problems have been regarded as top priorities by the Chief Executive since a downswing in the economy of Hong Kong. At present, while the Hong Kong economy has bottomed out and shown signs of recovery, I fully understand that many citizens and businesses are still struggling desperately. The SAR Government will certainly not turn a blind eye to their predicaments. We will continue to provide them with assistance as far as possible. However, I hope that Members and the public can appreciate the constraints and limitations faced by the Government. Under the prudent fiscal principles, it is indeed difficult for us to unceasingly offer concessions and subsidies. Meanwhile, similar to economies where the free market principle is upheld, the Government cannot and should not undertake all economic activities and create job opportunities on its own because this will only stifle the healthy development of the economy and hold up progress towards full recovery.

For more than two years, the Government and the public have undergone tremendous economic hardships, through which we have learned lessons and accumulated experience while constantly striving for a way out amidst the difficulties. Many people have asked, "When will our economy be able to recover to the full?" If I could make a decision, I wish I could reply, "Today.". In fact, the answer to the question does not rest with the Government alone. The inclinations of every business and every individual will have a direct or indirect impact on Hong Kong's future economic outlook. The economic and employment prospects of Hong Kong rest on the wisdom, perseverance and determination of the community as a whole.

Thank you, Madam President.

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): Madam President, Honourable Members, I would like to respond to the invaluable ideas expressed by Members in the debate in respect of the support given by the Government to industrial development, especially to small and medium enterprises (SEMs).

First of all, let me stress that despite the measures taken actively by the Government to support our industries in different aspects, such measures are based on the broad principle of respect for the operation of the free market. It has been our conviction that commercial decisions should be left to the private enterprises. The Government's role is to create a business friendly environment and provide the necessary infrastructure. In launching industrial support policies the Government will hold fast to and enhance our supporting and promotional role, instead of trying to subrogate the leadership role played by the enterprises in the free market by means of interventions or provision of subsidies. This has all along contributed to the success story of Hong Kong. In future, as we face increasing competition in the international market, we need to stick to this principle more than ever.

In supporting and promoting the development of SMEs, the Government has been providing suitable services through the various business support organizations. In this connection, the Government has put in a lot of effort to build up a good business environment, of which the SMEs have been the major beneficiaries. In 1996, we set up a Small and Medium Enterprises Committee to advise the Government on matters affecting the development of SMEs. Last August, in view of the credit squeeze resulting from the financial turmoil in Asia, the Government promptly launched a \$2.5 billion Special Finance Scheme for Small and Medium Enterprises. In the year past, the Scheme has helped over 6 000 companies secure bank loans of nearly \$4.5 billion on government guarantee. In April this year, the Small and Medium Enterprises Office of the Industry Department was commissioned. It gives one-stop information on services provided by public organizations and industrial support organizations. It also provides co-ordinating services provided by the relevant organizations in giving support to SMEs.

As all loans under the Special Finance Scheme for Small and Medium Enterprises have been granted, the Chief Executive announced in his 1999 policy address that in view of the liquidity problem confronting the SMEs, the Government decided to double the amount of the guarantee for loans. But I must stress that the Scheme is an extraordinary measure devised under extraordinary circumstances; we do not intend to extend the Scheme indefinitely. We will terminate the Scheme at an appropriate time. In the long run, the financing of SMEs relies on the concerted efforts of the SMEs themselves and the banks. The Government will continue its role as a supporter and promoter. It will reform and open up the financial market, and help SMEs achieve enhanced professional management and secure bank loans more readily.

In the long run, we need to promote developments in innovation and technology in order to enhance our competitiveness. This idea has received wide support from Members and the community after some 18 months of hard work by Prof TIEN Chang-lin over the last year and this. We feel greatly encouraged. Indeed, over the last year, the Government of the Special Administrative Region (SAR) has worked hard in implementing the recommendations made in the two reports by the Commission on Innovation and Technology. In respect of the recommendations contained in the first report, we have set up a \$5 billion Innovation and Technology Fund and will start to accept applications for the Fund next month; besides, we are also preparing for

the establishment of an Applied Science and Technology Research Institute. In addition, we are actively implementing the recommendations of the last report of the Commission, including:

- (1) Forming an advisory body directly answerable to the Chief Executive on policies on innovation and technology;
- (2) Setting up a policy unit led by the Financial Secretary to draft and co-ordinate policies within the Government on matters concerning innovation and technology;
- (3) Merging the Science Park, the Hong Kong Industrial Technology Centre Corporation and the Hong Kong Industrial Estates Corporation to streamline the support structure for technology and to improve support services for enterprises.

We believe that by implementing these recommendations, we will be able to help Hong Kong emerge as a knowledge-based and technology-intensive economy in the 21st century, maintaining its competitive edge in the international market.

Lastly, I am very glad to learn that Members are supportive of the joint committee between the Mainland and the SAR Government to strengthen communication on economic and trade issues. The joint committee will provide a channel through which we can reflect to the trade authorities our views on the business environment in the Mainland, including the enactment and implementation of trade laws, thereby enhancing communication between the two places. But I must point out that the joint committee is not a body with decision-making power. Under the principle of "one country, two systems" and given Hong Kong's status as a separate customs territory, trade policies for the two regions will continue to be made separately by their respective trade departments. They do not lead or submit to the views of each other. Under this premise, we will actively exchange views, but will not seek preferential treatment. We have consulted major business groups in Hong Kong on the work of the joint committee. We are holding our first meetings on 8 and 9 of November with the State Council's Ministry of Foreign Trade and Economic Co-operation to decide on the agenda and the working groups to be formed to assist in further discussions on trade matters. The joint committee will hold meetings annually, but the working groups will be holding meetings at regular

intervals dictated by the circumstances. We will report our results from the first meetings to the Panel on Trade and Industry.

Thank you, Madam President.

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, first of all, I wish to thank Honourable Members for putting forward their valuable opinions about the tourism industry, sea and air transport and the agriculture and fisheries industries during this motion debate.

In the area of tourism, we have been making continuous efforts to increase the appeal of Hong Kong as a tourist centre, so as to ensure that Hong Kong can remain the most popular tourist spot in Asia. As revealed by the latest tourism statistics, our efforts have not been wasted. In the first eight months of this year alone, a total of 7 million tourist trips was recorded, and this represents an increase of 11% over the figure for the same period last year. It is estimated that the total number of tourist trips will exceed 10 million for the whole of this year. As regards the hotel occupancy rate, we expect that the average rate this year will be around 80%. Recently, Hong Kong has been nominated by the National Geographic Traveler as one of the 10 cities which people must visit at least once during their lifetime. We should naturally be pleased to learn of such an international recognition, but we must also remind ourselves that precisely because of such a recognition, we must work extra hard to consolidate the status of Hong Kong as a tourist centre.

In order to push the development of our tourism industry, we will continue to make omni-directional promotion efforts. We are fully aware of the importance of ancillary tourist facilities and services. That is why we have aimed at doing the best we can in all segments of the industry. We will step up our publicity efforts on Hong Kong as a spot of heritage tours, cultural tours, recreational tours and green tours. In brief, we will seek to make Hong Kong the Events Capital of Asia, where tourists can derive immense pleasure from the cuisine, drinks, funs and excitement that we offer.

In order to increase the attractiveness of Hong Kong, we will of course try to improve the appeal of our existing historical relics and scenic spots, but at the same time, we will also make positive efforts to develop new tourist facilities and products and market them to the world. Some examples of these are a world-class wetland park, the Adventure Bay at the Ocean Park and a Chinese cuisine academy. Well, yes, as Members also know, we are right now negotiating with the Disney Corporation on the construction of a theme park on Lantau Island. We will definitely notify Members once an outcome is available. So, please be patient and do not make too many speculations. We will also implement other projects as soon as possible, such as the construction of a cable car system on Lantau Island and a fishermen's wharf at Aberdeen.

Moreover, we also know that if we are to increase the attractiveness of Hong Kong as a tourist centre, we must provide quality services to tourists, in addition to developing tourist facilities and products. So, we will shortly introduce a "Quality Tourism Services Scheme" for retail outlets and food establishments. Besides, with a view to improving the services offered by travel agencies engaging receiving in-bound tourists, we have already set up a working group to explore ways of enhancing the supervision of these travel agencies. And, in order to help taxi drivers communicate with foreign tourists, we have also published for taxi drivers a booklet entitled "Communication Guide for Visitors", which is available in Chinese, English and Japanese.

We cannot possibly promote our tourism industry by relying on the efforts of the tourism sector alone. As the slogan goes: Hong Kong's tourism industry is our industry. So, I hope that everyone in Hong Kong can regard himself or herself as a tourist ambassador and greet foreign tourists with a smile. That way, foreign tourists will certainly find Hong Kong a very hospitable place. As revealed by a survey conducted by the Hong Kong Tourist Association (HKTA), over the past five years, tourists visiting Hong Kong have started to have an improved impression about our shop assistants and even the common people they meet on the streets. Actually, we are fully aware of the importance of "hospitality", which is why we have been making active efforts to promote the "Be a Good Guest" campaign. We will examine the effectiveness of our public education in this respect, with a view to drawing up a more comprehensive plan for this.

In order to build up a complementary partnership with the Mainland in the field of tourism, we will continue to maintain close co-operation with the Mainland for our common betterment in the field. That is why at the end of last year, the HKTA expanded its Beijing office, and in the middle of this month, it opened yet another office in Shanghai. Besides, the HKTA has also signed co-operation agreements with quite a number of provinces and cities in the Mainland, such as Sichuan, Yunnan and Beijing, with the aim of promoting the development of "multiple-stop" tours. And, with respect to Pearl River Delta trips, we will continue to conduct joint publicity work with Guangdong Province and Macau. The Data Bank on Pearl River Delta Tourism, developed by the tourist organizations in the Pearl River Delta, will be available very soon. This will help promote the development of tourism within the Pearl River Delta Region.

In addition to the software and hardware facilities mentioned just now, the development of tourism also requires comprehensive strategic planning if the desired results are to be achieved. To this end, we set up the Tourism Strategy Group in August this year, and it has recently held its first meeting, with a view to collecting opinions and setting down a long-term development strategy for the tourism industry of Hong Kong. As to the question of whether or not the status of the Tourism Strategy Group should be upgraded in the future, we are of the view that it should first be allowed to operate as it is for some time before reviewing its work and composition. We will also consult through various channels the different sectors of society on the development of the tourism industry at an appropriate time.

On air transport, some Members think that we should actively develop the aviation industry and air cargo service of Hong Kong. In this regard, the Chief Executive has already stated clearly in the policy address that we will implement a policy of liberalization, so as to turn Hong Kong into an aviation hub, both internationally and within the region.

Thanks to the efforts of the Airport Authority (AA) and the various service-providers, the facilities of the new airport have now met the highest international standards. Given this, and because of its expansion potentials and high efficiency in handling passenger and cargo transport, the new airport can certainly enable Hong Kong to further develop its air transport services.

In order to enhance the competitiveness of our airport, the AA has proposed to reduce the landing and parking charges for aircraft by 15% with effect from January next year. The proposal has received the approval of the Executive Council.

We are convinced that the reduction of charges will help airlines improve and expand their flights to and from Hong Kong, thus benefiting passengers and in turn the development of our tourism industry and trade and commerce. The airlines of Hong Kong have responded swiftly to this. Recently, the Cathay Pacific Airways has announced that it will expand its services by renting three additional passenger planes and buying two more cargo planes. Dragonair it is also making positive efforts to expand its fleet. These expansion plans will all help Hong Kong develop its aviation industry in the long run.

