

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 10 April 1997

The Council met at half-past Two o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE ANDREW WONG WANG-FAT, O.B.E., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, C.B.E., J.P.

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

DR THE HONOURABLE DAVID LI KWOK-PO, O.B.E., LL.D. (CANTAB),
J.P.

THE HONOURABLE SZETO WAH

THE HONOURABLE LAU WONG-FAT, O.B.E., J.P.

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

THE HONOURABLE RONALD JOSEPH ARCULLI, O.B.E., J.P.

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

DR THE HONOURABLE EDWARD LEONG CHE-HUNG, O.B.E., J.P.

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA, M.B.E.

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE ERIC LI KA-CHEUNG, O.B.E., J.P.

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE HENRY TANG YING-YEN, J.P.

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE SAMUEL WONG PING-WAI, O.B.E., F.Eng., J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE JAMES TIEN PEI-CHUN, O.B.E., J.P.

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE CHAN WING-CHAN

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE PAUL CHENG MING-FUN

THE HONOURABLE CHENG YIU-TONG

DR THE HONOURABLE ANTHONY CHEUNG BING-LEUNG

THE HONOURABLE CHEUNG HON-CHUNG

THE HONOURABLE CHOY KAN-PUI, J.P.

THE HONOURABLE DAVID CHU YU-LIN

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE IP KWOK-HIM

THE HONOURABLE LAU CHIN-SHEK

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

DR THE HONOURABLE LAW CHEUNG-KWOK

THE HONOURABLE LAW CHI-KWONG

THE HONOURABLE LEE KAI-MING

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE BRUCE LIU SING-LEE

THE HONOURABLE LO SUK-CHING

THE HONOURABLE MOK YING-FAN

THE HONOURABLE NGAN KAM-CHUEN

THE HONOURABLE SIN CHUNG-KAI

THE HONOURABLE TSANG KIN-SHING

DR THE HONOURABLE JOHN TSE WING-LING

THE HONOURABLE MRS ELIZABETH WONG CHIEN CHI-LIEN, C.B.E.,
I.S.O., J.P.

THE HONOURABLE LAWRENCE YUM SIN-LING

MEMBERS ABSENT:

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

THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE MARGARET NG

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE DONALD TSANG YAM-KUEN, O.B.E., J.P.
CHIEF SECRETARY

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.
ATTORNEY GENERAL

MR CHAU TAK-HAY, C.B.E., J.P.

SECRETARY FOR BROADCASTING, CULTURE AND SPORT

MR NICHOLAS NG WING-FUI, J.P.

SECRETARY FOR CONSTITUTIONAL AFFAIRS

MR DOMINIC WONG SHING-WAH, O.B.E., J.P.

SECRETARY FOR HOUSING

MRS KATHERINE FOK LO SHIU-CHING, O.B.E., J.P.

SECRETARY FOR HEALTH AND WELFARE

MR RAFAEL HUI SI-YAN, J.P.

SECRETARY FOR FINANCIAL SERVICES

MR JOSEPH WONG WING-PING, J.P.

SECRETARY FOR EDUCATION AND MANPOWER

MR PETER LAI HING-LING, J.P.

SECRETARY FOR SECURITY

MR BOWEN LEUNG PO-WING, J.P.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

MR KWONG KI-CHI, J.P.

SECRETARY FOR THE TREASURY

MISS DENISE YUE CHUNG-YEE, J.P.

SECRETARY FOR TRADE AND INDUSTRY

MR LAM WOON-KWONG, J.P.

SECRETARY FOR THE CIVIL SERVICE

MR STEPHEN IP SHU-KWAN, J.P.

SECRETARY FOR ECONOMIC SERVICES

MR KWONG HON-SANG, J.P.

SECRETARY FOR WORKS

MR PAUL LEUNG SAI-WAH, J.P.

SECRETARY FOR TRANSPORT

CLERKS IN ATTENDANCE:

MR RICKY FUNG CHOI-CHEUNG, SECRETARY GENERAL

MR LAW KAM-SANG, DEPUTY SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

Resumption of Second Reading Debate on Bill**APPROPRIATION BILL 1997****Resumption of debate on Second Reading which was moved on 12 March 1997**

PRESIDENT (in Cantonese): Council will now resume and continue the debate on the Appropriation Bill 1997. Would any Members like to speak? Please raise your hand to indicate your intention.

MR HENRY TANG (in Cantonese): Mr President, I remember I said last year, "Mr Donald TSANG was the first Financial Secretary of Chinese descent who was born and raised in Hong Kong. He would also be the last Financial Secretary before the change of sovereignty. It was therefore particularly difficult for a person who held the office of the Financial Secretary during this period." The criticism and censure from various quarters immediately after the "coming out" of this year's Budget have proved what I said last year. I hope to rectify those unfair words on the Financial Secretary in the debate today.

Does it mean that I am very satisfied with this year's Budget? No, I will explain in detail my dissatisfaction and expectations later. What I have to praise the Financial Secretary is his ability to take into account of the needs of different parties in this last Budget under the British Administration.

There is one thing I think you all know quite well. As the Financial Secretary puts it, in a little over three months' time, and indeed for most of the period covered by this Budget, Hong Kong will be a Special Administrative Region (SAR) of the People's Republic of China. At this moment, will anyone of you find it a better way for the Government to spend extravagantly at the latter stage of transition than following the current prudent spending philosophy, with a view to providing the SAR Government with a robust financial situation upon its operation?

This Budget is a consensus achieved by discussion between the Chinese and the British sides. It looks as if the Financial Secretary was walking on a narrow beam on which balance was difficult to keep. I believe that "though he cannot please everyone, he feels no qualms". We have to believe that during the 19 rounds of meetings held by the Budget Expert Group under the Sino-British Joint Liaison Group, the Financial Secretary succeeded in striking a balance while giving due consideration to the interests of the general public and different quarters as well as the concerns of the Chinese and the British sides. This is an extremely difficult task. I believe that if those critical and nit-picking people were the Financial Secretary, they could not outdo him.

At this point, I have to consider whether I should declare interest. In response to the repeated requests of the tourist industry, the industrial and commercial sectors and the consulates in Hong Kong, the Financial Secretary proposes to reduce wine duty from 90% to 60%. Yet this proposal invites strong attack. There are criticisms that the Financial Secretary brings about a situation where "the rich can drink wine but the elderly can only drink water".

I think it is extremely unfair to put the reduction in wine duty on a par with the increase in the Comprehensive Social Security Assistance (CSSA) payment for the elderly. You can imagine the following situation: Hong Kong is a metropolis and an international financial centre. Tourism is the second largest earner of foreign exchange for Hong Kong. Millions of foreigners visit Hong Kong every year for business or for pleasure. Yet in such a modern city, the prices of wine are much higher than those of other developed countries in the world. This is not merely a question of image, it is actually a blow to the commercial sector and tourism of Hong Kong.

I believe that in many developed countries, people or tourists just regard wine as an ordinary item on the menu and it is not a particularly luxurious choice. They can hardly imagine that the import duty of wine in Hong Kong has been increased from 21% in 1994 to 90% at present just in one go. To them, wine duty as high as this is beyond belief. I hope that those who impeach this "tax reduction" proposal put forward by the Financial Secretary will think again to see if such a reduction is really that unreasonable.

To be honest, when the voting takes place next week, I think I will have some mental struggle. If I support the proposal, it is for sure that the value of my treasured collection of wine, which is made up of more than 10 000 bottles I bought in these years, will depreciate greatly; but if I object to it, I will have to pay a high price for wine. What a difficult decision to make!

As I have said before, the Budget proposed by the Financial Secretary this time does have a lot of inadequacy. For instance, the CSSA payment for the elderly will not be increased, the extent of education reform is small, no new measures will be introduced to help business, and the request of the industrial and commercial sectors to cut the tax by 1% has not been fulfilled yet. In fact, with the enormous reserves of Hong Kong, we all hope that these issues will be resolved. Of course, for those issues which this Budget fails to deal with, we will strive for their improvement in the first Budget of the future SAR Government. Yet I would like to bring up a long-term worry today. Despite our enormous reserves, we still have to consider the co-ordination between industrial development and the workforce of Hong Kong in the future.

Does Hong Kong have a favourable environment for investment?

Does Hong Kong have adequate human resources in terms of quantity and quality?

Environment and human resources are two benchmark factors determining continuous investment of the industrial and commercial sectors. They are also major factors to maintain the status of Hong Kong as an international financial and trade centre. Moreover, they are also the first issues we have to consider when the industrial development of Hong Kong is moving in the direction of a hi-tech and information-oriented model.

Does Hong Kong have a favourable environment for investment? It seems that the commitments of "helping business" and "services promotion" made by the Financial Secretary are not substantial enough to ensure a favourable environment for investment in Hong Kong. Another important point to ponder is whether land supply in Hong Kong is adequate and whether the rents of industrial and commercial buildings stand at a reasonable level. These are often crucial factors affecting the investment strategy of the industrial and commercial sectors. Apparently, these are brain teasers for the SAR Government.

Moreover, whether Hong Kong has adequate human resources in terms of quantity and quality is also a major consideration when the industrial and commercial sectors make commercial decisions. We are facing a long-term problem concerning the quality and quantity of our workforce. According to estimates, the population of Hong Kong will soar to eight million by the year 2011. The working population will increase from the current three million to four million. When the industries of Hong Kong are moving in the direction of a hi-tech and information-oriented model, our mode of operation will change from labour intensive to technology intensive. This means that firstly, we have higher demands on the quality of our workforce, and secondly, we have to develop into a stronger economy.

This is an issue of extensive coverage and intensive impact. Today, while other economic giants in the world are suffering from the heavy blow of unemployment caused by upgraded industries and sluggish economy, Hong Kong, fortunately, has not yet got into such a plight. I believe that we have to prepare for a rainy day by studying the issue of co-ordination between industrial development and the workforce.

I sincerely hope that when the Financial Secretary becomes the first Financial Secretary of the SAR upon the smooth transition, he will make up for the inadequacies in various aspects with the enormous reserves while sticking to the principle of overall expenditure not exceeding the economic growth in real terms. At the same time, I also hope that he will have the vision to prepare a more far-sighted reserve management blueprint to serve the future needs of Hong Kong.

Thank you, Mr President.

MR SZETO WAH (in Cantonese): Mr President, signing of the Sino-British Joint Declaration in December 1984 marked the beginning of the transitional period of Hong Kong. Now, this transitional period is about to end in about two months' time.

The Budget is the most up-to-date, comprehensive, concrete and general epitome of the economy of a region or a country. Through this year's Budget, we can see the economic development of Hong Kong during the transitional period in the past 12 years. This also gives a comprehensive, concrete and general description of the current economic situation.

Economy is the foundation of a society while politics is its superstructure. It means that the foundation and superstructure, that is, economy and politics, must be compatible and adapted to each other if a society is to maintain stability and prosperity. The superstructure, which by nature is a reflection of the foundation, can enhance as well as suffocate the development of its foundation. Should they fail to stay compatible and adapted to each other, contradictions and conflicts will arise, and the society will thus be bogged down or even experience retrogression and tremor. Through this year's Budget, we can see whether the existing relationship between economy and politics, as well as such relation during the past 12 years of the transitional period, are compatible and adapted to each other or in contradiction and conflicts.

Only a few simple figures will provide an answer to the above question. The fiscal surplus of the next year will be \$31.7 billion, and this surplus is expected to accumulate to \$58.9 billion in the next three years. When the Hong Kong Special Administrative Region (SAR) Government is established, the fiscal reserves will be over \$160 billion and the balance of the Land Fund will also be more than \$160 billion, making a total of \$333 billion. Together with the some \$380 billion assets of the Exchange Fund, the total amount will be almost \$720 billion. Among the governments of different regions and countries in the world, few of them have such fully reinforced economic strength. The few simple figures mentioned above can convincingly demonstrate that the economy of Hong Kong at present and during the 12 years of transition has been steady and developing prosperously. Those figures can also effectively prove that the relationship between economy and politics of Hong Kong, that is, the superstructure and the foundation of the society, at present and during the 12 years of transition have been compatible and adapted to each other, rather than experiencing contradictions and conflicts.

During the past six months, some people kept commenting that the Hong Kong community had become too politicized, implying that the territory's political development was going too fast. They make not only such reference

but also instantaneous preparation to repeal the election law and to set up the rules in their own way so that the development of the democratic political system will be reversed. They are going to emasculate the Hong Kong Bill of Rights Ordinance and reinstate the draconian laws, thus seriously menacing our freedom and human rights. The media is becoming more self-disciplined and multifarious opinions are gradually converging into a single voice. This is a trend of the superstructure coming to a standstill in every way. This will certainly damage the superstructure as well as its foundation. The compatibility and adaptability between economy and politics will be ruined, and contradictions and conflicts will follow. As such, the political reactions on the superstructure will certainly suffocate the development of the foundation, that is, the economic development. This will bring the community to a standstill, or even cause retrogression and tremor. This is the ABC of historical materialism. Sure enough, those dubbing themselves people who "love China and love Hong Kong" and those who say that they "love China and love Hong Kong" whenever they speak, should have heard about this elementary knowledge even if they do not know this. I am not "badmouthing" of Hong Kong, but earnestly giving a piece of advice: Do not substitute "one country, two systems and high autonomy" with a renewed version of "one centre, two basic points". This will "degrade" Hong Kong.

Recently, someone accused others with harsh countenance for "badmouthing" Hong Kong. Actually, Hong Kong will not be affected by the acts of "badmouthing" it, nor will its reputation be ruined by curses. Does "badmouthing" Hong Kong really have such big influence? Hong Kong will only be "degraded" by others. Let us refer to some facts in history and see how Hong Kong has been "degraded".

Facts of the past tell us that Hong Kong has never "degraded" itself. Insecurity, tremor, stagnation and retrogression, no matter whether they are economic or political, were often the results of external factors. Hong Kong is too small and dependent. External factors can influence Hong Kong without triggering off the internal factors first. Quite often, external factors are internal factors. Perhaps we need not turn to the Seamen's Strikes and the Strikes in Guangdong Province and Hong Kong, which might be too remote. Those incidents which took place after the Second World War, such as the riots in 1956 and 1967, the energy crisis in the 1970s and the monetary turbulence in the mid

1980s, all occurred under the influence of external factors. Since the commencement of the negotiation between China and Britain in 1982, an external factor is becoming ever more powerful and capable of affecting Hong Kong directly. Whether Hong Kong will be "degraded" depends mainly on that external factor and the genuine implementation of the principle of "one country, two systems and high autonomy", which is the key to preventing that external factor from "degrading" Hong Kong.

Mr President, during my speech, I have been worrying that you may consider it a digression from the Budget and thus order me to stop. However, you have not done so. Obviously, you understand the indissoluble ties between politics and economy. I am just discussing the Budget from a broad perspective of politics and economics.

Mr President, these are my remarks and I have to express my gratitude to you.

PRESIDENT (in Cantonese): The word "broad" does mean a lot — a broad perspective indeed.

MRS SELINA CHOW (in Cantonese): Mr President, this year's Budget is a budget with a transitional vision, and it is a budget with only the transition in mind. It is an undisputed fact that the Financial Secretary is wearing a pair of glasses. There is nothing wrong to wear a pair of glasses which suits the environment. To take them off occasionally will not cause any serious problems, but they should be put on immediately afterwards. To achieve a smooth transition, the Financial Secretary has to ensure that he does not look sideways even though he may see some risks associated with the transfer of sovereignty. Who can blame him? So it is unrealistic to expect a short-sighted person who wears a pair of glasses to look far ahead. Because of this, there were no financial plans in connection with some important and critical policies which require long-term commitment in this Budget. We can only hope that the Financial Secretary will undergo a complete transformation after 1 July 1997 and his short-sightedness will be healed without the aid of drugs so that the following problems I am going to raise now will be targeted for improvement.

Mr President, I would like to first talk about areas in the retail and wholesale sector which have not been given attention to in the Budget.

The Government has always said that all business operators must be given access to a level-playing field. However, as a renowned "Shopping Paradise", Hong Kong's retail market does not have a level playing field in that the streets are full of unlicensed hawkers selling both legal and illegal goods in defiance of the law, and openly challenging the principle of "fair competition" as advocated by the Government. What measures has the Government adopted? Even if some relevant policy has been formulated, what actions has the Government taken and what effects have they achieved?

The Government easily shifts the blame for rampant illegal hawking activities onto the Urban Council. It even echoes the public's complaints about the failure on the part of the Hawker Control Team to eradicate illegal hawking. In fact, a major source of financial provision for the Urban Council comes from rates, and the expenditure for the Hawker Control Team, formerly known as the General Duties Team, has been increasing steadily in the past years, rising from \$480 million in 1993-94 to \$560 million in 1994-95, and a staggering \$630 million in 1995-96. The Hawker Control Team was criticized not long ago for its officers enjoying higher salaries than those of police officers. Has the Administration conducted a review to see whether the use of such a huge amount of resources has achieved good value for money? If the answer is in the negative, the Government should not continue allocating huge funds to such an inefficient public service to avoid wasting public money. If this team is not capable of functioning properly under the current establishment, serious consideration should be given to turning it into a disciplinary force or putting it under the management of the police.

In fact, the Urban Council has already conducted various studies and held many discussions on issues concerning hawkers for many years and has spent public money on building many markets and offered concessionary rents to attract hawkers on the streets to move into these markets. However, the purpose of building markets has not been achieved up to now and a large number of vacant stalls are found in many markets. Moreover, some vendors who have moved into the markets just use the stalls for storing goods and they just do their business in the streets with the army of illegal hawkers. Is this not a waste of the huge expenses on building the markets?

Can the Government turn a blind eye to the above-mentioned problems by adopting an attitude that "since it is none of my business, I will not bother with it"? How can the Financial Secretary, who is in charge of the management of public assets, completely shirk these responsibilities?

In recent years, Hong Kong has spared no efforts in joining the World Trade Organization (WTO). In an attempt to win recognition from other WTO member countries, Hong Kong has tried very hard to project a positive image in areas of policy and legislation. But it is a pity that, as the saying goes: "There is always a way from below to go around a policy imposed from above," Hong Kong remains a paradise for counterfeit and copyright-infringing goods.

Subsequent to the enactment of the Intellectual Property Rights Ordinance early last year, other bills, such as the Patents Bill, and the Consultation Paper on the Copyright Bill, have been introduced in the second half of last year; the Copyright Bill was introduced to this Council early this year. On the surface, these are encouraging developments, but what worries me is the attitude of those departments concerned and whether they have been provided with adequate resources to enforce the relevant legislation.

Is the creation of an additional 24 posts in the Customs and Excise Department as proposed in the Budget adequate to improve its surveillance and verification capability to enable it to combat and prevent the importation of goods through illegal channels? I have seen customs officers lie on the ground to examine the bottoms of goods vehicles crossing border checkpoints. Such a primitive method gives rise to the question of why we do not have advanced equipment to examine vehicles crossing the border in an era of modern technology. Moreover, has the Government sought co-operation and assistance from industries concerned on matters about the quick transmission of intelligence, simplified reporting procedures and the offer of rewards jointly put up by the Government and the industries concerned in exchange for information, as what the tobacco industry has done in offering rewards to fight against tobacco-smuggling activities, so as to pose a deterrent to the importation of illegal goods into Hong Kong?

Mr President, recently, the Financial Secretary has finally reacted to the restructuring of our economy. Although such reaction was prompted with the benefit of hindsight, it is better than inaction. But I hope that both he and the

Government can recognize in advance the importance of another industry to Hong Kong and try to understand it and come up with ideas to assist and promote it without delay. The industry I am talking about is the local creative industry.