When it comes to logistics management, the excellent geographical position of Hong Kong and its extensive aviation network can provide a good environment in which companies can build up their logistics management centres. To further promote the development in this direction, the AA will invite the industry to set up logistics management centres in the airport.

In addition, the AA will also implement other measures to enhance the co-ordination of air and sea transport. One example is the plan to set up a sea freight terminal at the airport.

With respect to civil aviation services, the position of the Government is positive, open and proactive. We will negotiate with more new partners and sign air services agreements with them, and we will also review the existing aviation arrangements regularly and constantly seek to expand our existing aviation network. Since the reunification, Hong Kong has signed 16 new air services agreements, thus increasing the total number of such agreements to 37. Moreover, we have also initialed 10 other aviation agreements.

For third and fourth freedom rights, our attitude is also very open, and adequate allowance is made for airlines planning to operate new routes or expand their existing services. That way, they are all able to implement their development plans.

For the fifth freedom rights, we will maintain a policy of liberalization on the basis of mutual benefits and equity, and also by taking account of the overall interests of Hong Kong. Under our existing air service arrangements, nearly 70% of our partners can already enjoy the fifth freedom right. We will continue to liberalize the fifth freedom rights with an open attitude, so as to promote competition and market development.

For air cargo service in particular, we will pursue our liberalization policy even more actively, and we will also handle the requests from airlines with flexibility, so as to make Hong Kong a transit point for more cargoes, thereby enhancing the status of Hong Kong as the hub of international and regional air cargo service. To this end, we are now holding discussions with individual airlines on their plans of expanding their air cargo service in Hong Kong.

In brief, the Government will continue to work with the AA and the industry so as to ensure that our airport can always remain a world-class airport with high efficiency and competitiveness. We will also seek to capitalize on the advantage offered by our airport and harbour, so as to foster our air and sea re-export trade and to turn Hong Kong into a logistics management centre. At the same time, we will actively pursue an open aviation policy. All these measures, coupled with marketing and promotion efforts overseas, will certainly enhance the status of Hong Kong as an aviation hub, both internationally and in the region.

With respect to port and shipping development, we will continue to work with the Port and Maritime Board with the aim of enhancing the competitiveness of Hong Kong as a major international port and maritime centre.

At the same time, we will negotiate with more countries on the exemption of double taxation for the maritime trade and seek to draw up the arrangements required. And, we will shortly complete the study on port back-up lands and ways of enhancing the position of Hong Kong as a centre of maritime supplies. We will also work with the Port and Maritime Board, the AA and other relevant organizations, in drawing up and implementing appropriate measures to foster the development of logistics management in Hong Kong.

We will continue our work on promoting shipping registration in Hong Kong and seek to attract more ships to register in Hong Kong by publicizing the merits of Hong Kong as a shipping centre.

Finally, I wish to respond to the comments made by Members on the agriculture and fisheries industries.

It is the policy of the SAR Government to enhance the productivity and sustainability of the agriculture and fisheries industries through the provision of technical support and the implementation of resources conservation measures.

In the area of technical support, the Agriculture and Fisheries Department now operates a number of experimental farms and research stations. The professionals there will conduct research on new technologies for the agriculture and fisheries industries and introduce such technologies to Hong Kong if they are found suitable for Hong Kong. To further enhance the productivity of these two industries, the Department will introduce quick tests for major livestock and poultry diseases, and it will also conduct studies on the spread of the foot-and-mouth disease, so as to formulate appropriate measures to reduce the deaths of livestock and poultry. Besides, the Department has set up a special division to take charge of the research and services relating to aquaculture, and an outreaching team of the Fish Health Management Service has also been set up to assist fish farmers in preventing and treating fish diseases. Furthermore, the Industrial Support Fund and the Applied Research Fund operated by the SAR Government can also provide financial assistance to development projects aimed at upgrading agriculture and fisheries technologies.

With respect to resources conservation, the Department has set up the Fisheries Management Working Group, which is responsible for formulating strategies of managing fisheries resources. Besides, the Department has also completed the scheme on depositing artificial reefs in marine parks, and this will increase our fisheries resources. It will continue to look for more suitable sites where artificial reefs can be deposited.

In the middle of this year, the Guangdong-Hong Kong Working Group on Fisheries Resources and Environmental Protection was set up by the Agriculture and Fisheries Department and the relevant government departments of the Mainland. The objective of the Working Group is to promote the co-operation of the two places in respect of the management of fisheries resources, aquaculture and red tide monitoring. In the coming year, Hong Kong and the Guangdong Province will step up their co-operation to deal with problems like destructive fishing methods, smuggling of live poultry and livestock and quarantine.

Finally, let me thank Members once again for their valuable opinions about tourism, sea and air transport, agriculture and fisheries and energy. When we formulate policies in the future, we will certainly consider their opinions.

Thank you, Madam President.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Madam President, I would like to thank all Members of this Council who have raised valuable points about environmental protection, city planning and urban renewal during the debate on the Motion of Thanks on the policy address. I also thank Members again for their suggestions made to the Government during the motion debate on the environment on 13 October.

I will not repeat points that have already been made during that earlier debate. My colleagues in the Planning, Environment and Lands Bureau have recorded the views of Members expressed in the Motion of Thanks debate. My colleagues and I will follow up and discuss in more details each and every point with the Panel on Environmental Affairs and the Panel on Planning, Lands and Works of the Legislative Council respectively in the coming days.

I would like to speak about two topics today: the urban renewal programme and the prospects of environment work.

The Government issued last week a consultation paper on the Urban Renewal Authority Bill for public comments on our proposal to establish an Urban Renewal Authority (URA). During the consultation period over the next

few weeks, my colleagues and I will explain to Members the Government's detailed proposals on the subject of urban renewal, and we look forward to hearing Members' views and comments.

It has been asked why we need to draft a new Bill and not just amend the existing legislation? Simply speaking, we need to steer away from the traditional approach and adopt a new and comprehensive approach to expedite urban renewal.

Hong Kong is facing an urban crisis. Of the buildings over 30 years old in Hong Kong, many are experiencing premature ageing as a result of the lack of proper maintenance all along. The number of buildings over 30 years old is projected to increase by 50% in 10 years' time. We need to apply a right remedy now and use a new strategy to tackle this problem.

The SAR Government's proposed urban renewal programme seeks to create a "win-win-win" situation; the affected tenants, the property owners and the entire urban district of Hong Kong will all benefit.

First, tenants who are now living in dilapidated buildings in crowded and unhygienic conditions will benefit from urban renewal. The redevelopment of old districts will bring real improvements to their living conditions. I firmly believe that the URA will work closely with the Housing Authority and Housing Society to ensure that tenants affected by redevelopment will be properly rehoused.

Secondly, the property owners will also benefit from urban renewal. Owing to the multiple ownership in buildings in old districts and the lack of capital, many owners are unable to carry out redevelopment of their properties by themselves. Under the existing legislation for the acquisition of land and redevelopment, private developers are not keen to participate in such redevelopment projects. The establishment of the URA will provide a new opportunity to owners in the old districts. Owner-occupiers affected by urban redevelopment are eligible for statutory compensation plus an *ex gratia* allowance to enable them to purchase a replacement flat of a similar size and about 10 years old in the same locality.

Thirdly, the new urban renewal programme will improve the entire urban district of Hong Kong. Through urban renewal, the district will be replanned and restructured and more open space and community facilities will be provided. Residents who live in buildings not redeveloped will benefit as a result of a much improved and green neighbourhood.

In implementing our urban renewal programme, we will strictly adhere to the principle of the protection of the rights of the individual. While we will balance the interests of all sectors of the community, we will not sacrifice the legitimate interests of any group in the process of urban redevelopment.

Next, I would like to speak about environmental protection. Some have questioned why the environmental improvement programme set out in this year's policy address only focuses on ways to mitigate damages from past pollution and to reduce future pollution. Other than these, they see no real benefits. I am afraid this view only represents half the picture of the Government's environmental programme. This is because full implementation of our environmental improvement programme will bring about gains not directly related to environmental protection to the community.

Let me give Members three examples. First, when we ask the question about how to improve efficiency in the use of materials and resources, new ideas for business will be generated. That is good for investments and creates demand for environmental management services. These may include professional services which specialize in cleaning up pollution, reducing causes of environmental pollution and improving material usage so as to meet environmental protection objectives. These are services that Hong Kong companies can offer not just locally but also in South China and the wider region. There is great potential here for business, since the whole region has the need for environmental protection. Such services can help reduce pressures of pollution on the regional environment, which in turn can benefit Hong Kong.

Secondly, we will vigorously promote material recovery over the next few months. If every household and every company pay attention to avoiding waste and to separating materials, the high costs to the community for the disposal of waste can be avoided, and more opportunities can be created for businesses engaged in the reuse of materials.

Thirdly, a local university is developing a unique type of particulate filter to reduce pollution which can be retrofitted at low costs to vehicles in service. The SAR Government supports the development and testing of this product. We believe that will create new business and employment opportunities in the manufacturing of and the fitting out of these filters in Hong Kong. The product could also be introduced to other cities in Asia to help reduce air quality problems caused by vehicles.

Hong Kong has been a powerhouse for economic development because of our creativity and initiative. Whether we and our children can have new scope for development depends upon Hong Kong becoming a powerhouse for sustainable development. I believe Hong Kong is fully capable of becoming a locomotive for the development of a "green industry" in Asia.

The promotion of sustainable development in Hong Kong is not just about developing a sustainable environment. It is a matter of maintaining an enterprising spirit and a spirit of planning ahead for the future. That spirit grows from our concern for our children and the action we take to plan for their future. Much of our success today comes from the hard work of an earlier generation who strove hard and made sacrifices in order to provide better educational, career and other prospects for us. Similarly, our generation is striving to provide for the education and career development of our children. But on the threshold of the 21st century, our concern for the next generation should go beyond caring for the educational, career and daily needs of our children. We should also be concerned about improving the overall quality of the environment they will live in. We should provide a better and more comfortable city for our children and future generations. Some of our most important tasks in the coming year are to encourage co-operation among the different sectors of society and to stimulate participation at every level in environmental protection to improve the local and regional environment.

Madam President, the challenge ahead is daunting, but I do take heart from the growing awareness of environmental protection of the people. I trust that with a shared vision and greater effort, we will be able to develop Hong Kong into a creative, vibrant city with a fine environment.

Thank you, Madam President.

SECRETARY FOR HOUSING (in Cantonese): Madam President, several Members have talked about the housing problem in the Motion of Thanks debate. I shall explain the Administration's position on three policy issues. At the same time, I shall also respond to Members' concern over the quality of public housing.

First of all, the Administration has decided in principle to gradually scale down the Home Ownership Scheme (HOS) on the one hand, and to increase the quota of home-loans offered by the Housing Authority (HA) on the other. Before the end of this year, we will discuss the details of this programme with the HA. Increasing the quota of home-loans can bring many advantages: home buyers can be given more options; the specific needs of individual families can be satisfied; the burden of public housing on taxpayers can be relieved; and the market can be enabled to respond more quickly to changes in short-term demand.

Here, I would like to stress that the Government has no intention of completely replacing the HOS with loans. In fact, the HOS of the HA has always been very popular with the public. The loan scheme is intended only to allow us to achieve our desired objectives with enhanced cost-effectiveness.

Since the loan scheme and the HOS are similar to each other in terms of objectives and targets, it is only reasonable that the lands saved through the scaling down of the HOS should be used for private property development, so that the demand generated by the loan scheme can be satisfied. We will launch the new scheme progressively four years from now. We will, of course, monitor market developments and keep the scheme under review, so as to ensure that our target of helping the public to own their homes can be achieved.

Moreover, let me reiterate that the HOS or the loan scheme will not, under any circumstances, lead us to reduce our commitment to those who are in genuine need of public rental housing (PRH). We will continue to satisfy the housing needs of low-income earners through the HA and the Housing Society (HS). Given the pace of housing construction now, we are confident that before the end of 2005, the average waiting time for PRH can be shortened to three years.

As regards our commitment to the provision of PRH, I am very happy to learn from the Housing Panel and this Motion of Thanks debate that Members are in support of our proposal to relax the public housing eligibility requirements now applicable to newly arrived citizens. The HA will soon hold discussions on whether to remove the different treatment accorded to minor children born in Hong Kong and minor children born outside Hong Kong, and it will also discuss whether to relax the existing residence requirement on the majority members of an applying family. If the proposal is endorsed, the Government would make available sufficient lands for the HA to build the extra units required, so that our various commitments on housing, including that on shortening the waiting time for PRH would not be affected. In fact, we definitely do not want the new proposal to jeopardize the interests of those who have resided long enough in Hong Kong.

Third, housing for the elderly. Meeting the housing demand of the elderly has all along been regarded as an important task of the SAR Government. Over the past two years, we have implemented quite a number of measures to provide better housing for the elderly, including an increased supply of PRH, priority allocation of PRH for the elderly, priority application processing for households with elderly members applying for subsidized housing, and improved facilities and services in public rental flats for the elderly. The new measures which we are going to implement include an HS housing scheme for middle-income elderly people, a pilot scheme with private sector participation for the provision of housing for the elderly, and a comprehensive review on the provision of public housing for the elderly by the HA.

Fourth, the quality of PRH. Some Members have expressed worries about the quality of public housing. This is understandable, and it is a problem which we should address properly. Here, I would like to stress that the HA will never tolerate any incidents of shoddy work, use of inferior materials and negligence. The recent incidents are definitely unacceptable; the HA will certainly conduct a thorough investigation and find out who should be held responsible. We will also draw lessons from these incidents and further enhance the existing monitoring system.

At the same time, there is a point which, I think, Members will all take and which the community will understand: the construction sector is obligated to do its job well, and to take active remedial actions in respect of the recent events, so as to repair the image of the industry.

On the part of the Government, we will do our best to render assistance. A task force will soon be formed under the Construction Industry Advisory Committee chaired by the Secretary for Works to study how the quality of construction works can be enhanced through different means. Members of the Committee include representatives from the relevant government departments responsible for policy-making and enforcement, professional bodies and the construction industry, as well as other relevant public organizations. The Government hopes that it can come up with concrete proposals within the next few months to help the industry. I would also like to take this opportunity to call upon the construction industry and related trades to take positive actions, because, after all, their work has a bearing on the safety and interests of the community as a whole. The whole industry can keep up with the times and make progress only when it respects and enjoys its own trade.

Madam President, I thank Members for expressing their views in this motion debate. In fact, from the three policy addresses of the SAR Government, we can see the Government's housing policy is both stable and consistent. To provide adequate housing has always been our objective, and the common aspiration of the community. I believe that the future work of the Housing Bureau will continue to receive Members' support. Thank you, Madam President.

SECRETARY FOR TRANSPORT (in Cantonese): Madam President and Honourable Members, the Chief Executive has, in his policy address, given a blueprint for Hong Kong's sustainable development in the next century. Long-term sustainability is also the objective of our transport strategy as spelt out in "A Transport Strategy For The Future" which has just been published. Drawing on the experience gained in implementing the 1990 White Paper on Transport and taking into account the results of the Third Comprehensive Transport Study, we have formulated a long-term transport strategy for the next century entitled "Hong Kong Moving Ahead: A Transport Strategy For The Future", for which Members expressed support last week.

The new strategy has five key proposals. The first proposal is better integration of transport facilities and land use planning. The Government's commitment to transport infrastructure is a firm and long-term strategy. Upon the completion of the Airport Core Projects, we have launched a series of major railway and road projects which involves a total investment of over \$130 billion in the next five years. Our railway projects include the West Rail (Phase I), the MTR Tseung Kwan O Extension, the Ma On Shan to Tai Wai Rail Link, the East Rail Tsim Sha Tsui Extension and the Sheung Shui to Lok Ma Chau Spur Line. Road projects include Route 7, Route 9, Route 10 and the Central/Wan Chai Bypass.

As transport infrastructure is closely related to the everyday life of the community, we must work hard to effectively integrate transport and land use planning. We will plan for intensive development along railway lines so that the public can make use of this mass carrier more conveniently. We will also consider the use of more environmentally friendly transport modes to connect areas which are not served by railways. Besides, we will pedestrianize selected roads, provide grade-separated walkways so as to reduce the number of short motorized trips and the conflict between pedestrians and vehicles. These measures will help reduce the need for road transport, which will in turn alleviate the demands put on the transport system and lessen the impact on the environment. In order to achieve sustainability, we will regularly review our need for new roads and ascertain the scale and implementation programme of road projects accordingly.

The second proposal of the new strategy is the better use of railways. We will give priority to railway development so that railways will form the backbone of Hong Kong's transport system. Given our large population and the scarcity of land, railway development will be the most effective means to achieve sustainable transport development in Hong Kong. We are now implementing five railway projects. The total amount of investment spent on them as well as the resultant increase in the length of rail track will far surpass the corresponding figures for road projects. Meanwhile, we are conducting the Second Railway Development Study which is scheduled for completion by the end of the year. The Study will put forward recommendations on the next phase of railway development.

Apart from constructing new railways, the Government will also work to co-ordinate the services rendered by railways and other transport modes. The Honourable Mrs Miriam LAU has rightly pointed out that we need to avoid wasteful competition amongst different transport modes. The Government absolutely agrees with this. At present, buses and railways each share one third in the public transport market, while the rest is shared amongst taxis, public light buses, trams and ferries. We foresee that railway's market share will increase to nearly 40% after the completion of the five railway projects. However, having railways play a main role does not mean that there is no need or scope for development for other modes of public transport. We believe there should be a suitable degree of healthy competition amongst different public transport modes and this will also bring benefits to consumers. While the need for healthy competition should be recognized, we must also see that different types of modes should complement each other. The advantage of heavy rail is its large capacity and as an off-road carrier, it will not cause congestion. However, it is impossible for railways to penetrate to every corner of the territory. Hence the various road-based transport modes which are more flexible will continue to play an important role. This offers an opportunity for various modes to complement each other and it explains why in recent years short-distance feeder services have become so popular.

The third proposal of the new strategy is to provide better public transport services and facilities. Hong Kong has in fact a comprehensive network of public transport. However, we will continue to improve the quality of public transport services and co-ordination amongst these services. Besides, we will plan for the provision of public transport services for newly-developed areas. We have set a target of increasing the daily patronage of public transport services in the coming year. As regards our new initiatives, we will make improvement to the Lo Wu Terminal Building so as to cope with the increasing passenger traffic, and we will encourage wider use of the Octopus payment system by public transport modes. We will also conduct studies on the future development of marine-based transport so as to review the operation of ferry services. As regards some "point-to-point" bus routes, we have heard the plea of certain quarters for such routes to be reduced or further rationalized. We are now actively pursuing bus interchange schemes. With the provision of bus interchanges, the bus network would be expanded and it will reduce the time taken for passengers to reach their destinations. Response regarding the bus interchange pilot schemes at Shing Mun Tunnel and Tai Lam Tunnel has been

favourable and we plan to implement similar schemes at other suitable locations next year. Lastly, we are working on the privatization of the Mass Transit Railway Corporation which will be completed in the coming year and the formulation of a passenger service monitoring mechanism for the new company.

The fourth proposal of the new strategy is the better use of new technologies. In future, more emphasis will be put on the application of new technologies in traffic management. We will explore how best to apply advanced information and communications technologies to manage our strategic road networks, so as to strengthen the monitoring of traffic conditions. Experience in other countries has shown that the introduction of intelligent traffic and transport information systems on major road networks can help reduce journey time and congestion time by 20% to 45% and 5% to 15% respectively, and there will also be 20% less traffic accidents. The Government is now developing a comprehensive transport information system which will provide more detailed transport information to road users. The consultancy study of this project is in progress and we will decide on the next step after the study is completed.

The fifth proposal of the new strategy is better environmental protection. We have introduced the new concept of sustainable development in this year's policy objective. This means that there will be better integration between transport and environmental strategies. A series of measures will be launched along this line to alleviate air pollution and noise pollution caused by vehicle emissions. These include exploring the feasibility of introducing pedestrianization schemes in Causeway Bay, Tsim Sha Tsi and Mong Kok. The Transport Department will also explore the feasibility of introducing trolley buses in Hong Kong. Although such buses are already running in many countries, we have to study carefully their suitability and impact on other modes of transport in the context of our geographical constraints and heavy traffic flow. The trial use of LPG on public light buses, as mentioned in the policy address, is another important initiative. We will work closely with the Secretary for Planning, Environment and Lands to ensure smooth implementation of the above measures.

I would like to talk about the issue of cross-boundary traffic. Some Members have expressed concerns about cross-boundary traffic. The Government is now implementating both long-term and short-term improvement

measures. In the short term, we will strengthen management resources at the land boundary control points, allow more flexible staff deployment and enhance traffic control and surveillance at the land crossing points. As for boundary-crossing facilities, the Lok Ma Chau Crossing expansion project will be completed by the end of the year. With 10 additional pairs of kiosks, the capacity of the Lok Ma Chau Crossing is expected to increase significantly. In the long term, we need to provide new border crossings. We are now working with the relevant mainland authorities on the planning and construction of the Shenzhen Western Corridor for completion in 2004-05. When the Sheung Shui to Lok Ma Chau Spur Line is completed in 2004, this new railway line will connect to the second railway passenger crossing at Huanggang/Lok Ma Chau. This will mark the beginning of a new era for cross-boundary passenger traffic.

Since cross-boundary traffic involves Hong Kong and the Mainland, close co-operation between both sides is crucial in solving the problem. The Government has liaised and discussed with different levels of mainland authorities concerned frequently to raise the concerns and proposals of the SAR Government and the freight industry. We have learnt from the representatives of Guangdong and Shenzhen that the authorities concerned both at the provincial and municipal levels attach great importance to the issue. They have stepped up the co-ordination of control point operation and actively implemented a series of improvement measures such as enhancing human resources management and manpower deployment at the control points, acquiring new computer equipment and installing automatic electronic licence identification systems and so on. Besides, an emergency co-ordination unit has also been set up at the Huanggang Control Point to promptly handle emergencies there.

With the concerted effort of the Mainland and the SAR Government as well as the support and co-operation of the transport sector, especially after the provision of a special passage for empty container trucks, cross-boundary traffic has improved tremendously since late August. It is obvious that the new range of improvement measures has proved effective.

Finally, I would like to emphasize that we need the support from all quarters to take forward our long-term transport strategy. In the face of challenges arising from the need to protect the environment and maintain sustainable development, I hope the Legislative Council and the public will work together with the Government to achieve a balanced development in economy,

transport and environmental protection so that we can win out in all these three areas.

SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING (in Cantonese): Madam President, in last week's debate on the Motion of Thanks on the policy address, individual Members criticized that this year's policy address contained little on the Government's information technology (IT) policy and failed to come up with new ideas or measures in this area. Thus, they worried that the pace of IT development in Hong Kong might be slowed down.