Mr President, in the past twenty or thirty years, it has been the driving force of Hong Kong businesses instead of the Government's determination or vision that has brought about the remarkable growth of the creative industry in areas of information technology, entertainment and education software. The development of television, film, music, design, publications and computer, coupled with demands from overseas Chinese communities, has contributed to a thriving creative industry in the private sector. Of course, an environment in which freedoms of speech and expression are guaranteed has also played its part in promoting such development. Nowadays, however, the Government can no longer let this industry develop on its own and offer no help.

Last year, I suggested that the Government establish a Film Development Council, which was aimed at assisting the development of the film industry. Unfortunately, the Government only considered it a matter concerning recreation and broadcasts. In fact, Hong Kong's film industry has gone into a decline and is suffering a brain drain. Why do local film producers prefer to make films overseas? Why do cinema operators have to reduce ticket prices to attract more movie-goers? No signs are more apparent than these, which remind us that the Government can no longer be just an onlooker.

Mr President, Hong Kong people have long been admired for their ingenuity not just in business but also in creative endeavours. Taking the development of our television industry for example, local productions not only meet fully the local demands but also enjoy huge success overseas. They have won numerous international awards. However, if you ask me what the Government has done in assisting the development of the television industry, I can only say: "Sorry, it has done nothing". On the contrary, the Government is just preoccupied with the thoughts on how to siphon revenue out of this industry. It has offered no incentives to local productions. It has not drawn up a policy requiring the industry to produce programmes which are of high quality but may not have a huge viewership. Nor does it have any strategy to lend a helping hand to some talented independent producers who may not be supported by big companies.

Before the Financial Secretary raises objections to my proposals on grounds that the Government adopts a *laissez-faire* policy and will not directly subsidize business, let me make it clear that I am not asking him to dig deep into his pocket. I just ask him to be a little bit lenient in that a slight adjustment in the levels of royalties will produce considerable results.

As a matter of fact, the Government has attempted to promote the film and design industries through the Trade Development Council. But as its name implies, the function of the Trade Development Council is to promote trade and it will be a difficult task for it to promote the creative industry. If the Government has the determination and sincerity, it must do it in a "professional way" instead of doing it just for the sake of convenience. I solemnly request both the Financial Secretary and the Secretary for Trade and Industry to pay serious attention to the importance of the creative industry to the development of Hong Kong as a whole and take immediate actions to promote it.

Mr President, before I conclude my speech today, I would like to mention the problem of Vietnamese boat people. Many government departments handling Vietnamese boat people, such as the Correctional Services Department and the Civil Aid Services, have all based their manpower plans on the assumption that all detention centres for Vietnamese boat people will be closed this year. But the fact has pointed to a different picture. It is simply impossible to repatriate all boat people who are still stranded here before 30 June 1997 while another crisis has been created by the arrival of a new wave of boat people. In fact, 520 boat people have arrived in Hong Kong in the first three months of this year, representing half the total number of boat people who came to Hong Kong last year. Although the Vietnamese Government has expressed its willingness to take back these new arrivals as soon as possible, it takes time to verify their identities. How can we close all detention centres when so many of them are still coming to Hong Kong? Various government departments have used unrealistic assumptions to make manpower plans. Are they trying to cheat themselves and the public or to pacify us temporarily, and avoid being questioned by the public? If the Government dare not tell the truth up to now and insists on saying that all detention centres will be closed as scheduled, I would like to ask the Government to tell the public clearly how it will handle those boat people who are yet to be repatriated.

Last year, when I moved a motion debate on the abolition of the port of first asylum, I already asked the Government how it could deal with the boat people who would be heading for Hong Kong without abolishing Hong Kong's status as a port of first asylum. The problem we face today is exactly what I raised last year. There are less than three months left before 30 June 1997. Under no circumstances can the Government turn away from the reality. It should give us a definite answer to the question: "How many more resources will Hong Kong have to use to deal with the endless problem of boat people?"

Mr President, with these remarks, I support the motion.

MR LEE WING-TAT (in Cantonese): Mr President, this Council debated on the 1997-98 Budget for the whole day yesterday, but the debate did not result in much media coverage. In fact, the Budget, which was announced four weeks ago, has attracted less public attention than expected, except during the first week after its announcement, when it received more coverage in the media. Why has it happened like that? Is it because the Budget is so good that the public do not have much criticism against it? Or is it because the Budget has been jointly formulated by the Hong Kong Government and the Chinese Government, as recognized by both the public and the media? Maybe it is thought that to amending a Budget formulated with the participation of the Chinese side would be just like fishing in the air, as those budgets formulated independently by the Hong Kong Government were already very difficult to change.

Indeed, the Budget debate, which is one of the two big programmes in the Legislative Council each year, provides a great opportunity for reviewing the Government's tax and financial policies.

With regard to the discussion of the Budget, I would like to raise eight questions. My speech can therefore be called the "Eight Questions to the Financial Secretary".

Question 1: What has the Financial Secretary, Mr Donald TSANG, brought for the Special Administration Region (SAR) Government?

It is said that colossal reserves will provide the SAR Government with a big cushion against future economic contingencies. But I have to ask, "How much reserves would be considered adequate?" I have looked through some relevant information on the budgets of the past two years, but I have found no criteria that have been used in this respect. In the 1991-92 financial year, the Government's reserves stood at \$74 billion, which accounted for 62% of its total expenditure of a year. This year, the reserves amount to \$359.3 billion, which is equivalent to 145% of its total expenditure. At what level will the reserves be regarded as sufficient? Are there actually any objective criteria or guidelines? If there are not any specific financial policies, the public would only regard the Financial Secretary as a miser. Should these vast reserves be spent on the community, invested in education and training or allotted to infrastructure projects for land production and improvement on transportation and environment? Or should these be used to assist the needy, such as the elderly singleton? The Financial Secretary will certainly object to these suggestions. He will say that the implementation of these suggestions will violate the principle of the financial policy, which provides that the average growth in government expenditure should not exceed the trend growth in Gross Domestic Products (GDP).

Question 2: Is it a hard and fast rule that growth in Government expenditure should not exceed the growth in GDP?

Mr President, in the Budgets of this year and last year, I find no detailed explanations given by the Financial Secretary, Mr Donald TSANG, on this golden rule. However, in the 1995-96 Budget, the former Financial Secretary, the Honourable Sir Hamish MACLEOD, did say that, "I have held fast to the living-within-our-means rule of public expenditure. This most vital of all our principles ensures that over time government spending grows no faster than the economy as a whole. It is a delightfully simple concept which has proved to be remarkably effective in avoiding a bloated bureaucracy." In respect of increasing the Comprehensive Social Security Assistance (CSSA) payment for the elderly by \$300, the Government has not further explained how much pressure the increase will exert on public expenditure over a period of time. Moreover, the Government has been miscalculating the estimates on recurrent

expenditures and capital expenditures year after year. This financial gap should be sufficient to counterbalance the impact resulted from the increase of the CSSA payment for the elderly. The Financial Secretary obstinately clings to that golden rule, and even says that the transfer of expenditures among branches or between recurrent and capital expenditures is not allowed. These acts of the Financial Secretary only give an impression to the public that he is giving unreasonable excuses so as to refuse the increase of \$300 to the elderly. Should a Financial Secretary who claims to be kind and righteous behave like this? If, as the former Financial Secretary has mentioned, controlling the growth of government departments is one of the considerations, we must note the reforms implemented by the public sector during the past few years, which included more services to be contracted out, privatization, trading funds and so on. Achievements in these areas are promising.

Question 3: Will the Financial Secretary maintain the practice of consulting the Legislative Council and political parties in public during the preparation of the budget?

When the Financial Secretary prepares the 1998-99 Budget, he will be facing a special situation. In May and June this year, when the Financial Secretary has to consult Members of the Legislative Council on the expenditure of the budget for the coming year, he will certainly follow the practice of previous years and consult all the political parties in the Legislative Council, including the Democratic Party. However, when the Financial Secretary consults Members this autumn on the revenue proposals of the 1998-99 Budget, what will he do? Will he seek comments from the Democratic Party, which still has the widest support of the public? Or will he think that it is unnecessary to consult the Democratic Party since it no longer has the right to approve the 1998-99 Budget? By this autumn, we will know whether human nature is really so capricious and human relationship so fickle.

Question 4: Can the tax proposals in the Budget really attain the objective of storing wealth in the community?

Though the Government has implemented several tax relief items, the public do not find substantial improvement in their living standards. They criticize the Government as they think that there are many means for it to store

wealth in the community if it really wants to do so. As a simple example, why can the Government not adjust the rates percentage charges to a level lower than that in the present proposal so that the rates paid by the tenants of residential flats in real term, I mean in real terms, will not be raised because of revaluation? I mean a tenant paying \$600 for the last quarter will still be paying \$600 for the next quarter. This is a simple case. If our government has a vast surplus, will it still have to raise extra funds? The present situation is that the Government has a vast surplus, and Government-related organizations such as the Housing Authority, the MTRC, the KCR and the Housing Society also have tremendous surplus, but the public do not think that they themselves are rich. It is just like a situation in which "the Government is flooded with water but the public is experiencing a drought". How can this Budget be regarded as one aiming at storing wealth in the community?

Question 5: Has the Government attained the goal of higher efficiency at lower cost?

For quite a while in the past, the Financial Secretary blamed the political parties for raising proposals that would only increase expenditures but not those that could make savings. I will try to respond to this. Over the past years, the Government was able to lose a little of its redundant "fat" through cutting expenditures, contracting out jobs and setting up trading funds. However, during my service in the Legislative Council in these years, I have gradually realized that it is most difficult to monitor the expenditures of those various kinds of quasi-government organizations or those statutory or private bodies funded by the Government, not those of the Government. The Hong Kong Housing Authority, the Hospital Authority, the Urban Council, the Regional Council, the Land Development Corporation, the Hong Kong Housing Society, the Hong Kong Monetary Authority, the Airport Authority, the Trade Development Council, the Mass Transit Railway Corporation, the Kowloon Canton Railway Corporation, the Hong Kong Tourist Association and various training councils employ more than 100 000 employees in total. At present, the public can only monitor the operation of these organizations through the few annual meeting of their part time directors and their annual reports. Is that enough? Many problems have emerged from these organizations in recent years. For example, the salaries of their chief executives are a few times higher than those of the Governor and the Financial Secretary, disparity is found in the salary and benefit packages of local and foreign employees, their establishments are growing out of

control, and some of these organizations are excluded from the supervision of the Audit Department and the Public Accounts Committee of the Legislative Council. I would be surprised if the Financial Secretary should consider such supervision sufficient. The above-mentioned organizations have certainly gained too much "fat". Will the Government consider "excising" the "fat"?

Question 6: Is this Budget good news to the sandwich class?

The Financial Secretary does make a little improvement in respect of tax band, but the tax burden of the sandwich class can only be alleviated slightly. The proposals of the Financial Secretary on stamp duty concessions can only reduce the burden of the genuine home buyers by a small margin. On the other hand, it gives a wrong message to the property market and lowers the cost of speculation for the speculators. The Financial Secretary thinks that it is undesirable to provide tax concession in a certain form to first time home buyers regardless of the individual family's need. He further points out that those programmes which have already helped 220 000 households buy their own homes are far more effective. His words show that he is still apathetic to the need of the sandwich class, and the so-called achievement in addressing the sandwich class housing problem is liable to ridicule. As for the suggestion on tax concession for first time home buyers, if a family income limit for enjoying the concession is set, for example, at the income limit for the Sandwich Class Housing Scheme (SCHS), it will prove that these families need such assistance. I do not know whether the Financial Secretary will agree to this. As for first time home buyers, it has been proved that middle income families need tax concession. What other evidence does the Financial Secretary need? Does he know that the chances for tenants of private sector housing to succeed in buying Home Ownership Scheme flats through the "white form" are extremely slim? The Financial Secretary has mentioned that 220 000 households which will buy their own homes are mostly existing public housing tenants. Actually, in 1996, there were only 3 200 units allocated to the "white form" applicants of private sector housing. Every time, those units were a dozen times over-subscribed. Those tenants now joke that it is more difficult to be successful in applying for HOS and SCHS flats than to win a price of the Mark Six Lottery. However, the Financial Secretary still says that tax relief for first time home buyers is not necessary. Is this not a sarcastic remark made by those living in spacious house to the sandwich class living in small rooms?

Question 7: Can the Budget solve the problem of soaring property prices and housing problem of the general public?

The Financial Secretary has decided to chair a special task force comprising relevant policy secretaries to study the issue of land supply. I totally approve of this move. I further hope that this special task force will be developed into an organization similar to the steering committee on the Airport Core Programme to solve the problems arising from the work of the relevant branches, departments and authorities in respect of land supply, approving procedures, infrastructures and housing. However, it does not mean that the housing problem has been solved with the establishment of this task force. On the contrary, the "Consultation Paper on Long Term Housing Strategy Review" (LTHSR) published recently has drawn numerous complaints, and has aggravated the grievances of the middle income group and the grassroots. Public indignation cannot be assuaged unless the Government drastically reforms its policies on land and housing.

Mr President, we are now facing a strange phenomenon. The Secretary for Housing and the Secretary for Planning, Environment and Lands are responsible for the policies on housing and land respectively. Mr LEUNG Chun-ying has been appointed by Mr TUNG Chee-hwa to draft the housing policy for the future. At the same time, the Financial Secretary is leading a task force on this issue. That means there are three groups of people responsible for the same policy area. If the policies to be implemented are successful, the public will not mind and will praise them all. But if the land and housing policies for the coming year remain unsuccessful and the problem persists, who should be held responsible? Should that be Mr Donald TSANG or Mr LEUNG Chun-ying? Whom should Mr Dominic WONG and Mr Bowen LEUNG report to? Should that be Mr TSANG or should it be Mr LEUNG Chun-ying? I am really confused. I just hope that this unclear distribution of authorities and responsibilities will not lead to a situation in which "Everybody's business is nobody's business". If this happens, the general public will suffer.

Mr President, the last question I would like to ask is whether the pillars supporting the prosperity and stability of Hong Kong still exist?

The Financial Secretary has mentioned repeatedly that the success of Hong Kong depends greatly on the support of the "four pillars of wisdom", that is the rule of law, the free flow of information, a level playing field and a corruption-free government. However, with the SAR Government and the Provisional Legislative Council doing things that violate the rule of law, freedom of the press at stake the prevalent practice of commercial organizations inviting Government-funded Chinese companies to buy their shares and the aggravating corruption activities, I personally feel pessimistic about our situation.

There is only one thing I expect from you, the Financial Secretary. I hope you will not give up the four principles you mentioned above when you become the Financial Secretary of the SAR Government, because your mission does not lie in being the Financial Secretary, but in working for the good fortune of the community.

Thank you Mr President.

DR SAMUEL WONG (in Cantonese): Mr President, as there is a vast fiscal surplus, the Financial Secretary announces a series of tax reductions. The reductions in salaries tax will benefit 96% of the salaries tax payers. Increases in tax, which is at 6%, only aim to maintain the real value of the duty charged on fuel, tobacco and methyl alcohol. The ad valorem duty of house wine is reduced from 90% to 60%. Some 20 to 30 colleagues and I often enjoy one to two glasses of medium-priced red wine for the sake of good health and better blood circulation. We should announce, under a mild influence of alcohol, that this Budget is the best Budget this Council has ever seen. We should drink a toast to the Financial Secretary and his wife, and wish them good health and good luck.

For Hong Kong to ensure its competitiveness in the next century, human resource training is of utmost importance. This time, the Financial Secretary reiterates the Government's endeavour to upgrade the quality of our education and make further improvements. He proposes to provide multi-media computer systems for Government and subsidized primary schools, and to set up Information Technology Learning Centres equipped with computers in

prevocational and technical schools to facilitate curriculum development, at a cost of \$300 million over the next two years. He further proposes to provide training on computer-aided education to 15 000 teachers. This should be a big step forward. Regarding the \$42 million to be spent on a whole range of language training facilities and the additional \$78 million to be spent on improving the language standards of university students, despite criticisms on its inadequacy, it is nevertheless a good start. The maximum tax deduction for claiming expenses in respect of training courses attended at approved institutions will be substantially increased from \$12,000 to \$20,000 for the next financial year. This move deserves our support. Although attending training courses is a personal investment of the working class, what they learn will ultimately be contributed back to the community. However, taking Open Learning Institute (OLI) as an example, the tuition fees for a general degree course at that institute amount to over \$120,000 payable in four years. The increase in the deduction still fails to make the tuition fees totally tax free. The working class are making great sacrifices to spend their evenings and spare time to further their studies. OLI, however, is a self-financed institute. Its fees are never on the low side. When compared with other tertiary institutions, OLI seems to be victimized by the Government's favouritism.

Some political parties think that the Government should increase the Comprehensive Social Security Assistance payment since it has such a colossal surplus. Based on the present number of the elderly, which stands at 100 000, if an additional \$300 is granted to every one of them each month, it will cost about \$300 million in total, and the Government should have more than enough to cope with that. I personally consider that the Government should not do too much in respect of social welfare. Actually, under the pressure of social workers, trade unions and no less from the three-tier councils, the Government has already substantially increased public assistance. However, this "free lunch" practice goes against the principle of free economy and capitalism, and also places a heavy burden on our community in the long run.

The Financial Secretary says that he will chair a special task force comprising various policy secretaries to look at land supply and its impact on infrastructure and housing development. This indicates the Government's determination to attach more importance to the tricky problem of land supply by putting the issue under the direct supervision of the Financial Secretary, in order to address the basic factor that has long been boosting property prices. Apart

from looking into means to supply land expeditiously, this task force should also study how the relevant government departments can streamline the procedures concerning the grant, exchange and premium of land, in order to increase their efficiency. I sincerely hope that the task force will bring good news to the Hong Kong community within the next two months. The real estate and professional sectors are most concerned about the large number of newly imposed administrative measures and statutory requirements on development projects over the past decade or two. Those measures or regulations may be drawn up with good intentions, or intended for the improvement of the environment with goodwill. Unfortunately, as there is no central co-ordination, contradictory requirements arise from the four to five government departments concerned and unnecessary amendments and troubles have been resulted. Hence bottlenecks have been created almost everywhere in the progress of housing development, and therefore the production of housing units has reduced substantially.

The Budget indicates that a few important infrastructure facilities, such as the Western Corridor Railway and the MTR Tseung Kwan O Extension, will be embarked on successively in the coming years. Hence the Hong Kong Special Administrative Region Government will be loaded with a heavier financial burden. As Hong Kong has a fiscal reserve of almost \$400 billion, it will certainly be able to afford these infrastructure facilities with much ease. However, we must pay attention to the appropriate arrangement and adjustment of these projects so as to avoid a drastic increase in infrastructure facilities and housing projects in any one financial year, which may lead to a sudden rise in demand for human resource in that year.

Finally, I would like to mention the summary report on the future industrial development of Hong Kong, which was formally announced yesterday. The study was conducted by the Massachusetts Institute of Technology upon a joint appointment by the Industry Department, Trade Development Council and the Chiang Industrial Charity Foundation Company Limited. As value added service products are taking the lead, human resource has become the first problem we encounter. It arises from the failure of our education system to keep in line with the demand for advanced technology from the industrial sector, which has resulted in the gap in human resource provision. Insufficient investment on research and development of new products is another cause.

Moreover, the Government itself has only limited knowledge in technology. All these are major obstacles. I am glad to see that the Financial Secretary begins to invest correctly on human resource at the basic levels. However, regarding the means to increase the knowledge in technology within the Government, I mention that issue almost once or twice every year, and I am waiting to see how the Government respond to it this time.

Mr President, this is an excellent Budget that deserves our support. Thank you.