First, I have to stress that the Government's IT policy is very clear and forward-looking. In accordance with the targets set out in the Chief Executive's first and second policy addresses, we strive to develop Hong Kong into a leading digital city in the IT era, and use IT to drive the overall development of the Hong Kong economy. To implement this policy, the Information Technology and Broadcasting Bureau (ITBB) published the document "Digital 21 — Hong Kong Special Administrative Region: Information Technology Strategy" last year, which sets out clearly the enabling factors for the development of IT in Hong Kong and the initiatives that the Government will take on the basis of these factors in the next few years, together with their timetables.

Over the past year or so, the ITBB has been actively implementing the various specific measures set out in "Digital 21" together with other related policy bureaux and departments. At the same time, it has striven to entrench the present IT strategy and measures and embarked on new work to keep up with the global trend of IT development.

In order to become a world-class digital city, Hong Kong must have sophisticated telecommunications infrastructure to match the development of electronic commerce (e-commerce), the Internet and multimedia applications. To achieve this target, we have decided on a policy to open up the telecommunications market gradually, in order to attract investors to continue to build advanced local and external telecommunications infrastructural facilities for Hong Kong.

Our policy has met with the market's positive response. For instance, in August this year, we issued a directive to invite applications for licences to operate non-wireline-based local fixed telecommunications networks and external telecommunications facilities. A total of 14 applications for licences to operate non-wireline-based local fixed telecommunications networks and 34 applications for licences to operate external facilities were received before the deadline at the end of September. The facilities and services proposed by these operators will contribute greatly to the expansion of local broadband services and increase the capacity of Hong Kong's external telecommunications. They will also consolidate Hong Kong's position as the telecommunications and Internet hub of the Asia-Pacific Region. We will finish processing the relevant applications as soon as possible. The relevant licences are expected to be issued by the end of this year or at the beginning of next.

At the same time when we liberalize the market, we must ensure fair competition in the market and create an environment conducive to operation and investment for operators. For this reason, I tabled the Telecommunication (Amendment) Bill 1999 to the Legislative Council in May this year. Its purpose is to enhance competition safeguards, improve interconnection and access arrangements to telecommunications services, streamline licensing procedures and provide the Director-General of Telecommunications with powers over certain technical areas.

In view of the increasing importance of mobile telecommunications services (MTS) to consumers and the business sector, and in order to enhance Hong Kong's position as a telecommunications centre, the Bill proposes that MTS operators shall have the same right of access to buildings to establish means of telecommunications as fixed telecommunications operators and pay television broadcasting licensees, so as to achieve the policy objective of ubiquitous MTS coverage throughout Hong Kong. Our suggestion has balanced the interests of different parties. While public interest is protected, it will not affect existing agreements executed between MTS operators and landlords or tunnel operators. It ensures that both parties would first try to reach a commercial agreement under the principle of the free market economy. Only if a commercial agreement cannot be reached will the Office of the Telecommunications Authority intervene and make a decision, providing that it is in the public interest to do so. Its decision will ensure that fair and reasonable interconnection fees could be charged by landlords or tunnel operators.

With the rapid popularization of the Internet, e-commerce has become increasingly important to Hong Kong's economic development. Since the establishment of the ITBB, we have striven to create an environment to facilitate the vigorous development of e-commerce in Hong Kong, and encourage various businesses in Hong Kong to adopt e-commerce as soon as possible. After working on it for a year or so, we are glad to see that more people have become familiar with e-commerce and are becoming more interested in participating in e-commerce. There are more and more support services for e-commerce in the local market and the number of companies using e-commerce for business transactions has steadily increased. More and more people are interested in joining this industry and the investment in the development of e-commerce has increased substantially. This is a good start. The ITBB will continue to support this development with different measures, so that e-commerce will flourish in Hong Kong.

The Electronic Service Delivery (ESD) scheme implemented by the Government is a good example. This scheme will act as a catalyst in stimulating the private sector to develop e-commerce. We will finish evaluating the bids for this development project shortly. Afterwards, we and the private operator who has won the bid will work closely with government departments and public organizations participating in the first phase of the development project, so that the first phase of ESD could be implemented in the second half of next year as planned.

Our ultimate goal is to include all government services that can be provided by electronic means in this scheme. While implementing the first phase of development, the ITBB will make preparations for the electronic services to be introduced after the first phase, so that new services could be introduced one after another.

In order to provide a safe and secure environment as well as a clear legal base for the conduct of electronic transactions soon, we are discussing with Legislative Council Members the Electronic Transactions Bill tabled in the Legislative Council earlier. In the meantime, the Information Technology Services Department is carrying out consultation with the industry with regard to the code of practice of certification authorities mentioned in the Bill, so that the Department can provide certification authorities with a mechanism for voluntary application to become a recognized certification authority after the enactment of

the Bill. Moreover, the work of establishing a local public key infrastructure (PKI) is now well under way, in order to ensure secure electronic transactions. The relevant preparatory work is now at its final stages. To further encourage members of the public to use the certification service, the ITBB will actively explore with other governments on a bilateral or multilateral basis arrangements for mutual recognition of certification authorities in the coming months.

To fully promote the development of e-commerce, Hong Kong as a bilingual city must establish an open and common Chinese interface to facilitate the use of Chinese in electronic communication. We will continue to participate in the discussion on the international coding standard ISO 10646 with the International Standards Organisation, and implement this coding standard in Hong Kong.

Apart from creating an environment conducive to the development of e-commerce, the ITBB will step up publicity and demonstrate the merits of e-commerce to local small and medium enterprises (SMEs) through activities jointly organized with various industrial and commercial organizations and support organizations, in order to encourage these enterprises to enhance their efficiency and expand their business through e-commerce. Activities organized over the past year include seminars on e-commerce. Specific to the modes of operation of the relevant industry, the seminars explained the advantages of e-commerce over traditional modes of operation and cited companies in the industry which have successfully applied e-commerce as examples for other companies. We will continue to organize these well-received activities. To further provide practical support to SMEs, we are now discussing with the Hong Kong Trade Development Council and the Hong Kong Productivity Council the possibility of providing practical integrated e-commerce support services at affordable cost through those two organizations. We will further study other practical and feasible measures to help local SMEs adopt e-commerce.

The various government measures for promoting the development of e-commerce provide favourable conditions for electronic application in the various industries. This will help Hong Kong become a real digital city. In the financial sector, for instance, the Securities and Futures Commission recently published the Report on the Enhancement of the Financial Infrastructure in Hong Kong, which outlines the model of the future electronic financial infrastructure in Hong Kong. With the help of the various factors mentioned by me just now

(such as establishing a clear legal framework and ensuring safe and secure electronic transactions through the PKI), it is expected that the local financial markets will be able to establish an electronic financial infrastructure linking the various divisions of the markets in two years, thus paving the way for straight-through processing of transactions and a scripless securities market in the future.

With the maturing of the local environment for e-commerce and the wider acceptance of e-commerce among the people, I am sure that this trend of electronic application will lead to a transformation of Hong Kong's economic activities. In future, the ITBB will liaise closely with other Policy Bureaux, government departments and non-governmental organizations to explore how to capitalize on our edge in IT and telecommunications infrastructure to further enhance the overall competitiveness of Hong Kong.

Madam President, due to time constraints, I cannot go into every initiative taken by the ITBB. However, I hope that by focussing on the work in promoting telecommunications infrastructure and the development of e-commerce, I was able to demonstrate the Government's determination to enhance Hong Kong's position in the area of IT. We have set clear targets and we are doing our utmost to achieve these targets.

Thank you, Madam President.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, the Financial Secretary has already responded to Members' comments on economic and employment issues. He has also explained the various initiatives under the auspices of the Task Force on Employment to ease unemployment and the results obtained. My colleagues in the Education and Manpower Bureau, Labour Department and all training institutions and I will participate fully in the work of the Task Force. We will do our utmost to continue to find more employment and training opportunities to help the unemployed re-enter the labour market and hold down their jobs.

The Youth Pre-employment Training Programme which aims at providing comprehensive pre-employment training for young people has been very favourably received. A total of 18 000 young people have enrolled, and the number of organizations and institutions providing training and attachment places

reached 600. This demonstrates the community's care and concern for the youth. The second phase, that is, the workplace attachment phase, of the Programme was launched yesterday. Arrangements have been made for trainees to be placed in the private sector, voluntary agencies and government departments for workplace attachment training. I am sure the practical work experience will be useful to trainees in their future employment. We are glad that some employers have expressed willingness to consider employing trainees who have done well during the attachment period. I know that Members support this meaningful programme. I stand ready to arrange for Members meeting with the trainees if they so wish. I of course hope that some Members would consider providing attachment places for these young people who aspire to improve themselves.

Many Members mentioned that the Government should help low-skilled workers to obtain employment again. The Employees Retraining Board (ERB) will in fact greatly increase its training capacity in the 1999-2000 financial year by 23%, enabling 95 000 people to benefit from retraining programmes. Sustained efforts are also made to introduce different types of new courses such as those for Chinese medicine dispensers and so on. One of the ERB's major commitments in the coming year will be to increase the proportion of full-time courses from 30% to nearly 50% of the total training capacity, so as to cater for the needs of the unemployed. I understand the worries of many Members about the employment prospects of grass-roots workers. In a new age featured by rapidly changing high knowledge, high technology and a global economy, we should not forget that Hong Kong workers have always been well-known for being flexible, hardworking and keen at learning. In the past, they successfully overcame the blow struck by economic transformation. I am most willing to discuss with Members, especially those from the business and labour sectors, how workers should rise to this challenge. We can also work out long- or medium-term measures for assisting low-skilled and low-knowledge workers in enhancing their abilities to enable them to hold down their jobs.

As regards education, Members generally support our education policy and the direction of the education reform. I would like to take this opportunity to thank them for their valuable opinions.

The overall objective of the Government's education policy is to cultivate quality people. However, by quality people, we do not just refer to those in the business sector. Indeed, education should transcend economic interests and be based on people. We should promote all-round development of students, focussing not only on their ability and knowledge, but also on their moral and character development. The vision of education is to enable each and every individual to have independent thinking, know how to respect other people, and to have the ability to earn a decent living, and to develop good tastes. Together these individuals will form a tolerant, democratic and prosperous society rich in culture. Now, I would like to respond briefly to some of the views expressed by Members.

Some Members reckoned that the commissioning of a survey to obtain employers' opinions on the performance of our first-degree graduates is a sign that we are paying undue emphasis to the interests of the business sector. It is true that the business community employs a large number of our first-degree graduates every year. Nevertheless, the definition of "employers" is not confined to the business sector but encompasses all sectors in the community, such as the education sector, the medical services sector and the social welfare sector. This survey aims to gather the community's feedback on the capability and work attitude of first-degree graduates produced by our education system. In addition to language proficiency, numerical competence and computer literacy, the survey also covers work attitude, communication skills, analytical power, problem-solving ability, creativity, and so on. This survey is, therefore, comprehensive and will provide useful reference to all concerned (including the Government, employers, tertiary institutions, schools and anyone interested in education).

Some Members criticized that the existing school premises are no different from those of 30 years ago. In fact, we have been updating the designs of schools at regular intervals to meet the changing needs of teaching and learning. We have adopted new designs for primary and secondary schools last year, and the first batch of schools using the new design will be completed in September next year. The new design is a great improvement to those adopted by schools completed since 1997. The new schools will be better-equipped; for example, there will be computer-assisted learning rooms in all primary and secondary schools for the application of information technology in teaching, and there will be a language room in each school to strengthen language training. Moreover,

the total area of each school building will be greatly expanded. Compared with the design adopted since 1997, there will be a 57% increase in the gross floor area of new primary schools and a 46% increase in the gross floor area of new secondary schools.