MR CHEUNG MAN-KWONG (in Cantonese): Mr President, this year, 1997, witnesses the reunification of Hong Kong with China. This year's Budget straddles two Governments, namely the British Hong Kong colonial Government and the Government of the Hong Kong Special Administrative Region (SAR) of China. At this moment of transition, we cannot help wishing to get rid of the old things to make way for the new ones. As far as education is concerned, there should be a new foothold, a new vision and new hopes.

Here is an important issue to ponder: how will education in Hong Kong stride forward into the 21st century? Our first concern is to establish a foothold for education in Hong Kong. Apart from being an international city in which commercial and financial activities play a leading role, Hong Kong also serves as a bridge linking the East and the West, facing China and leading to the world. Hong Kong attains prosperity with bountiful gifts of nature. In 1997, Hong Kong will inherit a reserve of \$360 billion. Our top priority is to make use of our reserve appropriately and to invest in education so that Hong Kong will stand out in the competition worldwide.

Hong Kong can no longer rely on the labour-intensive industries upon which her prosperity used to depend. With cheap labour and land, China and other south-east Asian countries will oust Hong Kong soon. Hence, as suggested by the Financial Secretary, in the 21st century, the nature of our economy has to be changed and the financial services sector will take the reins. Our education policy must dovetail with such changes, or else we can hardly survive, reform and progress in a world of keen competition.

Upon the reunification with China in 1997, Hong Kong must make the best

use of her favourable conditions to fuel the economic take off of China, turning China into the powerful backing for the economic development of Hong Kong. Thus, besides disseminating knowledge and cultivating good personality, the future education system of Hong Kong should also stress training in language, computer and technology. At present, the proficiencies of our students' Chinese and English languages are on the decline. Such a phenomenon is absolutely detrimental to the economic development of Hong Kong. The essence of the problem actually lies in basic education. By spending generously on language training of tertiary students, the Government has adopted a top-heavy approach, taking the branch for the root. In future, we should make a fresh start. This time, the onus of upgrading the language proficiencies of the students should rest on basic education.

I fully support the "biliterate and trilingual" language policy of the Government. Students should be competent in the two written languages, namely Chinese and English, and fluent in the spoken languages, namely Cantonese, Putonghua and English. Without language, communication is impossible; without communication, the economic development of Hong Kong will suffer. I request that the Government should allocate abundant resources to subsidize kindergarten education, implement the single-session primary school system, strengthen the training of language teachers, establish a central library for schools, promote extensive reading, set up language laboratories, enhance the oral and writing skills of students and drastically upgrade the language proficiencies of primary and secondary students. Language is the mother of knowledge and the focus of basic education. Hence it has to be the first item on the priority list of education investment.

Apart from ordinary languages, computer will become a new language in the 21st century. Computer education in Hong Kong makes slow progress. Outdated facilities and conservative teaching methods will never meet the new needs of education and economy. Not only should computers be introduced into schools, they should also be introduced into our homes, so that students can widely apply the computer skills acquired at schools to their family and the society. In modern times, new knowledge emerges rapidly. We will surely fail to catch up with the pulse of time by simply relying on the sluggish curriculum reform and textbook revision. We should usher students into the computer world on internet so that they can come into contact with the latest information and develop the ability to study by themselves. I propose that the

Government should promote actively the "one family one computer" policy by granting financial assistance to the poor families to buy their first computer, so as to make computers the impetus behind acquiring knowledge and economic development.

Mr President, while the education system in Hong Kong is going to embrace the 21st century with expectations, the middle class in Hong Kong can only face their future with loads of burdens and grievances. Today, the seeds of democracy have already budded in Hong Kong. Owing to their knowledge, expertise and vision, the middle class have become staunch supporters of democracy. Yet they cannot enjoy the economic benefits brought about by democracy. They are always the political minority and the sandwich class in terms of economy. Hence the hopes of the middle class vanish every time the Budget is published.

Undoubtedly, housing is currently the biggest problem concerning people's livelihood in Hong Kong. At present, the middle class suffer the most from high property prices. They are not even eligible for home ownership flats, let alone public housing. Though the sandwich class housing flats are tailor-made for them, the flats so produced are not enough to go round and far beyond their reach. Thus, they are forced to exhaust all their lifetime savings to buy their own flat in the expensive property market. Paying mortgage instalments for their flats has already become the nightmare of the middle class. They sweat and toil while sleeping. All their sweat and toil will turn into the land premiums in the government treasury and the fat profits of real estate magnates. It seems that high rise flats grew on the ground nourished by the blood draining from the middle class through mortgage payments. Living in a city where land premium, property prices and rents are soaring, the middle class simply allow themselves to be trampled upon and abandoned to their own fate.

In recent months, there was a series of bomb and poisonous gas threats targeted at Mr Dominic WONG, the Secretary for Housing, and other property developers. We should of course condemn severely the use of threats and violence; still we have to understand the agony experienced by the people who do not own the place they live. It probably takes a middle-class family three years to save enough money out of their income for down payment, even if they neither ate nor spent any money at all. In the days that follow, they have to spend more than half of their income to pay the mortgage instalments. On top of that, 10% or 15% of their annual income will go to the Inland Revenue Department. Down payment, mortgage instalments and heavy taxation are the three financial hurdles the middle class have to clear, with each hurdle higher

than the other. Life, to the middle class, is mortgage instalments and heavy taxation that can never be paid off. Who will defend the middle class against the injustice? Who will lend them a hand?

Mr President, the economic development in Hong Kong has given rise to an increasing size of the middle class. Yet the problems they are facing are also increasing. Today, we have identified a new phenomenon of the impoverished middle class. Though they have spent 20 years on their studies and another 20 years on their work, the honest and straight middle class living in frugality are no match to those people who speculate on priority tags for choosing new flats which they have queued for and those who speculate on properties. In the 21st century, we must find a solution to this problem for Hong Kong: on what strength can we depend to maintain our economic prosperity? The bubble economy sustained by property speculation, the one and only fervent property market, or the down-to-earth industrial and commercial sectors and the financial services sector making its way towards globalization? As I have mentioned before, the aim of education in the 21st century is to train more professionals with expertise, not more opportunistic speculators. Should that fail, no one in our community will study and work seriously. Hong Kong will turn into a city overrun with speculators on properties, priority tags and stamps. They will be happy as long as there is something for them to speculate on. Such a phenomenon will turn Hong Kong into a crazy and absurd city. Mr President, is that what we want? Is this the new Hong Kong we are constructing? Thus, if we are to re-establish a set of social values in Hong Kong with emphasis on expertise, hard work, knowledge, effort and sensibility, the Government must face up to the increasingly difficult position into which the middle class have fallen and devise a policy to make life easier for them by addressing the issues of housing and heavy taxation, so that the middle class can put their worries aside and make worthwhile efforts for Hong Kong.

Mr President, this year's Budget straddles 1997 and involves two Governments, namely the British Hong Kong Administration, which has three more months to run, and the SAR Government, which is responsible for the other nine months. However, the Office of the Chief Executive TUNG Chee-hwa has already set up and it has started operation before July 1997. Though the expenses of Chief Executive's office are advanced by the Central Government for the time being, the Central Government will finally be repaid with public money

from taxpayers. After going through the expenditure part of the Budget, the expenses of Chief Executive's Office are nowhere to be found. The issue the public concern most is the 10 staff members TUNG Chee-hwa brought with him from Orient Overseas (Holdings) Limited. These staff members are not civil servants but they are paid out of the public coffers. Allegedly, the highest paid assistant earns more than \$220,000 per month. Though such a salary does not match that of the highest paid employee in the private sector, it is for certain that such a salary, which exceeds those of the policy secretaries sitting in this Chamber, and even that earned by the Chief Secretary Anson CHAN, the head of the civil service, is the highest among civil servants. When the public demanded that the authorities confirm the remuneration of these high-paid assistants, the first reply obtained actually revealed nothing. The Government was completely in the dark and it did not dare to follow up the matter. Afterwards, probably for avoiding public scrutiny, the 10 staff members of Orient Overseas (Holdings) Limited turned themselves into a service-providing consultant company operated behind closed doors. The items of expenditure incurred were combined into a single entry to dodge the monitor of the Legislative Council and the queries of the public. Mr President, there will always be a way so long as someone wants to withhold the truth deliberately. Yet, withholding the truth will result in the loss of confidence of the public in the transparency of TUNG Chee-hwa's office.

Mr President, TUNG Chee-hwa is the future Chief Executive of Hong Kong. He is going to lead a transparent Government to serve the people of Hong Kong. We have, of course, stricter demands on him. However, his office incurred an obscure item of expenditure which no one is willing to explain to the public. The Hong Kong Government dare not pursue the matter, either. Shall we call this officials protect officials or "officials fear officials"? Yet we know for certain that it is an extremely bad precedent. I think that the Director of Audit has the responsibility to audit that expenditure to see if it achieved value-for-money and if relevant statutory procedures were followed. The most important thing is to safeguard the transparency and accountability of the financial system of Hong Kong. Even TUNG Chee-hwa should be no exception.

Mr President, in less than three months' time, Hong Kong will be reunified with China. Judging from the current political situation, this is probably the last time for me to comment on the Budget before my term of office expires.

During my six years in the Legislative Council, I do witness how a democratic system advances together with the Government and how it becomes a more open system. I shall miss all these years and cherish the days when the Legislative Council and the Government check on each other and work hard together. Moreover, I am grateful for the attention the Financial Secretary paid to the comments of political parties and even those of the public in the previous Budgets. Of course, I still miss his "roasted goose leg"! Nevertheless, I hope that Hong Kong still keeps on forging ahead, making progress and heading towards an open-minded society after 1997, so that such spirit will become an important set of values for our new society and our new future.

Mr President, these are my remarks.

MR CHEUNG HON-CHUNG (in Cantonese): Mr President, this year's Budget is unique in the history of Hong Kong in that it is formulated jointly by the two sovereign states, and that it is so far the only Budget with no emblem of Hong Kong printed on its cover (neither the British Hong Kong Government emblem nor the Special Administrative Region Government emblem). This Budget straddles two eras in the history of Hong Kong, symbolizing the end of British colonial legacy and marking the beginning of the Hong Kong Special Administrative Region (SAR) of the People's Republic of China. With Hong Kong striding into the final stage of the late transition period, the British Hong Kong Government is responsible for the first three months of the new fiscal year only whereas the SAR Government will be implementing the Budget proposals in the remaining nine months. This Budget, which straddles two eras and serves to ensure the smooth operation of the future SAR Government, appears to be particularly important.

Mr President, I am pleased to note that this year's Budget still holds on to the traditional philosophy and principles of financial management, namely, "living within our means and maintaining simple taxation". Dependent upon these principles, Hong Kong has been able to enjoy many years of success.

Many people have been critical of the Budget as spending too little on certain items. This is, we believe, inevitable because the overall expenditure that can be spent on our society is limited by our economic growth. In this

fiscal year, the overall expenditure of Hong Kong, which is a territory with a population of six million people, will be over \$200 billion. On a per capita basis, this certainly outshines many countries in the world. This is sufficient to reflect the robust economy of Hong Kong. Some people criticize that the expenditure on the Comprehensive Social Security Assistance (CSSA) is inadequate. The Democratic Alliance for the Betterment of Hong Kong (DAB) holds the same view and demands that the CSSA payment be increased to about \$3,000, which is one-third of the median wage. There is also criticism regarding the revenues, claiming that the Budget would rather reduce the duty on wine than raise the CSSA payment for the elderly. However, I do not consider it appropriate to link the two issues and place them on a par because in the preparation of the Budget, the overall expenditure is restricted by economic growth, having no regard to the revenue proposals. Hence, the two issues cannot be mentioned in the same breath.

Mr President, during a radio phone-in programme in the morning following the presentation of the Budget, quite a number of callers pointed out that the social welfare system, in particular the CSSA system, had been abused. They claimed that some CSSA recipients did not have any initiatives to find jobs and became a burden to our society. But these are individual cases only. The social welfare system of any country is subject to possible abuse; that society should not, on the ground that the system may be abused, stop taking care of the people in genuine need. The DAB holds the view that the community is duty-bound to take care of the elderly retirees and the disabled who do not have earning capacity. At present, with the gradual ageing of the population of Hong Kong, a large number of senior citizens have to apply for the CSSA, partly as a result of the unavailability of proper retirement protection schemes in the past. These senior citizens have made great contributions to the present prosperity of Hong Kong and the Government has the responsibility to repay them conscientiously and take care of their living.

Mr President, the budgetary concept of the Hong Kong Government has been underpinned by the principle that expenditure must not outstrip the growth of the economy. This is somewhat like building up a protective casing. There are both pros and cons in so doing. The obvious advantage lies in the fact that the expenditure will increase in a pragmatic manner and will not over-expand. Over-expansion of government spending will easily put the Government in a financial predicament. The disadvantage, however, lies in the incapability of

satisfying the demands arising from social changes, given that there is a limited rate of growth for the expenditure. For example, our overall expenditure fails to cope with problems arising from the new arrivals and from the ageing population of Hong Kong which has led to the increasing number of elderly people applying for the CSSA.

Mr President, there are in fact some contradictions in our arguments. Whilst hoping to increase social welfare spending to better satisfy social needs, we at the same time do not want to compromise our major budgetary principles. If the CSSA payment for the elderly is to be increased, expenses in other areas will have to be cut accordingly, which will surely place the Government in a dilemma. After thorough considerations, the DAB proposes the following option in the hope of addressing the above dilemma. We propose that \$15 billion be allocated from the Land Fund and that the interests generated therefrom be used to set up a social welfare fund for the elderly. This fund will then be dedicated to increasing the CSSA payment for the elderly, and buying places at private homes for the elderly. The merit of this proposal is that it does not upset the Government's traditional budgetary principle while the needs of the community can be satisfied at the same time.

Mr President, the transfer of government and the changeover of sovereignty provide a good opportunity for us to do our best to get the social problems solved. As the SAR Government starts to operate smoothly, the above proposal is worth considering because the Land Fund is the fruit of success of Hong Kong people's industrious work. Pursuant to the agreement between China and Britain, the Land Fund is to be handed over to the SAR Government for management, but specification has not been made about the allocation of the fund. Therefore, using the interests generated from the \$15 billion Land Fund as the welfare fund for the elderly is a feasible proposal. The appointment of a member of the Executive Council by Mr TUNG, the Chief Executive (Designate), to formulate long term policies on social welfare some days ago illustrates the gravity of the problem and indicates clearly the need to address it. I therefore hope that the SAR Government will seriously consider the proposal of setting up a social welfare fund for the elderly as put forward by the DAB.

Mr President, I shall now focus my speech on the issues of transport and

education. My fellow members of the DAB will outline the position of the DAB in other policy areas.

In the face of the challenges in the 21st century, Hong Kong needs to expand and improve its transport system. A perfect transport system is similar to the blood circulation system of a person. When the circulation of blood in various parts of the body is functioning well, the person can survive and grow healthily. The commitment in the Budget in relation to government spending on transport is inadequate. The Budget just makes brief mention of the widening of the Tolo Highway and the installation of transport surveillance and information system, which, in fact, are long overdue projects that should have been undertaken earlier. Moreover, Route 16, the section from West Kowloon to Sha Tin, is one of the long-awaited major projects. The Hong Kong transport system will enter an important stage of development in the next few years. Hong Kong will see the construction of the Western Corridor Railway, the Mass Transit Railway (MTR) Tseung Kwan O extension, the Ma On Shan to Tai Wai rail link, the Kowloon-Canton Railway (KCR) extension from Hung Hom to Tsim sha Tsui, and the MTR Kowloon Central extension. The Financial Secretary remarked in his speech that the KCR rail link from Ma On Shan to Tai Wai will be built. In fact, the Ma On Shan/Tai Wai rail link project is still being studied by the Hong Kong Government. It is still not known whether the rail link will be an independent transport system or will be operated by the KCR. Does the Financial Secretary mean to imply that the Government has taken its stance that the KCR will operate the rail link? In order to develop massive rail infrastructures, large amounts of resources are required. During the construction of the Airport Railway and the MTR in the past, the Government resolved that these corporations themselves should be responsible for financing the development projects. Taking into account the huge surplus held by the Government, I hold that the Government should increase its commitment by acting as a lender to finance the implementation of the projects, so that the relevant corporations do not have to raise funds for these infrastructure projects in the international market and a considerable amount of interest payment can therefore be dispensed with. As the saying goes, "Without a sheep, there can be no wool". If the Government acts as the lender, it can charge a lower interest rate and the interests received can be credited to the Treasury. Eventually, the public will be the party that gains the benefits.

Mr President, I support and welcome the proposal in relation to the issuing

of driving licences valid for 10 years. Earlier on, when the Financial Secretary invited the DAB to express its views on the preparation of the Budget, the DAB advised that driving licences should be valid on a long-term basis until the licensees reached the age of 60 and their renewal may be subject to the person's state of health thereafter. The fees for driving licences are determined on a cost-recovery principle and the issue of driving licences does not involve driving skill tests. Licence holders therefore should not be required to renew their licences within a short span of time, say one or three years, because this is a waste of both money and manpower. The introduction of long-term driving licences enables the Transport Department to cut its manpower and reduce the fees for driving licences; therefore, the proposal of issuing permanent driving licences is justified. Anyway, we are glad to see the introduction of 10-year licences, which is a good start at least.

Mr President, on the issue of education, the plan to devote additional resources to help new immigrant children receive education is welcome. As more resources are allocated to education, these children can integrate into the mainstream educational system of Hong Kong in the fastest possible way. The rapid development of tertiary education in Hong Kong during the past five years has enabled nearly 20% of the population to receive post-secondary education. Now that the development of tertiary education has reached a period of consolidation, thorough consideration should be given to the further expansion of tertiary places. The DAB welcomes the Government's plan of providing an additional 11 000 residential hall places over the next few years so that students can have the chance to reside on university campus for at least one year. In my opinion, the experience of living in residential halls is an essential and integral part of university education.

The allocation of resources to basic education by the Government is inadequate. Though whole-day schooling in primary schools has wide support in the community, its progress has so far been slow and the DAB is disappointed to learn that by the year 2000, only 48% of schools will adopt the single-session system. The DAB demands that the Government should devote additional resources and set down an overall schedule for the conversion of all primary schools to the single-session system. We also support the plan to increase the number of graduate teachers in primary schools so as to improve the ratio of teachers to pupils in each class. As for allocating an additional \$300 million to

provide multi-media computers to all government primary schools, the DAB fully supports the idea because we consider that computer usage is a key to mastering information and facilitating learning nowadays. In the modern age, incapability to use computers is almost tantamount to illiteracy. Hence, we throw our full support to this plan that seeks to equip our next generation with adequate computer skills.

As for special education, Mr President, we support the Government's plan to provide more resources to improve special education services. However, there is still room for improvement and more resources are required to enable further improvement on the ratio of teachers to pupils so that more attention and guidance can be given to pupils receiving special education. Meanwhile, the deterioration in the language proficiency of Hong Kong students attracts much concern from the community. The survival of Hong Kong and the maintenance of its competitive edge as a cosmopolitan city lie upon the overall language proficiency of the people of Hong Kong. If the language proficiency of our next generation retrogrades, Hong Kong will be easily surpassed and replaced by its competitors. We offer our full support for the series of measures proposed by the Government to improve students' language skills. However, we still need to assess in depth the effectiveness of the measures implemented previously.

To conclude, the provision of additional resources for educating our next generation is an indispensable long-term investment, which is the only way to nurture people of a high calibre so as to maintain our competitive edge, thereby safeguarding the continuous development and prosperity of Hong Kong.

Mr President, to sum up, the DAB shares the view of many people in our community that the spending on social welfare is far from adequate. In particular, the DAB is concerned about the restriction to the increase in the CSSA payment for the elderly imposed by the principle of not allowing the growth of expenditure to outstrip the growth of the economy. To resolve this dilemma, the proposal of allocating \$15 billion from the Land Fund for the setting up of a welfare fund for the elderly is worth considering by the Hong Kong Government and the SAR Government. Many people have commented that by the time of the sovereignty transfer, the reserve (including the Land Fund) of the Hong Kong Government will have grown to over \$400 billion and, as a city with a population of around six million, Hong Kong people should be proud

of this achievement. However, we shall not be complacent and should not keep the money as a miser does. We should make use of the huge amount of resources to bring benefit to the general public and to improve the people's livelihood. Therefore, it is hoped that the Government will make good use of the reserve and act as a lender to provide financial assistance to the relevant corporations in undertaking infrastructure projects in future. In doing so, the expenses on interest payments can be reduced while the interests thus received can be credited to the Treasury.

To serve the purpose of paying to Hong Kong people a fiscal dividend, the Government reduces substantially the tax rate, in particular the basic allowance for salaries tax, so as to benefit the middle class. At a time when the Government records a huge surplus, there is no need to require the public to keep on paying tax unduly. Some people have pointed out that non-taxpayers cannot benefit from tax concessions but, in fact, they have been enjoying the fruit borne by the resources that the Government has injected into the community. On the whole, simple taxation is one of the virtues of Hong Kong. At present, around 80% to 90% of the salaries tax is paid by 10% of the tax-payers, which represents the contribution of the high-income group who have discharged their social obligations. Over 60% of the people are not required to pay tax at all. Obviously, such a social system is more desirable than that of other countries.

Mr President, this historic Budget may have room for improvement but it is still a commendable Budget. Though it cannot satisfy each and every one in our society, it succeeds in balancing the interests of the community as a whole. The comments on the Budget can be summarized as follows:

Albeit being slightly conservative, the Budget holds on to the principles of living within our means and returning wealth to the people.

It remains our view that this Budget is welcomed by every sector in Hong Kong. It is hoped that Members of this Council will take the interests of the whole community into account and support the Bill. We undertake to take joint efforts to fight for remedying the unsatisfactory parts in the Budget.

Thank you, Mr President.

MR MICHAEL HO (in Cantonese): Mr President, this year's Budget is the last one before Hong Kong returns to the motherland. With huge surpluses but overshadowed by the talks of "a speedy car went out of control and crashed, killing the people inside it", this Budget is extremely conservative. Having said that, the Budget is still worth praising in a number of areas concerning the allocation of funds. I am glad to see that the Security Branch has followed a worthy course by allocating additional resources to the Fire Services Department to improve emergency ambulance services.

While examining this Appropriation Bill, one thing which needs particular attention is the Electrical and Mechanical Services Trading Fund. As this Trading Fund has come into operation, many government departments and statutory bodies, such as the Hospital Authority, have to make additional huge provisions to pay for maintenance services provided by the Electrical and Mechanical Services Department (EMSD), which creates a "false growth" in the allocation of funds in many of these bodies. For example, of the provision of \$22 billion for the Hospital Authority (HA), \$538 million is for payments to the Electrical and Mechanical Services Trading Fund, which accounts for 2.44% of its total expenditure. At first glance, this "false growth" may mislead people into believing that provision for the HA has increased by 6.44%, but the truth is that only 4% of this growth will actually go to the provision of health care services or recruitment of health care personnel.

We must pay attention to such a phenomenon where a "false growth" is created by transferring the subhead which used to come under the EMSD to a subhead under the medical and health category.

Another subject that is worth discussion concerns the provision of new hospitals and beds. The Administration did promise to provide a total of 803 new beds in this financial year but none of them will be available in the first quarter of the financial year. In other words, the additional 803 beds is just a window-dressing figure. Many of these beds will not be provided until the second half of 1997 or even early 1998, that is towards the end of this financial year. Therefore, one will be greatly disappointed if the true picture behind these figures is envisaged.

The incumbent government has in effect become a caretaker government in the remaining several months of the transitional period, so I do not expect it to

take bold initiatives. However, I would like to point out that while the Chief Executive (Designate) is studying policies such as those on education and housing, the Health and Welfare Branch should be prepared to seriously review the policy on health care services. An ever-increasing and ageing population will significantly increase the demand for health care services. Therefore, it is imperative to reformulate a policy on health care services in the light of social reality. If we maintain the current policy which lacks clear objectives, we can only act in a piecemeal fashion in our future allocation of funds and use the funds on different improvement programmes in a similarly patchy manner.

The debate on the Budget will definitely be linked with the monitoring of expenditure. The Honourable LEE Wing-tat has just now mentioned a number of statutory bodies. I think that the question concerning the monitoring of the HA must be raised again. In addition to making requests for additional funds every year, we have also been asking the Government to step up the monitoring of the HA over the years. Fortunately, the Government has done something in this respect by appointing the Secretary for the Treasury as a member of the Hospital Authority Board two years ago, which has strengthened its monitoring work. Of course, someone may say that this is the job of the Hospital Authority Board, which is theoretically correct. However, are these few dozen part-time volunteers, who do not have any staff members to assist them, able to cope with the job of monitoring an expenditure of \$22 billion? How can the Hospital Authority Board be accountable to the Government, or to the public? The committee is not an advisory body. Instead, it is a body with executive powers. How will its members be accountable to the public?

After the approval of funding requests by the Legislative Council, the allocation of the funds and the monitoring of their use thereafter will be the job for both the Government and the Hospital Authority Board. The Legislative Council can only monitor the use of the money through the Government. We therefore have reasonable grounds to demand that the Government should effectively ensure reasonable utilization of the resources of the HA. Some hospitals may have less funding this year, but how can we monitor where reductions are made, and know whether they are reasonable? For example, the HA had difficulties in recruiting nurses some two years ago, but we did not know where the financial provision for this purpose had been used. Why had the money been spent but the positions were removed in the end?

The monitoring of government expenditure by this Council must not stop at the allocation of funds; further steps should be taken to ensure that the Government monitors effectively the use of every provision. I hope that the Government's representatives on the Hospital Authority Board, including the Secretary for Health and Welfare, the Secretary for the Treasury and the Director of Health, will further strengthen their monitoring role in the HA.

Apart from the HA, I also hope that the Government will review the monitoring system for other statutory and subvented organizations thoroughly. I hope the Government will examine the system of these organizations instead of just assessing their performance. If you ask the public to comment on the performance of the HA and its services in the past few years, many of them will probably say that the HA has made some progress, its staff members are more friendly and the services are better. This is indeed the result of efforts by the employees of the HA. Moreover, the Government has allocated more financial resources to the provision of health care services in the past few years. The performance in general is satisfactory, but that does not mean the system is trouble-free. It may be that problems are yet to surface or the problems have not been detected. We must realize whether the monitoring system is effective, whether it can effectively detect problems before something wrong happens. I certainly hope that a review of the monitoring system will include reviewing the existing framework. How can the Board which is composed entirely of volunteers be expected to be accountable to the public, or to the Government when something wrong happens? Should we deal with the problem just by appointing another group of people to replace the Board members? I hope that the Government will complete this part of the review as soon as possible and make the results public.

Mr President, I would like to talk about the expenditure on labour services. The Government has introduced a total of 23 labour-related bills since the 1995-96 Legislative Council Session, 17 of which have been passed. It is undeniable that the Government has recently been paying more attention to the protection of employees' benefits. One of the major reasons for this is that there are more Members in this Council who care about labour-related issues. The constant pressure these Members put on the Government has borne fruit over the past nine years. However, various pieces of labour-related legislation in the

past have failed to keep abreast of the development in our economy and the improvement of living standard in our society as a whole. The recent improvement in employees' benefits may seem a bit hasty, but that can only make up to a small extent for the shortfalls in the past.

Employees' benefits cannot be improved by solely making amendments to current legislation. It must be complemented by corresponding allocation of resources. The expenditure of the Labour Department for the next financial year will be more than \$590 million, representing an increase of 15% over the revised figure for 1996-97. However, a major part of the increase will be for the creation of additional posts in connection with the implementation of the new occupational safety and health legislation. In some critical areas, such as employment services and employee rights and benefits, the growth rates in expenditure are just 5.6% and 4.3% respectively.

I have doubts about the accuracy of the information provided by the Labour Department concerning its expenditure. First, according to the information provided by the Labour Department to Legislative Council in 1996-97, to combat illegal employment, the Department would create 26 new posts to increase the number of inspections by field labour inspectors to a level of 170 000 times. But the information provided this year showed that the number of such inspections has remained at the previous level of 140 000 times. The explanation given by the Government was that more time was needed to recruit additional staff. But why does the target number of such inspections for 1997-98 only remain at a level of 150 000 times? Moreover, in the Budget for 1996-97, the Labour Department had set the target number of inspections to be carried out under the Factories and Industrial Undertakings Ordinance at 89 000 times, but the actual number of such inspections was only 71 000 times. The Government explained to the Legislative Council that the additional resources would be used to increase manpower, but in practice, it often failed to meet the set targets.

With an increasing number of new immigrants and the extension of the scope of the Occupational and Safety Ordinance to cover non-industrial establishments, the Government's role in vocational training, employment services and the promotion of employees' health at work will become more important. Although the Government has completed the review on the

Vocational Training Council and the Employees Retraining Board, the Democratic Party has pointed out to the Government that the scope of the review was too narrow to be of great help in the formulation of manpower training strategy for the next century. It is therefore necessary to increase resources and further review and plan current manpower training policy and to determine the source of funds for manpower training in the future.

With regard to the promotion of employees' health at work, the Democratic Party is not in complete agreement with the proposals in the Consultation Paper on the Review of Industrial Safety which suggest shifting the emphasis from enforcement of legislation to safety management. We are of the view that enforcement and safety management are equally important. We support the strengthening of education, but if we stop allocating resources after launching education campaigns, it will be difficult to implement effectively the relevant legislation without the support of enforcement. In addition to increasing resources for occupational safety, the Labour Department should also put emphasis on enforcement. As for education and promotion, these should be the responsibilities for the Occupational Safety and Health Council (OSHC) and the Government should strive to make more resources available to the OSHC.

Mr President, these are my remarks.

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

MR RONALD ARCULLI: Mr Deputy, the title of the Financial Secretary's Budget speech is "Continuity in a Time of Change". I wished it had been "Continuity in a Time to Change". I hope that this will become obvious as I speak. Indeed, Mr Deputy, I suspect the President must have had a sneak preview of my speech, otherwise it is a timely change for him to leave the Chamber.

The remarks of the Secretary for the Treasury when he, not surprisingly, complained about the Legislative Council's disturbing imbalance when evaluating this or indeed any year's Budget brings about the first change. For the record the Financial Secretary, the Secretary for the Treasury and their team are to be congratulated on bringing us a 12-month Budget. When my Liberal

Party colleagues and I met with the Financial Secretary for the first time during his 1997-98 Budget consultation, I distinctly asked him to give Hong Kong a 12-month Budget and that he has done. This should silence the critics and doubting Thomases of China's and indeed Hong Kong's determination to uphold the Joint Declaration and the Basic Law, thus ensuring a smooth transition.

Speaking of the Basic Law brings me to the first "Time to Change" point I wish to make. The Financial Secretary has reminded us that some 70 Articles or 44% of the Basic Law deals with economic issues or development. I am not surprised that he has done so because it must be like music to his ears — phrases like living within our means, avoiding Budget deficits, matching government spending to trend growth in GDP and so on. Is the Financial Secretary so embarrassed by the Administration's financial prudence to pray in aid the Basic Law to justify this Budget? Is it Time to Change? I ask.

My second "Time to Change" point is housing. Despite continuous claims to increase land supply and output of public and private housing as well as increasing home ownership, where are we after five years under the PATTEN Administration? I thought there was a pledge that 60% of our community would live in their own homes come 1997. Where are we? Five years ago, 49% owned their own homes and early this year 52% — not much of an improvement. My other housing complaint is government interference in the free market like the recent measures introduced by the Administration. Is it Time to Change? More land, more housing, less interference? Associated with these points is, can the construction industry, with the impossible constraints in the labour market, deliver the targets the Administration has set for housing even if land was available? Without a change in policy, the answer is categorically and simply "No!" Is it Time to Change the labour importation policy?

Talking of labour brings me to my third "Time to Change" point — Comprehensive Social Security Assistance for the single elderly. This Council has laboured on this point beyond belief. How does the Administration expect a single elderly to survive on the rate of \$2,060 a month? It is extraordinary that the Social Welfare Department is still researching obviously simple facts. That having been said, from what I have seen and heard of our new Director of Social Welfare, I am for the first time hopeful that the Time to Change is about to come.

Mr Deputy, I will not bore this Council with why Hong Kong can afford to care for our elderly as any decent community must. I therefore pin my hopes on the Financial Secretary and indeed Mr Andrew LEUNG that we will not have to wait until the next Budget before something is done for our elderly. Is it Time to Change?

Mr Deputy, I will now turn to my fourth "Time to Change" point which concerns our public finances. The first part deals with our 1996-97 outturn. I remember saying to the Financial Secretary after last year's budget debate that I would be prepared to underwrite a surplus of \$5 billion, some \$3.4 billion more than the estimate, provided I could use any surplus over \$5 billion. If my challenge were accepted, I would ensure that our single elderly would receive a few hundred dollars more each month plus a multitude of other goodies for the needy in our community. But is it a Time to Change our budgetary forecast criteria? Is it at all possible to be within the ball park of our surplus estimates?

The second part deals with the 1997-98 forecast of a \$31.7 billion surplus. Although the Financial Secretary did not give us a breakdown, he has told us that this surplus arises out of collection of rents under Annex III of the Joint Declaration and Article 121 of the Basic Law and revenue from land sales as we will no longer be required to share such revenue with the Land Fund. Annex III rent for nine months will amount to some \$3.2 billion as those of us examining the Government Rent Bill will know. This Council, however, does not know that there will be no longer any concessions to charities, religious bodies, non-profit organizations, sports or recreational associations, cemeteries and so on. They will all be required to pay rent under Annex III despite this massive surplus. It is not a Time to Change such concessions.

The third part deals with the existing Medium Range Forecast (MRF). The Financial Secretary has told us that despite a combined surplus of some \$58.9 billion for the three years between 1998-99 and 2000-2001, there is a strong case for caution because this MRF does not take into account the substantial contribution required for the high priority projects under the Railway Development Strategy. Furthermore, the timing for such contributions are not yet clear. However, in the next breath, the Financial Secretary tells us the contribution could be in the order of \$49 billion between 1998 and 2001 which will take up all but \$10 billion of the combined surplus for these three years. Now I am really baffled. I thought the MRF was a five-year rolling forecast.

Why is it suddenly three? Is it Time to Change? Where have we lost two years? Is it 1996-97 and 1997-98 producing a combined surplus of \$46.8 billion or is it 2001-02 and 2002-03? If it is the former, our total surplus for five years is a mere \$105.7 billion. Above all, let us not forget that investments like the MTRC, KCRC, Chek Lap Kok Airport, the Housing Authority and the like are very much part of Hong Kong's reserves which could easily give us liquidity if we were so minded. Is it Time to Change?

This, Mr Deputy, brings me to tax relief for housing, my hobby horse which sadly the Financial Secretary has included in his "Areas of No Change". The Financial Secretary professes considerable sympathy for families paying a substantial part of its income in buying its own home and of the Administration's objective of encouraging home ownership, yet he says it would be wrong to create a general tax concession regardless of a family's needs, to cover investment in housing. Mr Deputy, in paragraph 90 of his Budget speech, the Financial Secretary recites the assistance given to those families in need. I asked "what has tax relief for housing got to do with providing housing to families who cannot afford to buy or rent at open market values?" The tax relief proposed by the Liberal Party is for an allowance of \$25,000 per annum for those paying a mortgage for or renting their own homes not for assisting or encouraging investment in housing. As no amount has been quoted by the Financial Secretary, we can assume that the cost to the revenue must be minuscule. Is it Time to Change?

My sixth "Time to Change" point involves the profits tax and standard tax rate. The Financial Secretary has used the mixed views of Legislative Council Members as his *raison d'être* for making no change. To those who asked for an increase or a progressive rate I say: I hope you are happy that the Financial Secretary is forecasting a huge surplus. Why should those who produce the revenue be penalized? Does not the Administration believe that money left in the pockets of taxpayers do more good for the community than sitting in public coffers? Is it Time to Change?

My seventh "Time to Change" point deals with rates. Whilst the reduction from 5.5% to 5% is welcomed although long overdue, I have a sneaking suspicion that it might have been better not to reduce the rate but cap the increase. What should be done is to reduce the rate and to cap the increase

so that ratepayers will pay no more than what they did last year. The extra cost would have been quite bearable.

Mr Deputy, whilst I acknowledge the rationale behind the variation in stamp duty for residential properties up to \$4 million, I would sound a note of caution as the government policy is getting perilously close to being divisive.

Before I conclude, I would not like to disappoint Honourable colleagues who, like myself, enjoy the occasional glass or bottle of fine wine. I believe the Financial Secretary has taken a small but courageous step in the right direction by reducing the duty on alcoholic beverages from 90% to 60%. If we were at war, I would ask that he be cited for gallantry above and beyond the call of duty. As we are not, he must be content with a simple "Well done!" I say the step is small because unless you import your own wine like some of my Liberal Party colleagues, the real reduction is 15% and not 30% as it appears. Mr Deputy, if my speech were a motion, I will be tempted to suggest that I would now be allowed to change without notice from "Is it Time to Change?" to "Is it Time for a drink?" but until the Financial Secretary changes the duty system from *ad valorem* to *ad valorem* with a cap, I shall continue to ask: Is it Time to Change?

Mr Deputy, in conclusion, I would like to challenge the Administration to decide before the next Budget when it will change its policy of taxation without the need to do so. The reason for a comfortable cushion of reserves is completely thread bare. The rainy days referred to repeatedly have not come to pass, for we have not had a drizzle, let alone rain. The government dogma of maintaining real value or yields in fees and charges or in duties on fuel, tobacco and methyl alcohol is completely abandoned when it comes to managing our fiscal reserves. On this last point, for every one percentage point we earn less, we lose over \$3 billion per annum. If we can earn a return rate equal to inflation, we would earn over \$20 billion a year. Financial Secretary, I ask: Is it Time to Change? Thank you, Mr Deputy.

MR YUM SIN-LING (in Cantonese): Mr Deputy, the Financial Secretary summarized his Budget speech on 12 March by the phrase: "Continuity in a Time of Change". I would interpret that phrase as "preserving continuity in conservatism with no flexibility in a time of change; winding up in a progress-shy manner in the face of piecemeal development".

"Preserving continuity in conservatism" refers to the Financial Secretary's strict adherence to the golden rule laid down by Sir John Henry BREMRIDGE in 1987, namely, "the rate of growth of expenditure shall not exceed that of gross domestic product (GDP)". But this is not an immutable rule and the core meaning of the principle lies in the need to prevent expenditure from outstripping revenue. Now that there is a huge surplus and the question of expenditure outstripping revenue will not arise at all, appropriate changes can be made to the principle. Despite the conservative approach of the banks, mortgage loans equivalent to 70% of the property prices may be granted. If the Financial Secretary worries that adverse economic factors might be looming over the horizon, he may assume that 30% of our expenditure has to be subsidized by our surplus for three consecutive years. As our annual expenditure at present stands at about \$250 billion, 30% of the expenditure represents a sum of about \$75 billion a year. The total amount for three years is about \$230 billion. It is therefore very prudent of us if we can reserve \$230 billion to meet unforeseen needs. After deducting \$230 billion from our surplus, a sum in the region of \$130 billion is still available for use. If this \$130 billion is left idle and the social problems are left unresolved, it is tantamount to doing a disservice to the people of Hong Kong.