The maximum height of existing school premises is 24 m and this was set for the purpose of fire safety. After discussion, the relevant government departments agreed that the restriction be relaxed on the condition that fire safety would not be compromised. The Education Department has already formed a School Building Design Committee including architects and representatives of the education sector. One of their main tasks will be to consider how to make full use of the newly relaxed restrictions on the height of school premises to further improve the existing school designs.

For schools which were built more than 30 years ago, their facilities would indeed be inadequate when compared with schools adopting the latest standards. Thus, starting from 1994, we have embarked on a School Improvement Programme to improve in phases the teaching and learning environment of existing schools, and to provide more space and facilities to meet the needs of schools. As for schools which are built on very small sites or which premises are dilapidated, we are actively studying the feasibility of relocation or rebuilding as a means to thoroughly improve the school's environment.

Funds have been approved by the Finance Committee in June this year to provide air conditioning for 17 schools for physically and severely mentally handicapped children. These schools may choose to carry out the installation works themselves or ask the Government to make the necessary arrangements. In the latter case, works will start towards the end of this year by the Architectural Services Department for completion by early 2000. Thus, completion of the installation works does not have to take a year and a half, as alleged by a Member.

Some Members have criticized the Government for not paying due attention to early childhood education. I need to point out that although early childhood education is not part of the nine-year free education, huge resources have been invested by the Government each year in this area. Take 1999-2000 as an example, we have earmarked \$454 million to help needy parents pay kindergarten school fees. We have also earmarked \$139 million for the

Kindergarten Subsidy Scheme to help kindergartens employ qualified teachers. In addition, the Government will continue to reimburse rent and rates to non-profit-making kindergartens, and \$184 million has been reserved in 1999-2000 for this purpose.

At the same time, as part of our efforts to promote quality education in kindergarten, we are also committed to upgrading the qualifications of kindergarten principals and teachers. We have already announced that the target date of requiring all newly recruited kindergarten principals to have completed the Certificate in Kindergarten Education course will be advanced by two years. We are also actively considering measures to further improve the quality of kindergarten teachers. In the meantime, the Education Department is developing performance indicators to enable kindergartens to conduct self-evaluation and improve their services. The indicators can also serve as reference by the public.

The implementation of whole-day primary schooling is on schedule. Our target is to enable 60% of primary school pupils to study in whole-day primary schools by September 2002. Our long-term target is for virtually all primary students to enjoy whole-day schooling by September 2007.

The Education Department will closely monitor the operation of primary schools after their conversion to whole-day schools to ensure that they will make full use of the more abundant space and time to achieve the purpose of providing quality education for students.

The Government has all along been providing support to academically low achievers through various measures, including providing schools concerned with additional teachers and grants, as well as more clerical staff. In this year's policy address, the Government has undertaken to provide one school social worker post in each secondary school. Implementation will take place in phases, starting from September 2000.

Another initiative announced in this year's policy address is the allocation of some \$4 million by the Education Department for a pilot scheme to help schools organize extra-curricular activities for students with behavioural problems. The aim of this pilot scheme is to enable the students concerned to develop their non-academic potentials and to build up their self-confidence.

Apart from normal allocation of funds, schools and other educational institutions may apply for additional resources from the Quality Education Fund for the benefit of students with special needs, including academically low achievers, to help them overcome difficulties in learning and develop their potentials to the full. So far, the Fund has granted more than \$35 million to finance many such projects. A fresh round of applications is now being called and 12 suggested themes have been introduced, two of them are designed to cater for those students with special needs in learning. I hope that schools will make full use of this channel to obtain resources for these students.

Many Members have spoken in support of the Government's policy to encourage greater diversity, and to introduce more competition, in the school sector. This year, we implemented a new initiative whereby four government-built school premises were allocated to school sponsors to operate non-profit-making Direct Subsidy Scheme (DSS) schools, and two school sites were allocated at nominal premium to school operators for the construction of non-profit-making private schools. In view of the enthusiastic response, we intend to allocate three more school sites to sponsoring bodies next year for the construction of non-profit-making private schools. About 19 government-built school premises, which will be completed in 2001 and 2002, will also be available for school sponsors to apply for operation as DSS schools or aided schools. Relevant details will be announced by the Education Department next week.

The tertiary education sector plays a leading role in cultivating quality people. The Government is investing huge resources in this sector, accounting for one third of its total spending on education. We look forward to the tertiary education sector upgrading the quality of graduates and developing areas of excellence.

It is the Government's established policy to encourage and support life-long learning. In this year's policy address, we have announced new initiatives on life-long learning, which include the provision of \$50 million to the Open University of Hong Kong and the extension of the Non-Means Tested Student Loan Scheme. The Education and Manpower Bureau will conduct a stock-taking on continuous education in Hong Kong before formulating more specific long-term objectives and strategy. The Bureau will also set up a database to provide reference to people who aspire to further studies. The database is expected to be in place in March next year.

We are also actively studying ways to develop a vocational training and education qualifications framework to provide a well-structured vocational training and education ladder for people who pursue the relevant vocational courses. Our first step is to establish a common assessment and accreditation mechanism for training courses run by the Vocational Training Council and the ERB. We expect initial proposals on the framework will be ready by the end of this year for public consultation. In fact, the ERB is now undergoing a vigorous process of restructuring and standardizing its courses, splitting the courses into modules and arranging them systematically to fit in with the future qualifications framework.

In the future year, I hope to continue to work closely with Members in enhancing the quality of education and increasing the employment opportunities for our workforce.

Thank you, Madam President.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, first of all, I would like to thank Members for putting forward many valuable opinions on home affairs in their speeches. I will talk about three subjects of Members' concern.

Helping new arrivals integrate into society

We have long attached importance to the cultivation of a social culture which is caring, decent, fair and accommodating so as to enable every member of the public to live and work in contentment in Hong Kong. The new arrivals are already a member of Hong Kong society immediately upon their arrival. We should set a goal to help them integrate into society quickly and, through sharing responsibilities together, contribute to Hong Kong, our big family. As members of the public, they are entitled to social services, welfare and opportunities of public housing as enjoyed by other Hong Kong citizens. For these reasons, the Government has been committed to helping them integrate into society quickly. Shortly after their arrival, government departments and non-governmental organizations (NGOs) will provide them with induction services specific to their needs. At the same time, we will put emphasis on encouraging them to take part in community activities to help them build up a sense of

belonging to the community and Hong Kong, as well as providing them with more opportunities to communicate with other members of the public to facilitate mutual understanding and acceptance. Our goal is to enable them to fit into Hong Kong's way of life smoothly in one year.

We have set up a comprehensive co-ordination mechanism to help the new arrivals integrate into society. The Steering Committee of New Arrival Services, headed by the Secretary for Home Affairs, is responsible for co-ordinating policies on service provision at the policy level and ensuring the availability of adequate resources. At the same time, the Central Coordinating Committee on New Arrival Services, headed by the Director of Home Affairs, is responsible for assessing the needs for and co-ordination of services. Through this effective mechanism, we have done a lot in several areas in respect of identifying needs, co-ordinating services, listening to views and allocating resources. We have also built up a close partnership with NGOs in providing the new arrivals with services that cater to their needs.

Various NGOs and relevant government departments provide the new arrivals with services that they need, including language and preparatory courses, induction courses for new arrival children and counselling, employment counselling, training and retraining programmes, after-school tuition, child care service, assisting new arrival children's enrolment at schools, providing various services and information and so on. The Home Affairs Department will also conduct quarterly surveys to find out what they need.

In the coming year, we will continue with such work and implement new measures. We will set up a database on the distinctive features of the new arrival population to facilitate comprehensive planning of services for them. At the same time, we will publish a new edition of service directory to provide more updated information on the services provided.

At present, there are some NGOs providing induction services in the Mainland for people who are prepared to settle in Hong Kong. These services cover counseling, employment training, language training, mutual-aid groups and so on. The objective of these services is to help those who will soon come to Hong Kong to grasp the necessary basic knowledge and skills, so that they can integrate into society more quickly upon arrival. Borrowing from the experiences of these organizations, we are now studying the possibility of

co-operating with the Mainland to provide assistance for children who intend to come to Hong Kong through such means as supplying English-language textbooks, organizing preparatory courses and so on to enable them to adjust to Hong Kong's schooling system more smoothly.

Sports policies

The Honourable Timothy FOK suggested that we should focus on the development of several areas, including constructing new sports facilities and venues, organizing international sports activities and providing the necessary resources. We hope to continue to co-operate with the Hong Kong Sports Development Board (SDB) in developing sports and deploy more resources as far as possible to train Hong Kong's athletes and promote sports activities at various levels of the community. In addition, we will continue to work with the Sports Federation and Olympic Council of Hong Kong, China (SF&OC), various sports associations and other sports organizations in Hong Kong to ensure that all people in the sports sector can take part in promoting the overall development of sports.

We are of the view that streamlining the administrative framework for sports and recreation services and expanding the membership of the SDB can facilitate Hong Kong's sports development and the formulation of comprehensive sports policies. I earnestly hope that Members can support the early passage of the Hong Kong Sports Development Board (Amendment) Bill to boost the representativeness of the SDB.

As for large scale sports facilities, we are now considering the feasibility of building a large sports complex for the Hong Kong Special Administrative Region (SAR) to tie in with the long-term needs of our future sports development. We are now examining the timing and siting questions and hope to reach a preliminary conclusion by next year.

The 2006 Asian Games

Over the past few months, we have been working closely with the SF&OC to assess various requirements and factors in connection with the possibility of the SAR hosting the 2006 Asian Games. We have put it on record that we support in principle the SF&OC's proposal of hosting the 2006 Asian Games.

As for how much further support we can give with respect to the SF&OC's promotion of the proposal, we expect to reach a consensus in the coming few weeks.

We understand that we are running out of time for the SF&OC is required to present its preliminary proposal to the Olympic Council of Asia shortly. However, we need to examine in detail various problems involved in hosting the Asian Games before we can make a concrete commitment. These problems are not only restricted to sports venues and facilities, but also include such issues as financial capability, economic benefits, transport and so on. Various relevant government bureaux and departments are now making their best efforts to tie in with the timetable of the SF&OC with respect to this matter.

Arts and culture

The arts and culture can not only upgrade the living quality of the public in Hong Kong, but also serve as essential elements for building a harmonious, peaceful and creative society. The Government will adhere to its two major principles of "respecting the freedom of creativity" and "diversity of arts" so as to create an environment where the arts and culture can prosper and be added with more colours.

I would like to thank Members for expressing their views and aspirations with respect to the new framework for the arts and culture in future. Under the proposed new framework, I hope some of the existing problems such as diversification of responsibilities and lack of co-ordination can be solved. The future Culture and Heritage Commission will also be able to make forward-looking planning with respect to the overall cultural policies, including such subjects as the positioning of Hong Kong's cultural development, promotion of arts education and cultural exchanges. Furthermore, the Hong Kong Arts Development Council (Amendment) Bill will propose expanding the membership of the Hong Kong Arts Development Council so as to accommodate more views from experts and the community.

As "Rome was not built in one day", Hong Kong is not going to turn into London or New York in one night in the cultural realm too. What matters is Hong Kong has all along been a place where Chinese and Western cultures meet. The goal of the SAR Government is to actively build up a partnership with the relevant sector and NGOs. If we can continue to be open-minded and to work in concert, we will definitely be able to upgrade the position of Hong Kong in the near future as a world-class city of vitality, in the realm of arts and culture.