"No Flexibility in a Time of Change" refers to the Financial Secretary's stubbornness in refusing to introduce some flexibility to the so-called principles in the face of social changes. Even Sir John Henry BREMRIDGE once said that adaptive changes had to be made in accordance with changing circumstances and the development of history. Shall we not introduce some flexibility to our assumption-based principles when the widening gap between the haves and the have-nots is bringing disgrace to the history of Hong Kong? Shall we not be a bit more flexible when it is foreseeable that Hong Kong will be accused of giving a raw deal to the elderly, who have contributed to the success of Hong Kong, by forcing them to scrimp on food and clothing and allowing them to suffer from malnutrition?

"Winding up in a progress-shy manner" refers to the British Hong Kong Government's conservative approach in drawing up this last Budget. The Government just takes on a steady approach by winding up the Budget in a progress-shy manner.

"Piecemeal Development" refers to the Budget's failure to address the needs to enhance social development, particularly the lack of a balanced development in industrial technology, information infrastructure and human resources. The Government is complacent about its economic performance in certain areas, while neglecting the serious deficiency in other economic aspects. The Government's failure to formulate development strategies in a number of areas is sowing the seeds for some potential problems.

On the issue of improving the Comprehensive Social Security Assistance (CSSA) payment for the elderly, the 123 Democratic Alliance is one of the five groups that have been fighting for an additional \$300 in the CSSA payment for the elderly. However, the Government remains unconvinced and sets out all sorts of excuses explaining why it cannot do so. Some of the reasons, such as "this can only be done by cutting the expenditure of other departments", are not at all acceptable. Compared with the massive surplus, what we are asking for is just a very meagre rate of increase. Nevertheless, we do understand the other two reasons put forward by the Government. First, recurrent expenditure cannot be increased hastily. Second, the expenditure needs of the elderly receiving the CSSA payment will be reviewed in the middle of this year. In view of this, the 123 Democratic Alliance chooses the second best and comes up with a new proposal in response to the above two reasons. We propose that two annual supplements be granted within two years, that is, a sum of \$3,000 to be granted to each elderly person receiving CSSA at the end of each Lunar Year. This is not recurrent monthly expenditure and sufficient time is allowed for the Government to offer new rates of the CSSA payment to the elderly in the Budget to be drawn up two years from now, after taking into account the result of the review to be conducted this year. Of course, the new CSSA rates should be sufficient to enable the senior citizens to lead a relatively dignified life.

The Governor and the Financial Secretary always cite the economic success of Hong Kong in certain areas as achieving success in its overall economic policy, while the problems in certain economic aspects have been neglected for many years. For example, the Government always boasts of our per capita GDP as being higher than those of many advanced countries. Against this high-income figure, 600 000 people in Hong Kong live in abject

poverty, hundreds of thousands of young people cannot afford to purchase properties, and more than a million people have to scrimp on food and clothing in order to spare half of their income for property mortgage repayments. The polarization between the rich and the poor has been deteriorating. Our average GDP figures have been boosted by the high-income earners. As a matter of fact, the quality of life of many people in Hong Kong is actually worse than that of people in other countries which achieve lower per capita GDP figures. We have good performance in domestic exports as it grows year after year, but actually parts of the exports are not really valued-added exports of Hong Kong.

Hong Kong has been ranked the freest economy in the world, but free economy is only one of the elements contributing to our success. There are some other rather essential elements. For example, Hong Kong has mainland China as its hinterland and trading activities between China and Taiwan are conducted through Hong Kong. If we adopt the Hong Kong Government's positive non-interventionist policy on an island in the South Pacific, can we create an economic miracle there?

The Government often says that an increasing number of foreign companies are setting up offices in Hong Kong, which shows that we have a good investment environment. But many of these companies set up offices in Hong Kong only because of the remarkable investment environment in China. I, therefore, urge the Hong Kong Government not to remain complacent about the economic data which seem remarkable on the surface, and not to ignore the many tasks that it should have taken up. Early this year when property prices started to be pushed up, the Government still believed that the private property market was a freely competitive market, and that the large number of vacant flats made it unnecessary to worry about excessive speculation. Actually, the private property market in Hong Kong has already become a distorted market where there is no more free competition. With such a market situation, coupled with foreign and Chinese capital taking part in the speculation of commercial properties, a bubble economy will easily be created in Hong Kong. It may eventually collapse just like the case in Japan. Though the bubble economy in Japanese financial and property markets collapsed, a major economic depression did not occur because Japan had industries as her strong back-up. On the contrary, if Hong Kong's bubble economy collapses, Hong Kong's economy will

become paralyzed because industries only account for a minimal part of Hong Kong's economy. Many people think that, with the competition of cheap labour from the Pearl River Delta, industrial development in Hong Kong has lost all ground. This is not the case. We can look at the example of Singapore, where certain industries have also moved out of the country as a result of the competition brought by the cheap labour available in Malaysia and Indonesia. However, the Government of Singapore adopts a more positive approach than the Hong Kong Government does. Through setting up units that are tasked to promote industrial investment, it encourages foreign investors to set up factories in Singapore, to manufacture high-technology or high-valued-added products. It makes use of government funds to directly take part in industrial investment and even injects sizeable amount of resources into the undertaking of research projects on industrial technology. It strengthens the co-operation between Singaporean universities and foreign high technology companies, sets up research centres and so on. In both Taiwan and South Korea, their governments adopt similar approaches. As far as the four little dragons in Asia are concerned, Hong Kong is the only one which does not offer an input in developing industrial technology and encouraging industrial investment. If there is input in these areas, it will remedy or offset the losses incurred by the shrinkage of labour-intensive industries. As a result of the Government's attitude, Hong Kong lags the farthest behind in terms of industrial technology, and plenty of employment opportunities are lost. Many workers in Hong Kong are being haunted by the problem of structural unemployment. A number of surveys showed that the actual number of the unemployed is much higher than the official figure published by the Government. We hope the Government will not be complacent about the success of the policy of positive non-interventionism in the service industry and will not evade its responsibility of resolving unemployment problems through upgrading our industries. If the Hong Kong Government still acts in accordance with its conventional industrial policy, the Science Park Project may ultimately end up in a complete failure. The only way to enable Hong Kong to compete with our neighbouring competitors in the 21st century is for the Government to put in large amount of resources to promote and co-ordinate investment, as well as to engage in high technology researches. Part of the surplus should be used for this purpose to bring real benefits to the people of Hong Kong.

Hong Kong not only lags behind other countries in industrial development, but also acts slowly in making a start in developing information infrastructure.

This is yet another potential deficiency obstructing the development of Hong Kong. When we are still talking about purchasing computers for the pupils in primary schools, our neighbouring countries have already created ministerial posts to play a leading role in implementing the National Information Infrastructure. As far as information infrastructure is concerned, Singapore and Taiwan have overtaken Hong Kong, and even Malaysia is poised to overtake Hong Kong. When compared with the other three dragons, our programme of purchasing computers for primary schools is really "an elementary step". Information infrastructure is not merely an educational issue; it has vast implications on every aspect of life, such as home life, office activities, economic activities, and the interaction between the Government and the people. A government with foresight should put substantial resources in and accord priority to the development of information infrastructure. The Hong Kong Government should allocate resources out of the massive surplus to develop information infrastructure and to set up relevant funds to promote development in this area. Otherwise, we will be lagging far behind other Southeast Asian countries in the 21st century, not only in terms of industrial development but also in terms of information infrastructure. It is hoped that the Government can take account of this critical situation and set a good precedent in using the surplus judiciously.

Mr Deputy, these are my remarks. Thank you.

MR WONG WAI-YIN (in Cantonese): Mr Deputy, the Democratic Party is both disappointed and dissatisfied at the Government's further substantial reduction in the expenditure on transport infrastructure in this year's Budget. Since as early as 1995-96, the Government has been cutting down the expenditure on transport infrastructure, with the reduction percentage increasing year after year. In 1995-96, the expenditure in this respect was reduced by 5% and in 1996-97, it was 9.1%. This year, the percentage reduced is as high as 22.8%. According to the explanation given by the Secretary for Transport, as many projects under the Airport Core Programme were completed, expenditure in this respect went down accordingly. The Secretary for Transport even described the Government's achievement in respect of transport infrastructure this year as spectacular, for several important transport links connecting the new airport such as the Western Harbour Crossing, the North Lantau Expressway and the Lantau Fixed Crossing would be brought into operation this year. Of course, I

understand that the Airport Core Programme has a significant impact on the future economic development of Hong Kong and the materialization of these colossal projects marks Hong Kong's achievement. However, is the existence of the new magnificent airport with its associated road networks alone indicative of an end to the traffic problem besetting Hong Kong?

In fact, solving the traffic problem in Hong Kong has never been an easy task and traffic congestion becomes more serious. On the one hand, there is a pressing need to improve the transport network linking urban areas and strengthen traffic facilities in many developing new towns. On the other hand, relieving the traffic condition in busy urban areas can afford no delay. However, the Government has been indifferent to this situation and even cut down the expenditure on transport infrastructure. To those citizens who have to suffer from traffic congestion every day, the Government indeed has been very irresponsible.

Although the Secretary for Transport has reiterated that focusing on government expenditure on transport infrastructure was lopsided and it would be more reasonable to look at the expenditure of private developers and the expenditure on railway projects as well. The Democratic Party, however, does not share this view. The Government has the duty to provide Hong Kong with an efficient transport system which can meet its economic, social and recreational needs, as well as supporting its development. Those transport projects involving the participation of private consortia should only be supplementary in nature and should not replace the Government's commitments in this respect. They should never be used by the Government as an excuse for evading its responsibility and cutting down expenditure. As for railway development, the Democratic Party sees little initiative and sincerity on the part of the Government for early implementation of the projects concerned. Let us take the three high-priority development projects, namely, the Western Corridor Railway, the Mass Transit Railway Tseung Kwan O Extension and the Ma On Shan Railway as examples. Although they were originally planned to be completed in 2001, repeated delays made it impossible for them to meet their scheduled date of commissioning. I now invite the Government to examine its own conscience and ask how much enthusiasm it has shown on improving the traffic situation in Hong Kong.

Transport planning

The Government's transport planning has all along failed to keep pace with the development in other infrastructure and the population growth in developing districts. As a result, internal and external traffic facilities in these districts are always inadequate, causing the residents of these districts to suffer badly from traffic congestion. As the saying goes, time is money. It is true especially in Hong Kong where every minute and second counts. It is indeed a waste of time for some people to spend three to four hours a day to travel to and from office. Unfortunately, government officials neither understand nor sympathize with the plight of these people and they have done little to improve the situation. As a resident of Yuen Long witnessing the aggravating traffic congestion in North-West New Territories (including Tuen Mun and Yuen Long), I am really indignant and feel helpless to see the Government's continued indifference and unwillingness to increase funding to speed up the project to widen Castle Peak Road.

I remember that many years ago, the then Commissioner for Transport, Mr Rafael HUI, indicated the wish to enable residents of Northwest New Territories to reach the urban area within one hour. I wonder if the Government has given up this goal. Has the Transport Department set any target or drawn up any plan in respect of its pledge to shorten the travelling time to and from the urban area by residents of Northwest New Territories? I hope that the Secretary for Transport will explain this pledge when giving a response next week.

Traffic congestion

The Transport Department completed the Parking Demand Study at the end of 1995. The study report pointed out that several districts in the territory were experiencing serious parking-related problems with respect to domestic or non-domestic facilities. It also stated that daytime parking and loading/unloading facilities as well as overnight parking facilities for goods vehicles were also in dire shortage. All these called for immediate implementation of remedial measures.

Therefore, I asked the Secretary for Transport last year why no funds were earmarked for building multi-storey car parks which provided parking spaces for private cars/goods vehicles for 1996-97. At that time, the response I received

was that "the Government is still considering the recommendations made by the consultant and funds will be appropriated upon implementation of concrete plans." Unfortunately, there was still no provision for such purposes in this year's Budget. I asked the Government again for an explanation and it responded, "It is government policy to encourage private developers to build multi-storey car parks and the Government will make provision for building car parks only as a last resort. Therefore, no provision was made for such purposes. The Government will only propose 10 locations which will be included in the Land Sales Programme in the coming three years for the purpose of building multi-storey car parks." As a matter of fact, there has been a serious shortfall in parking spaces in the territory. However, the Government is still so mean and keeps on relying on private developers to provide parking lots. The Democratic Party expresses deep dissatisfaction about it. In what way exactly does the study which has taken over two years to complete help to alleviate the shortage of parking spaces in the territory? Under what condition actually will the Government adopt its so-called measure of last-resort?

As for the Park-and-Ride Scheme which encourages drivers of private cars to switch to public transport, little progress has been noted. In this year's Budget, for the purpose of launching the scheme on a trial basis, the Government only made a nominal provision of two to three million dollars for the implementation of small-scale capital works in the car park adjoining Sheung Shui railway station. What I would like to point out is that as long as the Government is unwilling to invest resources in the Park-and-Ride Scheme, it will never serve the purpose of easing traffic congestion in urban areas.

Moreover, despite the traffic congestion caused by the never-ending road opening works in many districts, the Government has never adopted any measure to address the problem. However, it finally plans to implement the computerized Utility Management System and to collect fees for excavation permits and licenses this October. Moreover, 26 posts will be created for this purpose. I hope that this plan will be implemented on schedule to reduce repetitions of road opening works in future. In my opinion, the Government should impose fines on contractors who put off road opening works as a deterrent. However, many utility companies claim that delays are mostly found in road opening works carried out by the Highways Department. Hence I urge the Highways Department to conduct an internal review and draw up relevant

guidelines, as well as to monitor closely the progress of all road opening works to ensure their timely completion.

According to the Government's estimate of public expenditure this year, the expected average vehicular speeds for Hong Kong Island, Kowloon, the New Territories, Tsuen Wan and Kwai Chung under the Transport Department's key performance measures in respect of district traffic and transport services will be more or less similar to those for 1996. Judging from this, there will not be much improvement in the traffic situation in Hong Kong with serious traffic congestion continuing to plague the territory.

Public transport services

In order to encourage people to commute by public transport, the Government has to upgrade the quality of public transport services. As such, the Democratic Party has been pressing the Government to invest more resources and manpower in the monitoring of the daily operation and management of public transport services. However, according to this year's Budget, the Government will only create one post of Transport Officer I, who will be solely responsible for the planning, management and monitoring of public transport services provided in new towns in the Northwest New Territories and on Lantau Island. In other words, the Government has not provided additional resources for the purpose of monitoring existing public transport services. In view of the shortage of resources, I am worried that the Government is just paying lip-service when stressing on its intention to keep on improving public transport services and monitoring them.

Regarding public bus services, the franchise of the Kowloon Motor Bus Company Limited (KMB) will expire by the end of August this year. The Democratic Party considers that the Government should take this opportunity to bring in other operators for bus services in Kowloon and the New Territories in order to foster competition and enhance service quality. Unfortunately, the Government has never given any clear reply. The Democratic Party reiterates the need to abandon the Profit Control Scheme upon expiry of the franchise of KMB at the end of August this year and to introduce other bus operators to

compete with KMB as a means to ensure improvement in bus services in Kowloon and the New Territories.

As regards the services provided by the China Motor Bus Company (CMB), the Democratic Party finds the performance of the company unsatisfactory and the attitude of its management disappointing. This year, a Member asked the Secretary for Economic Services about the transparency of information on economic activities and financial viability of public transport operators monitored by the Government. The Secretary for Economic Services pointed out that in 1996-97, with the exception of the CMB, the remaining 11 public transport operators continued their practice of making public the information on their latest operations and financial situation. Moreover, when asked by another Member about the proposed restructuring plan of the CMB, the Government responded by pointing out that since 1995, CMB had never submitted any detailed proposal on its restructuring plan to the Government. Yesterday, the Director of Audit criticized the CMB severely that over 40% of its buses had reached a life-span of as high as 17 years. It is unfair to the residents on Hong Kong Island if the Government allows the company, which neither makes any effort at all to improve its services nor has any sense of responsibility, to provide time and again unreasonably poor bus services for the residents. In this connection, the Democratic Party renews its call for the Government not to extend the franchise of the CMB upon its expiry at the end of August this year. Instead, the service routes should be made open to tender so that these services can be improved.

On ferry services, in view of the growing competition faced by ferry operators, the Government should formulate a long-term policy on the development of ferry services and extend the necessary assistance to ferry operators, who will otherwise face financial difficulty and lack the capital to improve their services. They may even experience operating difficulties. However, the Government is not doing enough in this respect. Taking the commercial development of the Hongkong and Yaumati Ferry Company Limited (HYF) above its new piers in Central District as an example, the Government has yet to reach an agreement with HYF on the project. As a result, HYF has been unwilling to invest resources to improve existing ferry services and honour its earlier commitments by implementing a series of improvement measures.

This year, the Government has finally agreed to make provision for the

maintenance cost borne by ferry operators in respect of pier areas below sea level. However, the Democratic Party hopes that the Government will provide against a rainy day by conducting a comprehensive review of ferry services and formulating a long-term policy on their development. Besides reviewing the role played by ferries in the territory's transport services as an alternative mode of transport for commuters, the Government should ensure that ferries fulfil their role of relieving the congestion of land transport.

Mr Deputy, to conclude, the Government's commitments to combat traffic congestion and improve transport networks were not enough over the past few years. As a result, improvements made fell short of public expectations, hence attracting strong criticism from the public as well as Members of this Council. As such, the Democratic Party urges the Government again to sympathize with those who have to suffer greatly from traffic congestion every day by making more provisions for achieving significant improvements to the territory's traffic in the years to come.

Mr Deputy, these are my remarks.

MISS EMILY LAU (in Cantonese): Mr Deputy, this Budget "worked out" jointly by the Chinese, British and Hong Kong Governments is our last Budget under British colonial rule. The \$15 billion surplus for the current fiscal year is of course the focus of attention. The surplus for the coming financial year will even amount to \$32 billion. The Financial Secretary has also told us that by July when China takes over Hong Kong, our total reserves, including the Land Fund, will be around \$330 billion.

Mr Deputy, judging from these figures, I believe Hong Kong is undoubtedly one of the richest places in the world. You may recall that when we hosted the Commonwealth Parliamentary Seminar last year, parliamentarians from many countries came to Hong Kong to attend the Seminar. Some of them were flabbergasted when they visited our new airport which was under construction at a cost of billions of dollars. They said that the money spent on the airport construction project alone had already exceeded the expenditure of their governments for one whole year.

Mr Deputy, should we be proud of our wealth? Should we have special feelings about such a bountiful surplus? Or should we even feel furious? Members from different parties and of different political background have expressed their views on many different issues in these two days. Having listened to the speeches, the Financial Secretary must have grasped the point that all Members of this Council, perhaps except Dr the Honourable Samuel WONG and some other Members, share the same views in respect of such issues as the Comprehensive Social Security Assistance (CSSA) payment for the elderly, housing and education. I therefore will not repeat those views. However, I would like to give my personal views on these areas. We should definitely spend more of Hong Kong people's money in them.