Lastly, I would like to thank Members once again for their valuable opinions on the work of the Home Affairs Bureau. In carrying out our future work, we will definitely make reference to these opinions seriously.

Thank you, Madam President.

SECRETARY FOR HEALTH AND WELFARE: Madam President, the Chief Executive, in his policy address, spoke of the need for the Government to assist those in our community who face problems and hardship arising from the economic situation affecting Hong Kong. Last week, Honourable Members also spoke on the need in the context of welfare services. I would like to thank Members for their views. We remain fully committed to providing quality welfare services to meet the needs of the community and, in particular, to assist individuals who have limited capacities to help themselves. In recognition of this, and despite the prevailing economic climate and the consequential fiscal constraints, recurrent public expenditure on welfare services continues to experience substantial growth.

In the current financial year, we will be providing direct welfare service subvention of over \$6 billion. This represents an increase in real terms of around 14% over the previous year. Additional resources have been provided for a wide range of welfare services.

To quote a few examples: To better support families in the current climate, we will continue to strengthen our family and child care services. Twenty-nine additional family case workers will be provided to assist families with problems, including single parents and newly arrived families. We will also allocate an additional \$10 million over the next two years to enhance the problem-solving

abilities of families and the development of parenting skills. Some Members also referred to the need to provide more child care facilities, and I am pleased to report that over 1 800 new places will be provided in the current financial year. In addition, to help the less fortunate in our community, we will also provide over 400 additional day and residential places to enhance our rehabilitation programme for the disabled.

Young people are the future of our community, and it is important that we provide a suitable environment to help them develop into responsible and contributing members, and acquire necessary skills during their formative years. We are currently reviewing our priorities in youth related welfare services to ensure that we are using our resources in the most cost-effective way and that our services are better tailored to the needs of young persons in the current environment. Some of the early initiatives include increasing social workers in our schools and better interfacing of school based welfare services with other community services available to assist young people.

Care for the elderly is one of the strategic policy objectives of the Government and in the current economic environment, it needs our particular attention. Our aim is to provide our senior citizens with a sense of security, a sense of belonging and a feeling of health and worthiness. We have made very good progress on many fronts.

We believe that it is in the interest of the elderly to assist them to continue to live at home for as long as possible. To this end, our policy objective is to strengthen the provision of community and home care services for the elderly and their families. Following a review, we are now providing strengthened home care services to frail elderly living at home in nine districts.

Recognizing the community's concern over the waiting time for residential care service for the elderly who cannot be cared for at home and the service quality of private care homes, we have targetted our efforts at increasing the supply of subsidized residential care places and encouraging private residential care homes to upgrade their service quality. Since April 1997, 3 500 new residential care places have been commissioned, of which 1 200 places have been purchased from the private sector. The average waiting time for subsidized care and attention places has been reduced from about 30 months in 1997 to

18 months as at July 1999. With implementation of the Enhanced Purchasing Scheme from the private sector and efforts made by the Social Welfare Department, the service standards and quality of private care homes are improving. By September 1999, a total of 262 private care homes have met the standards required and have been licensed, compared with only 41 in April 1998.

As the Hong Kong economy underwent a period of sharp adjustments, many Hong Kong families have suffered different degrees of financial hardship. For those who face severe hardship and have no other recourse, their last resort is the safety net provided by the Government. The Comprehensive Social Security Assistance (CSSA) Scheme has continued to provide a safety net, with a provision of \$15.5 billion in the current financial year. However, serious concerns have been expressed over the rapid growth in CSSA expenditure, which has grown from about 2% of the Government's total recurrent expenditure in the 1980s to about 8% today. Approximately 6% of the population are on CSSA.

To ensure the long-term sustainability of the CSSA Scheme and that we are targeting the resource to those in our community most in need, it is important that able bodied individuals who are receiving financial assistance should be assisted to return to the workforce. Several Members expressed the same view in their speeches last week. This is indeed the rationale underlying the Support for Self-reliance Scheme which was introduced in June to provide additional assistance to help unemployed CSSA recipients become self-reliant. In the coming year, we will explore what additional support and assistance can be provided to able-bodied CSSA recipients to remove barriers to secure employment.

As we move towards the new millenium, it is timely to examine whether our services and resources continue to meet the evolving needs of the community in response to the rapidly changing socio-economic environment. To this end, we will be exploring with the welfare sector ways of ensuring that our services are delivered in response to these evolving needs and in the most efficient and cost-effective manner.

To assist with this process, we propose to introduce greater flexibility in the way the Government subvents non-governmental organizations (NGOs) which provide the vast majority of our welfare services. The adoption of a lump-sum funding mode should go a long way in assisting NGOs deliver even more responsive and cost-effective services.

This new flexibility will also help subvented NGOs meet their commitments under the Enhanced Productivity Programme. Here, let me reassure Honourable Members that there will be no reduction in either the quantity or quality of services provided as a result of this Programme. On the contrary, an effectively managed productivity programme will enable us to provide the quantity and quality of services needed by our community in this economic environment. I am aware of the concerns of the welfare sector in meeting the targets under the Programme. The Director of Social Welfare and his colleagues will continue to work with sector representatives to identify ways to achieve the targets.

Madam President, I shall now turn to health care. The Consultancy Report on Hong Kong's Health Care System, prepared by the Harvard team, was released for public consultation, and by the end of the consultation period in mid-August of this year, we received over 2 100 submissions. The recommendations in the Report have given rise to intense debate, and I am grateful to Members of this Council and the community for the many useful comments and invaluable insights.

We are analysing the pros and cons of the different reform initiatives, and will comprehensively address all of the key issues. We look forward to improving further the quality, responsiveness and cost effectiveness of our delivery system through developments in primary health care, better public and private interface of services, and an enhanced mechanism for quality assurance and redress. On financing, we are examining the merits, appropriateness and practicalities of a number of key options. We are also considering the future development of Chinese medicine in our health care system.

We aim to issue a document early next year to seek public views and support for our proposed way forward on health care in the new millenium. The document will include recommendations on the long-term strategic directions and the steps needed to achieve these. There will also be initiatives for more immediate improvements and changes with a proposed time frame for implementation.

Thank you, Madam President.

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, many Members mentioned the issue of political development in the Motion of Thanks debate on the policy address. Some Members suggested that the pace of development towards greater democracy in the Hong Kong Special Administrative Region (SAR) should be reviewed as soon as possible, while others advocated a faster pace of democratic development in Hong Kong. There were also some other Members who made suggestions about the reorganization of municipal services. I will respond to these issues in a while.

Developing a democratic political system according to the Basic Law

The blueprint for democratic development as provided by the Basic Law lays down clear rules for elections to the Legislative Council in its first three terms and allows steady progress to be made in that regard. In May last year, the first Legislative Council Election of the SAR was held successfully. This Council passed the Legislative Council (Amendment) Ordinance 1999 in July this year. The Administration is actively making preparations for the second Legislative Council Election to be held next year in accordance with the Ordinance. The third Legislative Council Election scheduled for 2004 will be the only election to be considered before 2007.

Reviewing the development of Hong Kong's political system

The Chief Executive has made it clear in his policy address this year that he hopes that by 2007, a mature view will have emerged in the community on the development of the political structure which will help us to decide on the strategy and the steps needed for its further development. This should not be interpreted as indicating that discussions on the topic shall not start until 2007. Since the

issues that need to be considered are relatively complicated and controversial in nature, preparations must commence well in advance. Some Members opined that such "mature view" would not come knocking on the door. This is an idea with which I totally concur. The crux of the matter lies in the way in which such "mature view" may be generated.

One of the key tasks proposed on page 18 of the 1999 Policy Objective booklet of the Constitutional Affairs Bureau marks the first step in our efforts to generate such "mature view". In the coming year, we will study the various systems of government currently adopted in other parts of the world and analyse in depth their merits and demerits as reference for our own benefit, with a view to developing a system which best suits Hong Kong with its unique circumstances and best takes care of its long-term interests. When the second Legislative Council Election scheduled for next year is over, we will give due consideration to the specific procedures and steps to be followed in conducting the review and the ways in which the community as a whole may participate to gradually form a mature view on the issue of political system. We will propose a variety of feasible options for reform and conduct extensive consultations in due course to encourage the whole community to turn the relevant issues over and debate them in a rational manner, thus allowing a "mature view" to take shape through such a process of fermentation.

Looking at the matter in terms of time, the Administration will not delay the process. However, for reasons already explained just now, I must state clearly that I do not see at all the possibility for us to complete such a process and at the same time allow ample time to alter the relevant arrangements for the third Legislative Council Election in 2004 which are already provided under the Basic Law. Our goal is, therefore, to enable the SAR to carry out, in 2007, the necessary work for the formation of future Legislative Council according to the method for the formation of the Legislative Council and its voting procedures subsequent to the year 2007 specified in paragraph III of Annex II to the Basic Law. It is our wish that we would obtain support from all quarters in the next few years so that we can work together towards achieving this goal. Such is also our response to Members' criticism of the Administration for adhering to the pace of democratic development set by the Basic Law as the basis for conducting a review and being impervious to the public's requests for accelerating the pace of democratization and advancing the review. Actually, we have considered their views carefully.

It is not particularly meaningful to debate whether there are aspirations for democracy in the society of Hong Kong, because the answer will be positive. Article 68 of the Basic Law has already provided that the ultimate aim is the election of all the Members of the Legislative Council by universal suffrage. There is not much fundamental difference in the views of the public, Members and the Government. However, as regards the acceleration of the pace of democracy, the situation is very different. I cannot agree with the view of individual commentators that various sectors of Hong Kong have already reached a consensus on the acceleration of democratic development. I do not deny that some Legislative Council Members and members of the public have clear-cut stance, and they from time to time call on people with strong and powerful voices to support their demands in this regard. Yet at present, I can in no way see that the general public agrees with this view.

On 15 July last year, the Honourable Andrew CHENG moved a debate calling for full direct elections. In the past few days, I particularly reviewed the press reports on the day following the debate and found that the coverage was not notable. Only one editorial mentioned this topic. I also noticed that the motion debate had not aroused in the electronic media interest from the public. Only a very small number of callers talked about this issue in the radio phone-in programme on the day following the debate.

On the other hand, at the end of September this year, the Social Sciences Research Centre of the University of Hong Kong published the results of an opinion poll. About 30% of the respondents expressed their hope that the policy address should address the issue of economic development, while about 20% of the respondents said that the labour and employment issues had to be addressed. Only less than 1% of the respondents selected political development as the most important issue from among the issues that are of concern to the public.

There are many such illustrative examples showing that, all along, political development has not been an issue of paramount public concern. If society had strong aspirations for faster democratization, the public would by now easily notice such a phenomenon. Therefore, we do not think that the review of the political system based on the blueprint mapped out by the Basic Law is a departure from the will as well as the feelings of the public.

When political development is discussed, the public and even this Council will tend to focus on direct elections only. I, nevertheless, have to reiterate that political development should not be just a matter of implementation of direct elections or merely emphasize the number of directly-elected seats. We must not forget other issues which are equally important.

In accordance with the spirit of the Basic Law, we need to establish an executive-led political structure. The future political development of Hong Kong cannot depart from the executive-led principle, which has been practised effectively for many years. Furthermore, we have to ensure that the relevant political arrangements are able to maintain effective administration of the SAR Government and strengthen the co-operation between the executive authorities and the legislature. We should also consider whether the relevant proposals can meet the expectations of the public and maintain the confidence of investors. Besides, other important issues such as the relationship between the Chief Executive and the Legislative Council, the appointment system for the Government's principal officials and party politics, and so on, have to be studied in depth and considered carefully before proposals on the relevant arrangements are made.