Mr Deputy, we have been aware for years that the housing problem is our number one enemy. I remember that I have been bringing up this issue for discussion time after time since I joined this Council. I have been discussing the problem with the Governors, the Financial Secretaries and so forth. Yet the Government still cannot come up with a solution. By the way, I am glad to see the Secretary for Housing in this Chamber today. There are more than 100 000 applicants on the Waiting List. According to the Financial Secretary, \$32 billion will be spent on public housing programmes. However, how can such a piece of news be perceived as good news by the 100 000-odd people on the Waiting List who have been waiting for public housing for seven or even 10 years? On the other hand, the price level of private residential property is even more astounding. Mr Deputy, Hong Kong's property prices are extremely expensive. At first we felt pity for those fresh graduates from universities who could not afford to buy the relatively decent flats for their own use. Now we are told that even a university lecturer with many years of teaching experience or even an experienced professional cannot afford to buy a decent flat. For decent flats, I am referring to those larger flats situated at more accessible districts, not the extremely undersized ones. What kind of a place has Hong Kong now become? Is the Financial Secretary very proud of the property prices in Hong Kong which rank highest in the world? No one can afford to buy the relatively comfortable flats, except for those who obtain housing subsidies paid by taxpayers, those who are left with legacies, and those who are as rich as Mr Deputy. Should we take pride in such a situation? Despite the massive reserves, our housing problem remains a tangled and thorny issue. Mr Deputy, what is going on in Hong Kong?

The Government undertook to provide 511 000 flats over the six years from 1995-96 to 2000-01. The Secretary for Housing should know that our housing production over the past few years has been on the low side as compared with the target production level. We cannot tell at this moment whether the Government can reach its production target by 2000-01. Although I may not be a Member of this Council by that time, I hope that the Financial Secretary and the other officials will still be in their positions. Nevertheless, I doubt very much the Government's capability to provide the promised number of flats on schedule. I think most people do not believe the Government can attain such a target. In view of the under-provision of flats during the past few years, how can the Government make up for the shortfall in the remaining two years of the time table? Just now Dr Samuel WONG even advised the Government not to build too many flats lest there will be an oversupply of them. I agree with the Honourable Edward HO. If we have the determination to devote colossal financial and manpower resources to our mammoth airport construction project in order to see the completion of the project within a few years, why do we not have the same determination to address the housing problem? The housing problem that has been existing since the time of the former Governor Lord MacLEHOSE remains unresolved to date. The Financial Secretary has advised us that a new task force chaired by himself will be set up. We sincerely hope that the task force can come to fruition. However, at the time the Financial Secretary announced the setting up of such a task force, the Secretary for Housing applied for funding to create eight additional posts for the setting up of a Housing Strategy Division which was responsible for co-ordinating and monitoring various government departments in land supply matters. The Financial Secretary informed us that the task force would look at land supply and its impact on infrastructure and housing development. In my opinion, issues relating to land should be handled by the Planning, Environment and Lands Branch. This is the reason why I agree with the Honourable LEE Wing-tat. Mr LEUNG Chun-ying should not accept the assignment of taking charge of the housing problem because there will be serious conflict of interests. The public will not be convinced of his decisions unless he resigns from all his housing-related positions. That is all for my comments on him. It will certainly create a lot of confusion in the operation of the government if too many people are assigned to handle issues which are similar in nature. I am sure that such an arrangement will confuse not only Members of this Council but government officials as well. I therefore hope that the Financial Secretary, the

Secretary for Housing and the Secretary for Planning, Environment and Lands will inform us of their division of responsibilities when they respond to our comments next week.

Recently, the Legislative Council Secretariat has been undertaking some research projects on issues concerning land allocation. Our staff members claimed that they had been requesting information on land supply from government departments for months but still in vain. We therefore have the impression that such a slow response to requests should be attributed either to messy internal co-ordination among government departments or deliberate withholding of information. Whichever is the reason, I hope the Financial Secretary will explain to us clearly how things will operate in future. However, what concerns us most is whether some achievements can be made in getting the problem solved. We deeply worry that the housing problem may remain unresolved by the turn of the century.

We turn next to the issue of education. Mr Deputy, according to the Financial Secretary, \$45 billion will be spent on education. The Government may now shift its focus to the provision of basic education and we support all the relevant proposals. However, the Government must not give the public an impression that tertiary education is not on its agenda. I understand that some university lecturers are very angry with me because I have often been critical of their high remuneration. The level of their remuneration is indeed very high, perhaps the highest in the world. Our civil servants also receive high remuneration. Since they are so highly paid, it is reasonable that we have high expectations of them. We are not saying that we will give up or ignore tertiary education, but we hope that our resources can be judiciously used.

I hope the Financial Secretary will monitor these people to make sure that the large sums of money allocated to them will not be spent lavishly. As far as basic education is concerned, the Financial Secretary is also aware of the deterioration of education quality and the retrogression of language proficiencies, as stated by the Honourable CHEUNG Man-kwong and some other Members. I do not want to repeat these views.

The Financial Secretary rightly suggested that action should be taken to reduce class sizes and to increase graduate teachers in primary schools. Both proposals are commendable but the problem lies in how the proposals are to be put into practice. Does the Financial Secretary have any idea about the number

of students in each class in primary schools and secondary schools? I think it is wrong to improve the class sizes in primary schools alone. Class sizes in both primary and secondary schools should be reduced. It is utterly unacceptable to have 40 or over 40 students in a class. I wonder if the Financial Secretary has ever been a teacher. How can a teacher teach a class of more than 40 students? What is the average class size in the English Schools Foundation schools and the international schools in Hong Kong? They have only 20-odd or 30 students in a class. Such a phenomenon can be summed up as "one city, two systems". Mr Deputy, it seems to imply that children can have access to schools of better quality if their parents are rich enough to send them to these better schools. I therefore believe that the Financial Secretary has set the right objectives. How many years will it take to reduce class sizes from 40-plus to 25 or 30? Will it take 10 or 20 years or even longer? How many schools have to be built so as to achieve this target? I have no idea, but I hope that the Financial Secretary will not accept a class size of over 30.

Now let us turn to the qualification of primary school teachers. The Financial Secretary said that there would be an increase in the number of graduate teachers in primary schools. I agree with him but I wonder if he is aware that primary school teachers receive lower remuneration than secondary school teachers. The Financial Secretary can attribute such a discrepancy to the fact that primary school teachers are not graduate teachers. However, I believe primary education is no less important than secondary education. If secondary schools offer better remuneration packages, qualified teachers will of course choose to teach in secondary schools. Of course, this is all for money, which is exactly the very reason why some people choose to stay in Hong Kong. Talking about money, we are reminded of the hundreds of billions of reserves. Apart from improving the quality of primary education, we should also seek to offer equal remuneration for teachers in both primary and secondary schools. The remuneration received by primary school teachers should measure up to that for secondary school teachers. In this way, those teachers with good qualifications will not scramble for teaching posts in secondary schools. We must understand that primary schools are the best places to cultivate the language abilities of students.

Mr Deputy, when I was a Primary 2 student studying in a school in Yuen Long, I knew nothing about English, not even the alphabet. Later I applied for admission to the then newly established Maryknoll Primary School in Happy

Valley. I was asked to repeat Primary 2 because I scored zero marks in the English paper during the admission test. I managed to speak English after studying for six months in Maryknoll Primary School, even though I could not speak a single English word when I entered the school. I am not saying that I have language talent, but my experience illustrates that children can pick up languages much faster than adults. It is therefore inadvisable to spend a large amount of money on running basic English courses for undergraduates in their first year in universities. On the contrary, we should start language training in primary schools, so that it becomes possible for our students to master "three dialects and two languages", if not "six dialects and seven languages". In European countries, many people are proficient in many languages. I hope the Financial Secretary will give some thoughts to my opinion. Language proficiency is indeed very crucial to the success of Hong Kong. If the language proficiencies of our people are low, how can Hong Kong compete with other countries in future?

My last point on language is my objection to the policy of mandatory mother-tongue teaching. I am in favour of mother-tongue teaching but I object to the Government's mandatory implementation of such a policy next year. There are overwhelming responses from the education sector and from parents over the issue of mother-tongue teaching. They are strongly opposed to such a policy. Mr Deputy, happiness does not come with a grudging yes. This is universally true, not just of love affairs. I hope the Government can think twice before it acts. With Hong Kong becoming a part of China after the handover in 1997, mother-tongue teaching will definitely gain its status. But why is it necessary to make it a mandatory policy right now? The education sector further asserts that mandatory mother-tongue teaching will surely cause the revival of the elitist system. Under the new guidance on mother-tongue teaching, schools may apply to adopt English as the medium of instruction if they are confident that they can meet the criteria for continuing to use English as the medium of instruction. As a result, parents will try every possible means to send their children to these schools. Is this policy recommendable?

Mr Deputy, I would like to commend the Financial Secretary for his proposals in other aspects. He proposed to spend \$300 million on the provision of multi-media computers to all public sector primary schools. Many fellow Members have given their support to this proposal and so do I. I also support the Financial Secretary's proposal of setting up Information Technology Learning Centres in prevocational and technical schools. However, is that enough? We

hope Hong Kong will become an information-based community when we stride towards the 21st century. The Legislative Council Panel on Information Policy held a number of meetings in the past few months to discuss the issue of information infrastructure in Hong Kong. I understand that the Financial Secretary is also interested in this issue, so I hope he will give some more thoughts to developing information infrastructure in Hong Kong. I heard that our government officials became tongue-tied and were deeply embarrassed whenever topics concerning information technology were raised when they attended meetings abroad. They had nothing to say in this respect, and did not understand what the others were talking about. That is because Hong Kong has not yet made a start in this area while many other countries have been very advanced in developing information infrastructure. I hope the Financial Secretary will appreciate that the future development of our economy may be geared towards this direction. For this reason, more resources should be allocated to supply our students and teachers with computer hardware as well as software, in order to familiarize them with the use of the Internet, so that they can tap information from and transmit information through the Internet. I hope the Financial Secretary can offer assistance in promoting these areas of work. The Legislative Council Panel on Information Policy will meet again on Friday. The information sector ardently hopes that the Government will dedicate more efforts in this area because we are lagging far behind Singapore in the area of information technology. Perhaps the Financial Secretary will provide us with more information next week so as to show that the Government has put in due efforts in this area. I hope anyway that he will agree that this is the right direction to head for.

Mr Deputy, I am also concerned with the CSSA payment for the elderly. I believe there is no need for me to dwell on this issue for I am sure that I have made my view known to the Financial Secretary through the Secretary for the Treasury. Given that there is a large amount of surplus in the coffers of the Government, and the majority opinion in a legislature returned by one million electors hold that the elderly should receive an additional sum of several hundred dollars a month, the Financial Secretary should seriously consider increasing the CSSA payment for the elderly. Members of this Council never demand to turn Hong Kong into a welfare society. Though there is accusation that increasing social welfare expenditure may lead to "a car crash and casualties", it is hoped that the Financial Secretary, with the strong support from the vast majority of

Members, can give us some good news next week or Yesterday the Honourable Paul CHENG advised us, "Do not act on impulse and vote against the entire Budget simply because of one issue." I believe the Financial Secretary has already secured at least scores of supporting votes for the Budget. There is no problem for the Budget to be passed in this Council. Many members of the general public, including those who do not usually approach me, have reflected to me their dissatisfaction in this regard. Mr Deputy, will you please relay to the Financial Secretary my view that if the CSSA rate is not increased, I will definitely vote against the Budget. We hope the Financial Secretary will give us some encouraging news next week.

Last but not least, I would like to say something about environmental protection. Apart from the Scrapping Scheme and electric vehicles, which were mentioned in the section of revenue proposals, there is no mention of environmental protection in the entire Budget. I hope the Financial Secretary will show more concern for our environment because as we all know, our quality of life has been deteriorating over the years. Only the very rich people are free from environmental hazards. The general public is suffering from the evil consequences of serious air pollution and sea water pollution. I hope the government officials will continue to attend to environmental issues even after we have been ousted from this legislature. Though we are to be ousted from this legislature, we are still members of the public of Hong Kong.

I so submit.

MR MOK YING-FAN (in Cantonese): Mr Deputy, on behalf of the Association for Democracy and People's Livelihood (ADPL), I would like to speak on this year's Budget in respect of social welfare and medical service. I would like to use the Chinese proverb "to climb up a tree in search of fish" to describe the Government's approach in these two areas. In preparing these two areas of this year's Budget, the Financial Secretary turned a deaf ear to the views voiced by the general public and many Members of this Council. Since yesterday, I have heard many Members vehemently call on the Government to increase the allowance for elderly people under the Comprehensive Social Security Assistance (CSSA) Scheme. I hope that the Financial Secretary will bring us good news next week. Otherwise, the elderly people will be like facing a wooden fish all day long but they cannot eat it for food. According to the 1997-98 Budget, the Government intends to raise various rates under the CSSA

Scheme to levels sufficient to cover inflation only. According to the Director of Social Welfare, with the completion of a review on the CSSA Scheme, 1996 saw actual improvements implemented. These included increasing the various standard rates by 9% to 57%, introducing a Chinese New Year special grant and a special grant for recreational and social activities for elderly recipients. As such, the CSSA standard rates this year could only be increased to cover inflation only. The Financial Secretary Mr Donald TSANG indicated that the Government had to adhere to the basic budgetary principle that expenditure should grow at a rate no faster than the economy and that the total expenditure in the coming year had already reached the expenditure ceiling, so recurrent expenditure on items such as CSSA could not be increased. The ADPL and I are very dissatisfied with the explanations given by the Director of Social Welfare and the Financial Secretary. We take these explanations as the Government's excuses for shirking its responsibility to provide proper assistance to the needy and vulnerable of the community.

In 1994, the Legislative Council commissioned Dr MacPHERSON of the City University of Hong Kong to conduct a study on the "Adequacy of Public Assistance Rates in Hong Kong". According to the study report, the CSSA rates must be sufficient for recipients to maintain a minimum acceptable standard of living and this living standard must be in line with the lifestyle of Hong Kong people. Let us ask ourselves, "With a monthly allowance of \$2,000 to support themselves, can elderly people enjoy a reasonable standard of living?" The report recommended a standard rate of \$2,300 be adopted for single elderly people for 1994, which is even higher than the rate of about \$2,000 as proposed in the 1997 Budget. Hence the proposed rate in 1994 is even higher than that proposed in this year's Budget. According to a survey by Caritas on the expenditure pattern of single elderly people in Hong Kong, single elderly people had a monthly expenditure of \$2,247 on average in 1996. However, the CSSA rate for the elderly was around \$1,900 only in 1996. In other words, a single elderly person had a deficit of about \$300 per month in 1996. In this financial year, as the CSSA rates will only be adjusted according to inflation, elderly CSSA recipients still have to face financial deficits in 1997. Our Financial Secretary does not have to face the problem of fiscal deficit, but elderly people have to make ends meet by cutting down expenses.

Moreover, according to the study report on suicides among the elderly published recently by the University of Hong Kong, the suicidal rate of elderly

people in Hong Kong is among the highest in the world and comes in the second in Asia. What is the reason? In Hong Kong, there is one case of an elderly person committing suicide every 30 hours in average. Of course, the Secretary for Health and Welfare may say that such suicides may not be the result of hard life, as she commented when people died during a cold spell. However, many elderly people often resort to suicide when they fall into financial difficulties and suffer from illnesses. In order to secure a comfortable life for the elderly in their remaining years, raising the CSSA rates or enhancing the assistance for the vulnerable people in the community is very important.

According to the estimation by the Financial Secretary, 1997 will see a fiscal surplus of \$32 billion, as compared with the \$15.1 billion surplus in 1996. At present, the Hong Kong Government has a reserve in excess of \$300 billion. With such a firm and sound financial base, why does the Government refuse to increase the CSSA rates for elderly recipients to a reasonable level?

To our disappointment, the strong calls of many Hong Kong people and Members have fallen on deaf ears. However, with just a few words from those who enjoy wine, the wine duty is slashed. Instead of relieving the poor and needy of their plight by making minor adjustments in the CSSA rates, the Government prefers treating high-class consumers generously by reducing the duty on alcoholic beverages. In fact, the amount of revenue reduced as a result of the cut on wine duty is enough to give every elderly CSSA recipient an additional \$100. Therefore, the Government should not merely take care of those who can afford to pay several thousand dollars for a bottle of wine, while neglecting those elderly people who cannot support themselves.

The ADPL proposes an increase of \$300 for the standard rate under the CSSA Scheme for the elderly in the 1997 financial year. In the long term, the CSSA standard rates should be increased to a level equivalent to one third of the median wage so that all recipients can live with dignity.

As regards the spending on social welfare in the coming year, a large proportion, that is, two thirds, goes to social security. After deducting the spending on social security, the shares of Government spending on other welfare programmes such as services for the elderly, rehabilitation, family and young people services in the total expenditure on social welfare show a marked reduction in 1997. The additional social welfare services provided to elderly people, the disabled, families and children in 1997 are minimal. For example,

there is a mere increase of seven family caseworkers and 14 school social workers. How can such increases cope with the worsening family and youth problems?

Moreover, in the 1997 financial year, the Government has not catered for the needs of those elderly who suffer from senile dementia. According to a consultant geriatric psychiatrist in Castle Peak Hospital, less than 10% of the elderly people in Hong Kong suffer from senile dementia. In other words, about 60 000 elderly people suffer from this disease. With the aging of the population, the number of people suffering from senile dementia is predicted to be on the increase. Despite such a huge number of senile dementia patients, the Government has not provided any social services to this group of patients. The newly established day care centres for the elderly have not earmarked any places for elderly people suffering from senile dementia. Neither has the Budget made any provision of additional resources for day care centres for the elderly so that elderly people suffering from senile dementia can be well taken care of. I am disappointed with the Government's failure in this respect and I urge the Government to seriously address this worsening social problem and act properly and promptly in response.

On the medical front, the Department of Health will introduce a "customer service improvement project" in 1997 to enhance the services in general outpatient clinics. The ADPL welcomes the implementation of this project. However, we are greatly disappointed that such improvement only involves procedures, staff attitude and physical environment, but no special provision has been made to improve outpatient services. The Government's improvement measures are piecemeal and have not addressed the root of the problem. As for improvement needed in the outpatient services provided by the Department of Health, the waiting time should be shortened. According to a survey conducted in 1996, 50% of the people who attended outpatient clinics were not happy with the long waiting time. More than 60% of the respondents had to wait for over two hours before they saw the doctor. The ADPL proposes that additional resources be provided for recruiting more medical professionals so as to improve the present ratio of one doctor to 90 patients and hence shorten the waiting time. I am sure Mr Deputy will share my view. I see that he is nodding his head.

Another issue concerning medical service is that most of the clinics under

the Department of Health are closed on Sundays and holidays when private practitioners also take their rest. As a result, there has been an upsurge in attendances at casualty wards operated by the Hospital Authority on holidays. For example, during the Easter holidays this year, attendances at casualty wards rose by 20%, but most cases were not emergency cases. This will lead to a tremendous wastage in medical resources. In this connection, the Government should seriously do something about it in the coming financial year. Starting from the end of June, 1997, 10 general clinics will be open on all 17 public holidays to provide outpatient services to the public. But I find that improvement in this respect is not enough. The Government should open all 62 general outpatient clinics over the territory on all Sundays and public holidays in order to prevent patients from flocking into casualty wards and altering the kind of services actually provided there. In this regard, the Government should make additional provision for strengthening manpower so that outpatient services can also be provided on holidays.

Finally, Mr Deputy, in my opinion, as a civil servant serving the community and holding the great power of decision-making, the Financial Secretary should make "people" instead of "business" the basis of financial management. If the Financial Secretary continues to adhere to this logic to manage finance, I believe ultimately there will be growing uncertainty in the community. Actually, we can feel this already. If such pressure builds up and cannot be relieved, I think, at the end of the day, the Government will need to reflect on themselves.

These are my remarks.

MR ALBERT CHAN (in Cantonese): Mr Deputy, in the last paragraph of my speech made in last year's Budget debate, I commended the last Budget prepared by the Financial Secretary as "manifesting signs of humanity although working under constraint; striving for improvement despite having very little room to manoeuvre". While making the speech, I also expressed my sincere hope for the Financial Secretary to give more caring thoughts to the elderly and the vulnerable groups when planning his financial management strategies in future. After a lapse of one year, the Budget for the next financial year turns out to be disappointing in the area of providing care for the elderly and for the vulnerable groups. This Budget can be described as lacking in humanity even though the

Government is in a sound financial position. The proposal in the Budget of offering only a meagre rate of increase in the payment of Comprehensive Social Security Assistance (CSSA) for the elderly aroused the most severe criticism. Such a meagre rate of increase would make it difficult for the elderly and the vulnerable groups to improve their living standard.

The Secretary for the Treasury, Mr KWONG Ki-chi, told the media recently that he hoped Members of the Legislative Council could give an "impartial" evaluation of the Budget, and should not vote against the entire Budget only because of their disagreement over some minor points. In response to the comment of Mr KWONG, I will try in my speech to acclaim the merits of the Budget and criticize its deficiencies, so as to present to the Government a clear picture of the views of the Democratic Party on the Budget.

As the spokesman of the Democratic Party on the issues of land, public works and planning, I personally consider that, in respect of the spending on land, public works and planning as proposed in the Budget, not many of such expenditure proposals deserve our acclaim. I can only describe the Financial Secretary as "treading in his predecessors' footsteps". Since the Financial Secretary follows the Government's established fiscal principle of "keeping expenditure within the limits of revenues", no major breakthrough can be found in the expenditure proposals in those areas, nor can any of these proposals give us a surprise. Among the numerous relevant proposals on the estimated expenditure, we could find some satisfaction in only one proposal, which is the proposed increase in the funding for landslip prevention projects and for pursuing relevant studies. The Democratic Party has been striving for increased expenditure on slope stabilization works for many years. The Government's decision to earmark more than \$779 million in the next financial year for this purpose is an improvement. I hope the landslip problem can be dealt with more effectively. Furthermore, I also hope that the Secretary for Works can pay special attention to those schools that are under the threat of dangerous slopes and complete the relevant slope remedial works at an early date. Although there is obvious improvement in terms of slope-related works, I am deeply disappointed with the Budget in respect of such areas as land formation, planning and urban redevelopment.

With regard to land formation, the controlling officer's report prepared by

the Territory Development Department (TDD) indicated that the area of formed land was estimated to be 101 hectares for the year 1997-98. Comparing to the 93 hectares of formed land in 1996, there is only a slight increase of 8.6%. However, this is still far less than the 155 hectares of actually formed land in 1995. The estimated expenditure for the provision of land and supporting infrastructure for 1997-98 will have a slight growth of only 3.3% over the corresponding item for the previous year. According to the research paper on Land Supply in Hong Kong prepared by the Legislative Council Secretariat, the projections for new residential land to be supplied from 1996-97 to 2004-05 showed that the land supply for private housing, sandwich class housing, public housing and Home Ownership Scheme flats in 2002-03 would be 0 hectare. Mr Deputy, I have to emphasize that it is 0 hectare. In other words, there is no plan in this respect. The mid-term to long-term shortage of new residential land supply in Hong Kong is serious and really worrying.

In respect of planning, though the financial provision for territorial and sub-regional planning for 1997-98 is 20.2% more than that for 1996-97, I still worry about whether such provision is sufficient for "the formulation, monitoring and revision of territorial and sub-regional planning policies and development strategies for the territory", in order to ensure early and sufficient land supply in Hong Kong. Past experience shows that blunders in planning were not few in number. For instance, the Green Island Reclamation project, which was included in the 1984 Territorial Development Strategy, has not been implemented to date. Thirteen years have been wasted since then. The soaring property prices in the past year have reached a level that goes beyond the affordability of the general public. Public opinion also points out that the ultimate solution to the problem lies in expediting the pace of land supply. However, the estimates of expenditure in respect of the TDD and the Planning Department (PD) for the next financial year indicate that the Government is not prepared to give positive responses to the strong appeals of the community. Furthermore, according to the controlling officer's report prepared by the Lands Department, only an estimated 30 hectares of land were included in the land sales programme in 1997, which is much less than the 97 hectares of land offered in the land sales programme in 1996. Though the Lands Department explained in the report that 65 hectares out of the 97 hectares of land were used for the construction of the river trade terminal, the area of land put on sale for 1997 was still 2 hectares less than that for 1996 after excluding the 65 hectares. This

situation is really disappointing. How is the Government going to respond to the appeals made by the public, the Housing Authority and the land developers for increasing land supply? I can hardly find the answer in this Budget.

With regard to the issue of urban redevelopment, the Government has set up an "Urban Renewal Team" under the Planning, Environment and Lands Branch, and a similar team has also been set up under the PD. Both teams are established with a view to speeding up the process of urban renewal. However, the Government has not allocated any additional resources for urban redevelopment in the Budget. Tremendous resources are needed for urban redevelopment. Without the Government's financial support, massive urban redevelopment plans for the territory will remain at the planning stage, the environment in the old urban areas will continue to deteriorate and our precious land resources will continue to be wasted. I hope the Government can put in place a comprehensive urban renewal scheme as soon as possible.

Mr Deputy, according to the Budget speech delivered by the Financial Secretary on 12 March, he will "chair a special task force to look at land supply, and the relevant policy secretaries will join in this new initiative." The Democratic Party welcomes the Financial Secretary's proposal, which is in fact a proposal that the Democratic Party has raised time after time in the past. Though the Government has not responded to our suggestion until now, we sincerely hope that the special task force will start its work as soon as possible, and that it will not just "pay lip service and take no action".

Moreover, Mr Deputy, the public consultation period for the Town Planning Bill ended late last year. However, until now, the Government has not shown any intention to introduce the relevant Bill to the Legislative Council. According to the Secretary for Planning, Environment and Lands, the drafting of the Bill had to be deferred because public opinions over some of the controversial issues are extremely diverse. A longer time is therefore needed for the Government to analyse the opinions before it can come up with specific proposals for inclusion in the new planning law. The Bill is thus expected to be introduced to the legislature in 1998. I can only use the word "absurd" to describe the explanation offered by the Secretary for Planning, Environment and Lands. As everyone knows, the Government published the consultation document on "Comprehensive Review of the Town Planning Ordinance" in as

early as July 1991. However, by the end of the consultation period, the Government attributed the deferral of the drafting of the blue bill to divided public opinions. It then conducted another consultation in the form of a white bill in July 1996. The consultation period is now over but the Government again delays the introduction of the Bill to this Council on the same ground: public opinions are divided and it takes time to analyse the opinions. The consultation on the Bill has been dragging on for six years and is still unfinished. I can think of no other adjective to describe the situation other than "absurd".

Mr Deputy, I believe the ineffective co-ordination in land planning and land formation on the part of government departments has helped fuel the property prices in Hong Kong to such an extent that the lower income groups can hardly afford to buy their own homes. The Government cannot absolve itself of the blame in this respect.

Finally, Mr Deputy, I have mentioned earlier in my speech that I will respond to the call of the Secretary for the Treasury, Mr KWONG Ki-chi, by giving comments on the Budget in an "impartial" manner. I hope that the Financial Secretary, Mr Donald TSANG, who has just left the Chamber, will also be impartial in planning for the Budget of the Hong Kong Government. If a government, with a favourable financial position of having \$300 billion in fiscal reserves and an estimated \$30 billion surplus for the 1997-98 financial year, still ignores the needs of the vulnerable groups, in particular the elderly CSSA recipients, can such an attitude be regarded as "impartial"? I hope Mr Donald TSANG can, with the assistance of Mr KWONG Ki-chi, give a second thought to this issue.

Mr Deputy, these are my remarks.

MR LEUNG YIU-CHUNG (in Cantonese): Mr Deputy, at the briefing session held on the day following the announcement of the Budget by the Financial Secretary, I indicated that I would not give the Budget a passing grade. In the subsequent weeks, the Financial Secretary and the other officials-in-charge incessantly answered questions from Members. Regrettably, this has not been able to change my overall rating for the Budget.

The Budget this year is basically politics-oriented, ignoring both the development of Hong Kong and the needs of the people. The "car crash theory" mentioned by Mr CHEN Zuoer was evidence of political interference by China on the financial arrangement of Hong Kong. This everyone knows and I would not repeat here.

From what we can see, however, the entire Budget is a very conservative one. It tries to cope with shifting events by sticking to a fundamental principle. The way in which the Budget treats the part on future economic development reflects that those officials who prepared the Budget, including those from the Chinese side, were worried about the prospects of Hong Kong. Contrary to the Financial Secretary's repeated assurances that Hong Kong enjoys buoyant economic growth and that our economic prospects are promising, it can be seen throughout the Budget that "our Government dares not spend a penny despite all the money it has". This duly evidences that our Government feels uncertain about the future. In fact, the spirit of "playing safe by saving up money for times of trouble" prevails in the Budget. From the political point of view, China has been impervious to reason and the bigwigs who try to please Communist China are all "yes-men". This phenomenon has always been existing in the political arena of Hong Kong, like political low pressure haunting the territory. It makes people feel uncomfortable as if a storm were on the horizon. Therefore, to a certain extent, the Financial Secretary made some sense when he told us to "save up money for times of trouble". As far as the economy is concerned, we note that the prices of land and properties have been rocketing continuously. The present levels of prices are absolutely ridiculous. It is an undeniable fact that the boom in the property market in the recent years has brought about a rise in our Gross Domestic Product. However, this does not mean that Hong Kong is doing well economically. Prosperous economy is just a false impression. This is an out-and-out bubble economy. When the bubble bursts, all sorts of problems inherent in the economic structure of Hong Kong will surface. By then, the "save up money for times of trouble" advice offered by our far-sighted Financial Secretary may prove useful.

Another political consideration of the Budget lies in the need to reserve "ammunition" for the purpose of giving a facelift for the future Hong Kong Special Administrative Region (SAR) Government. With our colossal surplus for the year, greater improvements could have been made in such areas as social

welfare, housing, education, medical care and so on. But the Financial Secretary refused to do so. He refused to accede to the request, as was supported by many Members, of providing more assistance to render services for the elderly. Nevertheless, he admitted that the Government would review the matter several months later. This gives people an impression that he is leaving for the future SAR Government a handsome present which can win the hearts of the people. As everyone knows, the Chief Executive (Designate), Mr TUNG Chee-wah, was selected by a handful of the privileged class who acted in line with the aspirations of Communist China. Mr TUNG, who lacked public credibility and supported the reinstatement of draconian laws, has already disappointed the people very much. All the more, the people resented the Provisional Legislative Council, which was a monster born out of the political struggle between the British and the Chinese Governments. Under such political circumstances, if the Chief Executive proposes and the Provisional Legislative Council endorses proposals for more welfare after 1 July, their poor images may be improved. The Financial Secretary does take good care of his future master. However, such tactics mean the use of public funds, which belong to the people, for political ends. I feel that this is a worrying and shameful practice.

If the distribution of wealth is accomplished for political ends, how can we the public get a fair share? Of course, anything done with hidden political motives will be wrapped up in graceful justifications. In reply to Members' inquiry as to why the Government could not allocate an additional \$300-odd million to improve the livelihood of the elderly, the Financial Secretary explained that the rate of growth of expenditure had to fall in line with the rate of economic growth, and that the rate of expenditure growth for this year has already reached the upper limit permissible. He added that the alternatives would be for the Government to cut its spending in other policy areas or to undermine the fiscal principles which have been practised for a long time. The Secretary's answer sounded forceful enough to fend off my warning made at the briefing. Undoubtedly, I believe everyone acknowledges and agrees that we should follow the principle of keeping expenditure within the limit of revenue. But I must point out that the principle is, by itself, a broad one which must be adjusted in different contexts. We must devise specific ways to cope with changes in different situations. Under Annex III of the Joint Declaration and Article 121 of the Basic Law, the Government has an additional source of income in the form of government rent. Apart from this source of income, proceeds

from land sale will also become part of government revenue after 1 July. These two sources of income will bring significant additional income for the SAR Government. If the principle of keeping expenditure within the limit of revenue is to be adhered to, the base amount for government expenditure should be increased accordingly, so that the additional resources could be properly utilized to satisfy the demand of the community. However, the Financial Secretary has not taken the above sources of income into consideration. He still uses the level of expenditure in the year 1990-91 as the basis. I think the Financial Secretary, in so doing, is blind to what is actually taking place in Hong Kong.

The Budget involves a large amount of money. This, coupled with government spending in public services, has a material effect in the re-distribution of wealth. Very unfortunately, we note that the Gini coefficient, a coefficient reflecting the distribution of wealth, has risen from 0.43 in 1971 to 0.52 in 1996. Such an increase reflects that the gap between the rich and the poor has been widening. Such disparity has neared a dangerous level. But the Financial Secretary has not taken note of the fact. He still follows the old path and is extremely conservative in respect of expenditure. His Budget proposals cannot improve the livelihood of us, the grassroots, nor can the widening gap between the rich and the poor be narrowed. Furthermore, we can see from the Budget that there is a large amount of surplus. But the structure of the future SAR Government, in its entirety, is biased towards the business sectors. Future developments may turn out to be that the business sectors may, through the future Executive Council and the future Legislative Council, exert pressure on the Financial Secretary for the protection of those who are already benefited. Under such circumstances, we cannot expect this Government or the future SAR Government to address the problem of disparity between the rich and the poor.

Of course, we very much agree that the Government should implement the principle that Hong Kong people should enjoy a fiscal dividend. But I cannot see how the Budget can achieve this objective. Indeed, even if the Government is minded to do so, we still have to ask: "Through what means can the Government offer a fiscal dividend for the community? Will the outcomes eventually benefit the people of Hong Kong, in particular the grassroots?" The Financial Secretary announced a series of measures to offer a fiscal dividend for the community, but most of these measures are deceitful. They cannot benefit the grassroots at all. The Financial Secretary suggested to widen the tax band

for salaries tax and reduce the marginal tax rate to relieve slightly the tax burden of the middle class. Other than that, his other tax concessions have nothing to do with the livelihood of the general public. For example, lowering wine duty, estate duty and stamp duty on property transactions can never benefit those who are in need. These tax concessions serve only to offer more benefits to those who do not need the benefits at all. On the contrary, in those areas where the general public would like to have concessions such as rates and fuel, not the slightest reduction is proposed. I think it is deceitful talk for the Government, especially the Financial Secretary, to say that it is the Government's intention to offer the community a fiscal dividend through implementing the Budget proposals.

None of the items in the Budget can achieve the objective that Hong Kong people should enjoy a fiscal dividend. Therefore, Mr Deputy, I hope that the Financial Secretary can consider the following suggestions:

- (1) To introduce a progressive tax system in profits tax to relieve the burden of small enterprises and, at the same time, increase the social commitment of large enterprises. However, while such an argument has been put on the discussion agenda for a number of years, the Financial Secretary has been reluctant to accept this proposal.
- (2) To conduct a comprehensive review on the policy of privatizing or recovering the full cost of those public services which have a bearing on people's livelihood, for the purpose of relieving the pressure of the general public in marking ends meet.
- (3) To abolish the requirement of the Housing Authority (HA) to pay interest to the Government, so that HA will have more resources to better the quality of public housing.
- (4) To increase the investment on education. Greater emphasis should be placed on computer-related developments for secondary students. Just now, the Honourable Miss Emily LAU mentioned the issue of class size. I agree with what she said. It is simply impossible for

us to go on with the standard in the 1960s when a class of 40 students was looked after by only one teacher. Since present-day students are more demanding, a teacher can never cope with 40 students in a class. My experience of teaching students from Form one to Form seven shows that it is impossible to cope with such a large number of students, attending to both discipline and counselling matters. So, it would be difficult to upgrade the quality of education if class sizes were not reduced to 30 or below. Even if more remedial classes were added, there would not be significant improvements. Therefore, I very much hope that the size of each class can be reduced to below 30.

- (5) To support the development of high value-added industries. As everyone knows, if industries could not sustain long-term development in Hong Kong, the consequence would be unemployment or under-employment for many workers. This cannot relieve the hardship that the grassroots are suffering from. Therefore, I hope that the Government will reconsider or draw up long-term plans to increase its funds for conducting scientific researches. It is equally important for the Government to help resolve the financing problem faced by high value-added industries, thereby providing more job opportunities for and solving the livelihood problems of the people of Hong Kong.

Mr Deputy, the Budget for 1997-98 should have been a forward-looking document of great historical significance. It symbolizes the end of the colonial era and marks the beginning of "Hong Kong people ruling Hong Kong". It should summarize the experience of Hong Kong in development, address the problems and challenges now faced by Hong Kong, and lead Hong Kong people to stride proudly into the 21st century. Regrettably, the Financial Secretary responded passively to this epoch-making challenge, adhering to old principles. The Budget does not throw light on the future direction for development. Nor does it address the series of economic and social problems. Nor does it take into full account the widening gap between the rich and the poor. Nor does it cater to the livelihood needs of the grassroots. Some people may say that the Budget was drawn up on an even keel, and that is conducive to Hong Kong's transition. I would rather say that the Government resembles a miser who

dreads death so much that he just holds on to a handsome sum of money and waits idly for his doomsday. The Government is afraid of making a step forward, lacking the courage to face challenges and to tackle imminent difficulties.

Mr Deputy, I so submit.

MR CHAN KAM-LAM (in Cantonese): Mr Deputy, this year's Budget is the first and the only budget worked out jointly by the Chinese and British sides. The Government estimates that our surplus in 1997-98 will be \$31.7 billion, and it is believed this is also the first budget that has promised the largest size of surplus. The Financial Secretary, Mr Donald TSANG, has mentioned "financial prudence" 19 times in his Budget speech. This Budget, on the whole, is too prudent and conservative. It not only fails to provide timely assistance and return wealth to the people, it also changes the principle of "making both ends meet" to "more earning and less spending", or even "just earning and no spending".

In the public finance perspective, the surprising fact that a simple taxation structure with low tax rate can accumulate such a colossal surplus for the Treasury means there is still room for adjustment within the present structure. The so-called simple structure is actually not simple at all. Surely, we never mean to encourage the Government to be a spendthrift, but it is really a waste of our social resources if the enormous amount of surplus and reserves are not fully utilized.

In the 1997-98 fiscal year, the total government expenditure will be about \$250 billion, representing an increase of 6.9% over last year. The Financial Secretary estimates that this year's economic growth will reach 5.5%. When compared with the 1996-97 Budget, in which the growth of our economy and expenditure forecast by the Financial Secretary were 4.7% and 7.6% respectively, this year's Budget is really too conservative in its spending. All along, the Government has abided by a golden rule that the public expenditure should not exceed 20% of our gross domestic product (GDP). Even if we accept this principle, it is already the sixth consecutive year of which the total public expenditure is lower than the cumulative growth in the GDP since the introduction of the medium range forecast by the Government. This obviously

indicates that the Government has not distributed its colossal surplus properly to improve people's livelihood, especially the life quality of the lower classes and to enable the public to share the fruit of our prosperity.

Mr Deputy, recently, Mr Dominic WONG, the Secretary for Housing, has been threatened several times by a few members of the public over the issue of housing. Although this is absolutely an incorrect practice, it fully reflects the increasing dissatisfaction of the public on soaring property prices and housing problems. In this Budget, the total spending on housing will be \$31 billion, representing an increase of 16% over last year. This growth is also the largest among other expenditure items. The estimated expenditure of the Housing Authority is \$28.6 billion, of which \$13 billion will be spent on emoluments and other recurrent expenditures. That means only \$15 billion will actually be left for housing construction. The Financial Secretary has proposed to set up a special task force of which he is the chairman, to look at the supplies of land and housing. This fully reflects that the housing problem is really a hot potato. Also, the nature of this new task force may overlap the work of the Housing Project Action Team chaired by the Secretary for Housing. Therefore, it is not surprising that it cannot do anything to alleviate the dissatisfaction of the public on this matter.