Political party legislation under consideration

Political parties or groups will continue to play an important role in the future political development of Hong Kong. In order to facilitate further development of the political system of Hong Kong, we intend to examine, after the Legislative Council Election in 2000, the feasibility and desirability of a political party law in the light of the existing electoral systems and political situation. The issues to be taken into account include whether legislation is needed to establish a registration mechanism for political parties and to allow political parties to register their names and emblems. Besides, we will study the question of strengthening the regulation of political parties' acceptance of donations and consider enhancing the transparency of the source of funding for political parties.

Reorganization of municipal services

As regards the reorganization of municipal services, the Bills Committee of the Legislative Council has almost completed its scrutiny of the Provision of

Municipal Services (Reorganization) Bill and is about to hold discussions on Committee stage amendments. Yesterday, we briefed Members in detail the new structure devised for the delivery of municipal services. The relevant proposals on the establishment of and funding for the new structure will be submitted to the Establishment Sub-committee and the Finance Committee of the Legislative Council in December.

I sincerely hope that Members of this Council will complete the scrutiny as well as the enactment of the Bill as soon as possible. It is also hoped that Members will support the establishment and funding proposals put forward by the SAR Government for the new administrative structure so that the preparatory work for the new structure can be completed by the end of this year. As we enter the new millennium, we will be able to deliver to the public municipal services of higher quality and with greater cost-effectiveness.

Thank you, Madam President.

CHIEF SECRETARY FOR ADMINISTRATION: Madam President, Honourable Members, I am grateful, as ever, for the opportunity to wind up this annual debate on behalf of the Administration, and to urge Honourable Members to offer us their support. I know that this may not be the intention of some Members in this Chamber. But I also believe that an objective analysis of the debate so far would indicate that, on the whole, no great exception has been taken to, and there has been a good deal of support for the Chief Executive's third policy address delivered here on 6 October. I believe that this is reflected in the community as a whole.

This debate, as usual, has been a wide-ranging one. We have heard a variety of views, suggestions, ideas, comments and criticisms. That is hardly surprising for a fully elected legislature which represents a cross-section of the community and its many special interests.

The debate has also been driven to some extent by issues outside of the policy address, matters on which I intend to touch over the next 15 minutes or so.

All of these are well and good in a healthy, plural society. But one of the consequences is that the central message of the Chief Executive's policy address has tended to be obscured in a clutter of not always relevant side issues.

And what is that central message? It is that Hong Kong has a bright and inviting future as the premier international city of Asia, the world city of our region. Now that is a big vision, but given that we already possess many of the attributes required to achieve that goal, it is eminently attainable.

I refer, in particular, to the software that is required of a truly international city: that is, the rule of law; a deeply-rooted and trusted legal system; a robustly independent judiciary; a clean, cosmopolitan Administration; the free and unfettered flow of information. Above all, a dynamic and resilient population used to dealing in the international market place, and speaking its language. What better way to illustrate the notion — and the reality — of "one country, two systems".

But we need more than that if we are to match words with deeds. The initiatives the Chief Executive announced to clean up our environment, to focus our education system on the human resources needs of a knowledge-based society are the real building blocks we must put in place to secure the future underpinnings of the economy and the future prospects of our millenium generation.

Madam President, I would like at this point to address a criticism around which some Honourable Members and commentators have sought to decry this turn-of-the-century policy address. In a nutshell, it seems to be this: that the Chief Executive has dwelt too much on "far-sighted" policies at the expense of present day problems; that he has not introduced any new measures to stimulate the economy and reduce unemployment.

This criticism seems to me to be both untrue and extremely short-sighted. It also completely ignores the economic realities of the Asian financial crisis and its impact on Hong Kong over the last two and a quarter years. The fact is that the Government has done a great deal within our means and proven economic philosophy to relieve the pain imposed by an externally-induced recession. The various measures contained in the last two Budgets and in two other special packages are now taking effect. They have been a significant factor in the economy turning the corner.

These short-term measures, allied to strategic initiatives in innovation and technology, telecommunications liberalization, major reforms in the banking and financial services sector, tourism, education, the environment, culture and sport and designed to ensure that the Hong Kong Special Administrative Region (SAR) catches the wave of the future. They represent an investment which should reap rich dividends not just for us, but for our children and grandchildren.

In saying this, I do not wish to downplay or underestimate the real hardships and burdens imposed by the recession on many members of the community. Their pain is real. The way in which they have coped with the downturn is a tribute to their pragmatism and patience. It has enabled Hong Kong to keep its composure and equilibrium during the worst economic downturn in our recorded history.

The measures we have taken to ameliorate the worst effects of unemployment, to boost job creation and provide retraining opportunities are only one measure of our concern. We will continue to do all we can to soften the blow. I would, however, make a general point. One of the lessons we have learned from the Asian financial crisis is this: a community that concerns itself only with the short term will not have much of a long-term future.

Madam President, I would like to emphasize that we have listened to the speeches of Honourable Members with close attention. There was much for us to digest. I hope that in the preceding speeches, my colleagues in the Administration have gone some way towards addressing the many issues raised during these proceedings. No doubt, we will continue to discuss many of them in this forum. There are two or three issues that I would like to address in particular.

One is the relationship between the executive and the legislature, a matter I know which troubles many Honourable Members. Let me repeat: we in the Administration are keenly aware of the importance of a constructive partnership with the legislature. This is not simply a matter of constitutional obligation. It is a matter of political common sense.

Honourable Members may recall that I dwelt on this subject at some length in this debate last year. I hope that they will be aware of the efforts we have since put into further improving the relationship. In particular, the recent

appointment in the Secretary for Justice's Office of a former Legislative Council Legal Adviser to offer impartial, objective advice on legislative affairs shows the Government's genuine desire to work in depth with the Legislative Council on these important matters. This does not mean that we always see eye to eye on all issues. But differences of view, some strongly held, should not mask the fact that in many areas, we have worked hard together and achieved much in the public interest. These efforts will continue. But any relationship, as the word implies, involves more than one party. In our case, it is a two-way street. I look forward to us continuing to work together in the best interests of Hong Kong.

A number of Honourable Members have raised concern about rule of law issues. I have made it plain in the past that there can be no higher priority than the preservation of the rule of law. Our legal system is the cornerstone of Hong Kong's past success and future prosperity. It provides comfort and security for our citizens and reassurance for our foreign investors. A key aspect of the rule of law is that no one, including the Government, is above the law. Can there be any doubt that this is the case in Hong Kong? On an almost daily basis in the courts, the Government is constantly and willingly explaining and justifying its actions. Judicial review of the Government's administrative actions has a long and important history in the common law world and it continues to be a major feature of our legal system, itself administered by a fearless and strongly independent judiciary.

I acknowledge, of course, that some rule of law issues we have faced since the handover have caused genuine concern here and overseas. But I think that it is important to see these matters in context.

For the first time, the SAR has a mini constitution in the form of the Basic Law. The implementation of the Basic Law has brought about a major development in our legal system, that is, the creation of constitutional litigation. The interfacing of it with our legal system will also take some time. This, however, is a healthy development: a common law system such as ours is capable of dealing with constitutional change without losing its commitment to the fundamentals we all hold dear.

Before leaving this subject, I would like to focus for a moment on the question of legal aid.

Some Members have expressed concern that our decision not to transfer the administration of legal aid from the Government to a separate and independent entity means that access to justice will be jeopardized. This will definitely not be the case.

We decided against an independent legal aid authority because we consider it to be an unnecessary move. Our objective, first and foremost, is to ensure that our target clients receive the assistance that they need. As there is no evidence to prove that the Legal Aid Department is not meeting this objective, we do not see any overriding need to dis-establish the Department which in itself is bound to be deeply unsettling to the staff concerned.

Any entity separate from the Government might help create a semblance of independence in administering legal aid. But the consultants commissioned by the Legal Aid Services Council have pointed out that there is neither wide nor deep concern about the independent operation of the Legal Aid Department among its stakeholders. Our view is that the existing arrangement, with an open-ended budget administered by a government department accountable to the legislature, is the best way of achieving our policy objective with regard to legal aid.

We have decided that further improvements and a better use of resources currently devoted to legal aid services should be the priority. We are in the process of implementing various improvements arising from our recently concluded legal aid policy review.

As head of the Civil Service, I should also like to touch on the matter of civil service reform. Some Honourable Members called upon us to proceed with care, to involve the staff side in close consultation, and to have due regard to the stability of the Civil Service. On the other hand, others have called upon us to get on with our reform pledges so as to achieve greater efficiency. This breadth of views replicates what the community has said to us during the consultation period. And as difficult as it may sound, we are trying to achieve both.

We are wholly committed to a policy to pursue change on the basis of stability; to implement measures gradually; and to consult widely and with an open mind. We shall continue to involve the staff side in future consultations,

and confine fundamental changes to recruits, with our contractual commitments on terms and conditions of service for incumbents left intact. This is precisely what we are doing now in this second stage of in-depth consultation. Four joint working groups have been set up for this purpose.

Let me stress this: reform to the civil service management system is essential to enhance the flexibility and efficiency of our Civil Service. The Civil Service cannot afford to stand still if we are to meet the arising expectations of our community and the challenges arising from a rapidly-evolving social and economic environment. Honourable Members may rest assured that we shall pursue vigorously our reform targets, yet at a pace which will be acceptable to and sustainable within the Civil Service.

We expect to introduce changes gradually over the next 12 months. Our intention is first to implement proposals which have received broad support. We will also move ahead expeditiously with proposals which are subject to more urgent time frames, mainly the new entry terms for recruits.

This brings me to a civil service-related subject which occupied a considerable proportion of this debate, that is, the appointment of our Director of Broadcasting to head the Hong Kong Economic and Trade Office in Tokyo. Firstly, so there can be no room for doubt, I emphasize that at every level of the Administration, we know that freedom of speech, freedom of the press and freedom of information is at the core of Hong Kong's way of life.

Secondly, I would want to acknowledge the part that Miss CHEUNG Man-yea — among others in this Government — has played in the protection of those freedoms. The Director of Broadcasting, while a civil servant, has a unique role also as a public broadcaster and is, therefore, an important part of the media establishment. We all know that she has contributed to the full in this.

But I also think that we need to acknowledge, as indeed Miss CHEUNG herself has done, that as a civil servant, she is part of a team, albeit the head of that team. Over the years, the Radio Television Hong Kong (RTHK) has developed a solid corps of professional editors, journalists and producers. They work within the framework of the RTHK's editorial independence spelled out in its charter. This charter is a reflection of a key principle of the Government's own policy towards the RTHK, that is, that it should have editorial independence.

This has been reaffirmed in unmistakable terms both by the Chief Executive and myself.

More recently, a set of editorial guidelines based on those used in the British Broadcasting Corporation (BBC) have been introduced. I think we would all agree that the BBC is an excellent role model.

It therefore disappoints and pains me to see the unnecessary alarm that has been raised over Miss CHEUNG's posting to Japan. Let me repeat: this is a perfectly proper posting in our long-established policy of recognizing ability and allowing all officers to realize their potential to the full. The Administration must have the freedom to post its officers to suit the exigencies of the service, free from political interference.

I understand, of course, the sensitivity in the community to any moves that might appear to undermine freedoms and liberties. I am very sensitive to these myself. But in this case, I feel absolutely confident in being able to reassure the community that the editorial independence of the RTHK will not be affected by this move nor, by extension, press freedom as a whole.

The very fact that this posting has resulted in such a lively public debate is itself evidence that press freedom and freedom of speech are alive and well in Hong Kong. And long may it continue.

I think all fair-minded members of the community will want to give the RTHK team and its new leadership every chance to prove itself as the worthy guardians of its own traditions. The proof of the pudding will be in the eating. I am pleased to announce that a promotion board has already been held to identify a successor to Miss CHEUNG and we expect to be able to make an announcement next week once the necessary procedures are completed.

Madam President, I hope that this afternoon, my colleagues and I have been able to demonstrate that this year's policy address is one of great vision and considerable substance. It has built on the strategies outlined in the Chief Executive's first two addresses. He has charted the way forward for Hong Kong into the next century and is steadily putting the building blocks in place. We have not ignored or neglected the immediate interests and concerns of the

community, and will continue to pursue policies which will enable our entrepreneurial and innovative business men and women to re-ignite the economy in a way that will provide secure and sustainable employment and opportunities for our hardworking people. That is the essence of the 1999 policy address and I urge Honourable Members to support it.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment made by Mr Martin LEE to Dr LEONG Che-hung's motion 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): Before I declare that voting shall stop, Members may wish to 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 and Mr LAW Chi-kwong voted for the amendment.

Mr Kenneth TING, Mr James TIEN, Mr Edward HO, Dr Raymond HO, Mr Eric LI, Mr LEE Kai-ming, Dr David LI, Dr LUI Ming-wah, Mrs Selina CHOW, Mr Ronald ARCULLI, Mr Ambrose CHEUNG, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mr CHAN Wing-chan, Dr LEONG Che-hung, 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 amendment.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr LEE Wing-tat, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Chin-shek, Miss Emily LAU, Mr Andrew CHENG and Mr SZETO Wah voted for the amendment.

Miss Christine LOH, 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-kwok, Mr CHAN Kam-lam, Mr YEUNG Yiu-chung, Mr Ambrose LAU and Miss CHOY So-yuk voted against the amendment.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, three were in favour of the amendment and 24 against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 30 were present, 13 were in favour of the amendment and 16 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 amendment was negatived.

PRESIDENT (in Cantonese): Dr LEONG Che-hung, you may now reply.

DR LEONG CHE-HUNG: Madam President, before I start, could I know how much time do I have?

PRESIDENT (in Cantonese): You would have 15 minutes to reply.

DR LEONG CHE-HUNG: I can assure Members that I will not use up the whole 15 minutes. (*Laughter*) Madam President, may I thank you again for giving me a chance to speak for the third time and I understand that I have got 15 minutes. Let me start by praising you, Madam President, for your endurance. Not once in the last three days of the debate, including today of course, have you sought to leave the seat, albeit temporarily. Nor have you been caught switching off your mental brainwave though transiently, and I think many of us did.

Some 58 Honourable Members have spoken their minds on the policy address. One Honourable Member, unfortunately, could not speak as other duties have taken him away from Hong Kong. As expected, their deliberations are a mixture of criticisms, praise and suggestions for the better. Personally, I would like to see more suggestions. Yes, criticize we must, but criticism without being followed by constructive suggestions and better alternatives is but a negative attitude, and in no way will be effective in building a better society for Hong Kong which is, and which must be, a partnership duty that this legislature have to partake with the Government.

Madam President, some 11 senior government officials have spoken in response to Members' deliberations. I feel grateful for that. Time will not allow me to deliberate in detail on all the Administration's responses, nor do I have the total expertise. I have no doubt that Honourable Members will follow what the Government has proposed and promised in their respective Panels of the Legislative Council.

Let me, perhaps, address a few areas in relation to some of the different responses of the Administration. The apparent inadequacy on ways and means of bettering our economy and unemployment has been a main area that Honourable Members raised most concern. As I said in my opening remarks, there is no magic wand to change our economy overnight and, as the Financial Secretary also mentioned, there is only that number of rabbits that the Government can pull out of the hat. Most of us would agree to that.

Yet, as an ordinary citizen, when he is shattered mentally by the lack of a job and the fact that his family is in a constant state of hunger, he would perhaps expect the Government to come up with pragmatic suggestions. No, Honourable Members are not asking the Government to act like Santa Claus. They are aware of the principle behind government spending, be it constrained by the Basic Law or otherwise, and many abide by and support this principle. As the Financial Secretary has stated, improving the economy is not just the Government's responsibility alone, but we must all work together. I will be addressing the issue of partnership later. Suffice to say that I personally do feel that the Government must take a lead.

Madam President, the Secretary for Planning, Environment and Lands has spoken at length on the need for a new law for city renewal (市區重建). Let me use this to illustrate the positive action that this Council has taken and will take to support the Administration's proposal. As soon as the Government gazetted a white bill on this issue last week, Members have wasted no time in taking the initiative to decide on how this white bill should be discussed and the need to move an open debate to stimulate public interest and views well before the very short consultation period terminated.

Madam President, few will doubt the enthusiasm and the commitment of the Secretary in achieving better than acceptable environment. Regrettably, there are no concrete ways in the policy address nor in the Secretary's response just now to show the public and this Council that the Government knows what exactly to do or how to do it.

Worse, past records have ruined much public confidence on the Government's ability to protect the environment. Disposal of waste of all kinds is a good example. For the last 10 years, the Government has fluctuated and been waxing and waning between building and not building incinerators. Even today, the Government is still unable to commit itself on what it would do to annihilate vehicles which are not running but are idling and still emitting exhaust fumes. Little wonder that, whilst the major effort of the policy address is devoted to environmental protection, the public and this Council are still asking for more, nor should the Government be surprised at the public sentiment.

Madam President, much has also been said on retraining and further vocational training to improve skills of the grassroot workers to enable them to acquire jobs and perhaps even better jobs. There is yet another angle that the Secretary for Education and Manpower should be looking at. In tertiary education, for example, whilst it must be the aim of a developed and vibrant society like Hong Kong, where people is our only resource, to have as many percentage of the population receiving tertiary education as possible, yet should there be a total review of manpower needs so that tertiary education should be targeted at those professions and trades that Hong Kong is deficient? Examples abound that graduates of certain sectors of tertiary education are not getting proper jobs and are thus unable to contribute back with what they have learned to the society. Yes, no government would ever guarantee their graduates proper jobs. Yet, uncontrolled over-production could well lead to taxpayers' money wrongly spent.

Madam President, the Secretary for Health and Welfare has spoken at length on his commitment to analyse the submission of the public of Hong Kong on the Harvard Report before coming up with the Government's suggestion on the way forward. Yes, this must be the pragmatic move. Let me remind the Secretary that health care reform is in dire need for over 10 years. It is already long overdue. Let us hope that any reform would be a proper reform for the better and not just a piecemeal improvement or a knee-jerk response to extinguish the fire. This is what this Council requests, and this is what the health care professionals and the public demand. It is not going to be easy. It may face political obstruction, but if changes are for the better, for medium and long-term improvements, it should be done.

Madam President, I support the Chief Secretary for Administration's call that every effort should be made by all concerned to ensure that the Radio Television Hong Kong still retains its press freedom. This Council will obviously do likewise as freedoms of speech and expression must be the hub of Hong Kong's existence.

Madam President, while the Chief Secretary for Administration has used vision as a theme, I thought I would end by talking about partnership which I am grateful that the Chief Secretary for Administration has also touched on. Talking of partnership, it cannot be overtly stressed that the relationship between this Council and the Executive Administration must be properly addressed, and addressed in a pragmatic way. It is imperative, too, that the Government must seek to reform the constitutional setup of the different tiers of government. The current situation that the elected legislature has a mandate but no responsibility in governance, whilst the Administration is accountable yet without a mandate, will not do as we become master of our own house.

Even Mr LEE Kuan-yew, Senior Minister of Singapore and a politician that our Chief Executive admires, agrees that Hong Kong must find a solution to allow the Legislative Council to contribute to good governance when he said, "A Legislative Council which is oppositionist and shoulders no responsibility cannot contribute good governance. The way to bring a sense of reality to populist politics is to saddle the political leaders with the responsibility of fulfilling their promises." I call for a ministerial system to take this into effect. I note that there is no lack of support in this Council and in the community.

Madam President, as the curtain falls on the debate on the policy address, I call on Members to support the original motion, which is to support the Motion of Thanks. It in no way implies that we are not critical of the Government. Instead, we are showing that we, this legislature and the Administration, are working in partnership, and that we, as elected representatives, respect the Administration and expect that the Administration would not only do its job, but would do it better.

I so ask Members to vote. Thank you.

PRESIDENT (in Cantonese): I now put the question to you Mr Martin LEE.

MR MARTIN LEE (in Cantonese): Madam President, I should like to seek your permission for Members affiliated to the Democratic Party to have five minutes' time to discuss and decide on how we should vote.

PRESIDENT (in Cantonese): I give Mr Martin LEE my permission. Council will now be suspended for five minutes.

5.40 pm

Meeting suspended.

5.45 pm

Council then resumed.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr LEONG Che-hung, as set out on the Agenda, be passed.

PRESIDENT (in Cantonese): 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)

Dr LEONG Che-hung rose to claim a division.

PRESIDENT (in Cantonese): Dr LEONG Che-hung has claimed a division. The division bell will ring for three minutes.

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

PRESIDENT (in Cantonese): Before I declare that voting shall stop, 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 Edward HO, Dr Raymond HO, Mr Eric LI, Mr LEE Kai-ming, Dr David LI, Dr LUI Ming-wah, Mrs Selina CHOW, Mr Ronald ARCULLI, Mr Ambrose CHEUNG, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mr CHAN Wing-chan, Dr LEONG Che-hung, 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 for the motion.

Mr Michael HO, Mr CHEUNG Man-kwong and Mr LAW Chi-kwong voted against the motion.

Geographical Constituencies and Election Committee:

Miss Christine LOH, 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-kwok, Mr CHAN Kam-lam, Mr YEUNG Yiu-chung, Mr Ambrose LAU and Miss CHOY So-yuk voted for the motion.

Miss Cyd HO, Mr Albert HO, Mr LEE Wing-tat, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Chin-shek, Miss Emily LAU, Mr Andrew CHENG and Mr SZETO Wah 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, 27 were present, 24 were in favour of the motion and three against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 30 were present, 16 were in favour of the motion and 13 against it. 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.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 3 November 1999.

Adjourned accordingly at eight minutes to Six o'clock.

Annex

ADAPTATION OF LAWS (NO. 5) BILL 1999

COMMITTEE STAGEAmendments to be moved by the Secretary for Planning, Environment and LandsClauseAmendment Proposed

Schedule 2,
section 1 By deleting "by repealing "the Colony" and substituting "Hong Kong"." and substituting -

"-

(a) by repealing "the Colony" and substituting "Hong Kong";

(b) by repealing "外國人" and substituting "外籍人士".

Schedule 2 By adding -

"2A. Section 1 is amended by repealing "外國人" and substituting "外籍人士".

Schedule 2,
section 3 (a) In paragraph (b) by deleting the full stop and substituting a semicolon.

(b) By adding -

"(c) by repealing "外國人" where it twice appears and substituting "外籍人士".

ClauseAmendment Proposed

Schedule 2, section 4 By deleting "by repealing "Commonwealth citizen" and substituting "Chinese citizen"." and substituting -

"-

- (a) by repealing "Commonwealth citizen" and substituting "Chinese citizen";
- (b) by repealing "外國人" and substituting "外籍人士".