Mr Deputy, the present speculative activities in properties have almost reached a frantic state, and the prices are totally unaffordable to the public. There is always speculation, regardless of the prices of the flats. Even the prices of the Home Ownership Scheme flats have also been pushed up to a new level as a result of speculation. It is really baffling why the government officials can still declare that speculative activities are not at all serious. This also demonstrates that they have turned a blind eye to the plight of the public and their demand on housing.

It is no doubt that the property market is a part of the free economy. However, owing to an unbalanced demand and supply of housing, private housing flats have become the target of speculation, and the prices are getting out of control. The housing needs of the public should not be ignored, and proper supervision should therefore be implemented by the Government on the property market. To put it simply, if a chip is sold over \$1 million outside the flat-selling office, can the Government turn a blind eye to this and keep aloof from the affair? Can the Government refuse to intervene under the pretext of non-intervention in

the free market? When property prices surged over 50% since 1994, is this a healthy sign?

The Secretary for Housing has recently released the so-called flat-selling measures to combat the soaring property prices by extending the pre-sale period of uncompleted flats from 12 to 15 months. However, this is only a capricious measure which plays on numbers. It will only create a soothing effect on people's mind for a short period; it cannot increase the housing supply in the long run. The property developers have all pointed an accusing finger at the Government, not because of the impact that will be brought about by the new measures, but because they are dissatisfied with the Secretary for Housing for not consulting and listening to their views before releasing the measures.

Also, the Financial Secretary has proposed in the Budget to lower the stamp duty on flats worth \$4 million or less. It seems that the burden of the buyers of small to medium-size flats will be reduced. However, the objective result is that the cost for the speculators will be reduced, which will in turn boost speculative activities, and indirectly make users pay more money for their flats. This measure is in fact doing more harm than good to the real users and their losses will surely outweigh their gains. The Democratic Alliance for the Betterment of Hong Kong (DAB) is of the opinion that the proper measure is to provide first-time home buyers with tax concessions on mortgage re-payments. The DAB is extremely disappointed that the Government has turned a deaf ear to our requests for so many years.

It is already a cliché that we have to increase the supply of land in order to tackle the problem of housing at its roots. Recently, an economist has made an estimate that there is a shortage of over 270 000 residential units in the market. According to the figures in the Government's Long Term Housing Strategy Review Consultative Document, the housing demand on average is 80 000 units a year in the coming 10 years. However, the Financial Secretary only promises 63 000 completed units in 1997-98. If the above assumption is correct, and if the housing units supplied by both the public and private sectors can be completed on schedule, there are still 17 000 units short of the actual demand. If the Government does not try to change the present policies in relation to land and housing, the cumulative housing shortage will reach an astronomical figure.

Moreover, the output of completed flats in the past two years is 60 000

units less than expected. It is really doubtful whether the 63 000 units as estimated by the Government can be completed in this year, or whether it is just an idle talk. As regards private housing, the objective of the Government is to facilitate the production of 195 000 units over the period from 1996 to 2001. If the 40 000-odd units completed in the past two years are deducted from the above 195 000 units, it means that the private sector has to produce on average 39 000 flats a year over the coming four years. I have asked the Financial Secretary through a written question on the Budget that by what concrete means can the Government achieve this goal, but the answer from the Government is still disappointing.

The large shortage in housing units as compared with the demand can be attributed to several reasons. The Government has to look at the root of the problem and the most crucial point is in fact the supply of land. The Sino-British Land Commission agreed last year to grant 48.5 hectares of land, but the Government has intentionally adopted a "tooth-paste squeezing" approach in selling land. At last, the actual amount of land put to sale is only 28 hectares, a mere half of the total area allocated by the Commission. The Government is indeed creating an impression that there is a serious shortage of land in order to push up land prices so that the amount of proceeds earned from land sales can be increased. The result will be a sharp rise in property prices.

Mr Deputy, at present, revenue from land sales has already become a major source of our income. For example, in last year, the proceeds from land sales were \$59.4 billion, representing 20% of the total income. The public revenue will certainly be affected seriously if we impose a sudden change on the land policy. However, from a long-term perspective, the Government should gradually improve this unhealthy situation with prudence. Otherwise, our future budgets will be affected if we continue to rely on property and land sales as our major sources of revenue over a long period of time.

According to the information recently obtained by this Council, from 1988 to the present, there are over 3 000 hectares of land that have been formed but lying waste every year, and the amount even reached 4 300 hectares last year. Not only is this a waste of social resources, it is also a waste of natural resources. On the other hand, according to statistics, the supply of land will obviously have some fluctuations in the coming years. The annual supply of land will be 73.1 hectares on average over the period from 1996 to 2001. However, the amount will drop to 14.1 hectares from 2001 to 2005. It is not difficult to tell that the

Government in the end may fail to achieve its objective on the output of completed flats.

All along, about two thirds of our land supply is obtained as a result of urban renewal and the change of land leases by property developers to gather land resources. Since there are less buildings that are suitable for redevelopment in these years, and the question of mixed tenure has also added difficulty to the acquisition, the developers no longer have so much interest in redevelopment projects, thus indirectly affecting the housing supply. The Government proposed the setting up of an Urban Renewal Authority last year to plan for land acquisition and provide assistance to the redevelopment projects so that the problem faced by the developers in acquiring the housing units could be solved and the pace of urban renewal could be quickened. However, this still remains a paper proposal only.

At present, the acquisition and vetting procedures of land are very complicated. The DAB is of the opinion that the Government should set up a central vetting mechanism to enhance efficiency and avoid confusion arising from the lack of co-ordination between the policy branches and government departments. The resources of the private sector should also be fully utilized, so that more land will be developed quickly by encouraging the private developers to participate in the land merging, detailed planning, land formation and construction works.

Mr Deputy, apart from causing property prices to soar, the government's high land price policy has also imposed a heavy burden on the investors and eroded Hong Kong's competitive edge in the international market. In this Budget, the Financial Secretary still emphasizes on the positive non-intervention policy on our economy. We agree that the commercial sector should be responsible for their own industrial and business operations, but the Government now only cares about the financial and service sectors, without providing much assistance to the industrial and manufacturing sectors. We regret to learn that the Government can be so insincere towards these two sectors. Although the Budget has mentioned the Science Park, the second Industrial and Technology Centre and the fourth Industrial Estate, all these are only unfulfilled promises being repeated every year. As for our neighbouring countries and territories, their achievements and developments are already well ahead of ours.

The Budget proposes to create a high-level strategic group to take

responsibility for both helping business and promoting services. This is of course worth supporting. However, we are concerned that if there are no concrete policies and measures to back it up, it will merely be a lip service to the investors.

All along, the Government only attaches importance to the development of the financial and service sectors. Since Hong Kong is well-equipped with communications and infrastructure facilities, and strong competitors are yet to be found in southern China, the problem is therefore not so serious in the near future. As the economic power of southern China and some cities in the Mainland is gradually growing stronger, their financial system is also improving. It is really doubtful whether Hong Kong can still maintain its dominant position. It is therefore necessary for Hong Kong to establish contacts and working relations with southern China in order to mutually benefit and complement with each other, so that an overall economic development can be achieved.

Many years ago, the DAB already asked the Government to formulate a long-term industrial policy, and I also moved a motion debate on this topic early last year. We are of the opinion that the Government should take into consideration Singapore's industrial policy and its mode of government subsidy, and to provide the high value-added industries with various preferential policies and tax concessions. Mr Deputy, international competition will be even keener in the 21st century than any time before. If we do not have vision, determination and courage, how can we hope to achieve continuity in a time of change? If we do not have a well-laid plan for Hong Kong and a grand picture for our economic development, how can we talk about stability and progress?

Mr Deputy, these are my remarks.

THE PRESIDENT resumed the Chair.

MR CHENG YIU-TONG (in Cantonese): Mr President, the making of the 97-98 Budget is an assigned performance of advanced level. Asking 60 Members to give it full marks is even a more formidable task than landing on the moon. Some people criticized this Budget as short-sighted, lacking vision for

the long term. The causes, if any, I think, are both internal and external. Externally, it is a budget jointly produced by the British and Chinese sides, thus adding to its difficulty. Internally, our Financial Secretary is wearing a pair of short-sighted glasses. However, I think this is not too worrying. When the Financial Secretary advances in age, he too will, like me, have to put on a pair of long sighted glasses that can see far.

The Financial Secretary uses "Continuity in a Time of Change" to sum up his masterpiece, the last Budget to be "released" before the 97 Handover. However, I would rather describe it as "Stingy in a Time of Abundance, Tight-fisted in Paying out Dividends". The impression it gives is that the Government "holds the purse string tight". For those livelihood issues that are most vital to social stability, such as better welfare for the elderly, employment and human resource training, we see no determination for improvement from the Government. It simply lacks vision and sincerity.

It is also baffling to find the Government's constant miscalculation on our fiscal income. The surplus is also more than the original forecast. For instance, the surplus of the last financial year is \$10 billion more than the forecast figure. Extra income should be welcome news, as it signifies that Hong Kong is financially robust. Backed up by such a massive reserve, the people's living quality could be improved and their worries disappeared.

However, it is not the case in reality. Though with a reserve of hundreds of billion dollars, the Government fails to make good use of it. It is annoying to see how it refuses to spend even a cent on items beneficial to social development and people's livelihood, and no expenditure on where there should be, even the Comprehensive Social Security Assistance (CSSA) for the elderly.

Mr President, the Financial Secretary emphasized time and again that we are now in a time of change, facing not only the historic Handover but also the challenge of economic development of the 21st Century.

The truth right in front of us is that we are already lagging far behind our neighbours in industrial development, and the problem of structural unemployment caused by economic restructure in recent years is all too well known. The existence of the problems reflects the lack of a long-term industrial strategy and a complementary human power training policy in the territory.

As the worker training programme fails to match with the ever progressing technology development, the number of marginal workers will increase and unemployment will worsen. What faces us now is how to implement tangible remedial measures, or we should say, how to widen the employment ladder for those low income workers. I believe, in the long run, the Government should seriously help our local industry in its diversification development and its upgrading and transforming to other more high value-added industries. As middle range measures, the Government should restructure its human resource training programme. Some short term measures are also necessary to assist those marginal, low-skilled, uneducated workers to improve their skills for changing jobs. The measures include unemployment assistance for the temporary relief of financial plight of the unemployed or those on the verge of unemployment during retraining, and the provision of "inter-industry" job retraining.

As for the development of local industry, the Government intends to develop new and high-tech industries and therefore the construction of a Science Park and the fourth industrial estate has been put on the agenda. I am not going to comment on the pros and cons of the science park concept. Instead, I just want to comment that our local industries should be diversified. Otherwise, besides the great number of sidelined manufacturing workers who cannot adapt to the need of the high-tech industries, there are also those, as I just mentioned, marginal workers who will soon be displaced. The number of the unemployed will grow, and so will the "permanently unemployed".

What I want to say is, whatever industries we are going to develop, they will not meet their targets within a few years. Hence, human resource training programmes that match our future needs are particularly important.

In the existing mechanism, the Government is aimless when human resource training policy is concerned. According to the Research report prepared by the Vocational Training Council last year, only less than half of the graduates can find a job related to what they have studied. At the same time, many courses are criticized to be impractical or seriously outdated. Graduates cannot put into use what they have learned, and trained workers cannot find a suitable job in the market.

In 1992, because of the strong reaction from the labour sector to the extension of imported labour scheme and the persistent pressure from the labour sector, the Government implemented the Employees Retraining Programme to assist grassroot workers in changing jobs. However, the whole retraining programme is fuzzy in its direction and it has not formulated any long term development strategy. The course design cannot effectively enable the students to take up a new skill, and there is no linking with other existing training courses. In recent years the authority has tended to be short-sighted, putting the emphasis from "retraining led" to "employment-led", concentrating on whether the trainees can get a job within a short time, ignoring whether they can get adequate training in the middle or long term.

Up till now, the Government and the human resources departments concerned have been concentrating only on the "vertical" placement of workers. However, the fact is, it is almost impossible for the workers to get back to their former industries. Workers who used to make \$7,000 to \$8,000 a month are now forced to shift to other industries such as catering or retailing. The market fluctuation has seriously affected their income, and they can just earn less than two-thirds of their former pay.

However, the Government has been evasive concerning the long term human resources training. The budget of the Employees Retraining Board this year is just \$500 million. The Government has never had the intention to provide steady, long term commitment for the Employees Retraining Programme. Nor has it the determination to enhance human resource training.

I think that, in the short run, we can concentrate on the training that can allow workers to achieve a "horizontal placement", to get into other still flourishing or vigorous industries, such as construction. These works offer a better pay and they are at least some options for workers who are still in their productive peak, even though these are not their original industries. This will also save our society from depending imported labours and wasting our own human resources.

To conclude, though the title for this year's Budget is "Continuity in Time of Change, a Dividend for the Community", it is not optimistic that this slogan of our Financial Secretary, Mr Donald TSANG, will be realized. Although our surplus and reserves for this year have reached a satisfying \$300 billion, the government's budget increase is indeed very disappointing.

It is still a very long way before the Government will really pay its dividend to the community. However, with the imminent return of Hong Kong to the motherland, I do hope that the SAR Government, while in maintaining our stability, can also allow more and speedier improvement for our livelihood.

Mr President, I so submit.

MR ALBERT HO (in Cantonese): Mr President, in the past few hours I have heard a number of colleagues commenting on the Government's policy and philosophy in financial management. Some of the comments were very inspiring ones. There was also a lively debate among colleagues on popular issues such as the Comprehensive Social Security Assistance (CSSA) for the elderly and the means to curb speculative activities in properties. Of course, every Member who takes part in the Budget debate will be interested in talking about such issues. Indeed, these form the core of the Budget. But due to time constraints and the division of labour within the Democratic Party, I can only focus my speech on some issues which our colleagues may not care about or even mention or which are regarded as relatively unimportant. These issues nevertheless affect people's livelihood in a profound manner. Therefore, I hope the Financial Secretary or other relevant officials will not treat the matter lightly just because not too many people have discussed it.

Mr President, my discussion includes home affairs, legal services, administration of justice and legal aid. The first thing is home affairs. In the Questions-and-Answers session on the examination of the draft estimates of expenditure, one of the issues that attracted most attention was the improvement in the management of private multi-storey buildings in Hong Kong through the work and support from the District Offices. This is by no means a trivial matter. One should not think there is no need for the issue of building management to be included in the Budget debate. We must not forget that there are at present over three million people living in private premises. Proper management of these premises contributes directly to the living environment and the residents' quality of life. The passing of the Building Management Ordinance (formerly known as the Multi-storey Buildings (Owners Incorporation) Ordinance) was an important breakthrough. The Ordinance provides people with a legal

framework and a legal basis to take part in the management of the buildings and premises in which they live. However, with the implementation of the Ordinance, we need to understand that the Government must put in sufficient resources to help the general public to exercise their powers conferred by law.

In this connection, our concerns are: firstly, whether there is sufficient manpower to assist the owners with the smooth setting up of corporations and the operation of such corporations, and to carry out co-ordination work and help with the resolution of disputes when the corporations have problems or face disputes. Secondly, very often, during the meetings of the Panel on Home Affairs, a number of Members questioned whether there was adequate training for the District Office staff and whether these staff possess sufficient legal knowledge to help people solve problems.

In fact, in the past couple of years or so, we kept raising questions mentioned in the foregoing paragraph at the Panel on Home Affairs. After listening to our opinions, the Government did increase manpower to assist owners' corporations and set up a resource centre with a view to motivating more professionals to provide voluntary professional help to members of the owners' corporations. There are, however, two points we must emphasize. First of all, we need to provide systematic training and instructions to the liaison officers of the Home Affairs Department so that they know the appropriate professionals to turn to when they face problems. That is the reason why we seldom make suggestions at questions-and-answers sessions — I mean it is not the first time we would like to create new posts for professional lawyers to assist in the work. We are not saying that lawyers should help resolve all sorts of problems or provide opinions in times of dispute. Rather, we would like to help with the training of liaison officers so that they can be systematically trained. When the liaison officers are faced with legal problems they are not too familiar with, they may be given instructions as to how to solve them. I believe that through such training, building management can be more properly executed. Indeed, we seldom propose to the Government that new posts at such levels should be opened but we feel there is indeed such a need for it.

Second, regarding the policy on new immigrants, we must not forget that following the implementation of the Basic Law on 1 July, 60 000 children will have the right of abode in Hong Kong. This is a problem we are facing. We all know that a number of children are coming to Hong Kong through illegal

means recently. Of course, many of the ways in which the Government handles the matter certainly are disputable. Nevertheless, if current laws are not amended, these children with the right of abode will be entitled to staying in the territory after their entry, through legal channels or otherwise. They cannot be repatriated to China. Then, we will have no control of how or when they will come. I think at this time we should plan well so that these children or their family members do not have to wait indefinitely in China or take the unwise course — to enter Hong Kong through illegal channels, out of their anxiety.

How can the problem be solved? We think the Government should start to consider setting up a good registration system so that the children can know of the definite date on which they will be granted entry. The Government should let them know what arrangements we have for them after they have reached Hong Kong. People may ask me how the registration system can be set up. This naturally involves security matters rather than home affairs matters. But the Democratic Party does not think so. We understand there is a division of labour but the Democratic Party would not ignore the issue simply because we might be criticized for meddling in security matters. The point is whether the problem can ever be solved.

We suggest the Home Affairs Department or the security authorities should conduct registration for single-parent families, contact their children and do their best to fix a date and a set of procedures for them to come to Hong Kong. In this way the problem can be properly solved. Such arrangements can at least solve the problem faced by some people because they are then given a date to expect and they need not consider illegal entry into Hong Kong. This can only be achieved through proper publicity efforts. I hope the problem can be solved through publicity and registration done in Hong Kong. I believe the Home Affairs Department can do something in this regard.

Besides, consultation services have to be improved. If, within a short time, say a year, tens of thousands of children come to Hong Kong, the local services will come under great pressure. I wonder whether the present level of manpower is sufficient to cope with these services, because in the coming year the Administration will only add 24 non-directorate grade staff to assist in the consultation service relating to building management and new immigrants. Although the assistance is just co-ordination work, is that number sufficient? I am indeed very worried.

As regards work on human rights, there is only one point I would like to make. In the past year, we attended a number of hearings of the Human Rights Committee of the United Nations. When we submitted reports on Hong Kong under the relevant Covenant, we were criticized for not having done sufficient promotion on the Covenant. I understand that in the coming year there will be an increase of 1.1% in the funds on human rights education. But I must remind the Government that it must allocate resources to achieve the aim of properly educating and promoting those provisions of the international human rights covenants applicable to Hong Kong. It must not use the money just on national education in which people are taught to play Chinese drama, abide by the law and be submissive. That is my worry and I hope that will not happen. The use of money must not be limited to narrow-minded national education. Work should be extended to human rights education. I hope that in the coming year, the Government can place more emphasis on promotional activities in this respect.

In legal services, I want to raise two points. As far as the promotion of bilingualism in law is concerned, I have been following developments in government departments. I found that there is reluctance and procrastination in the Legal Department, as well as in the Judiciary. Understandably many people think that if bilingualism is introduced into the legal system, it will bring about great impacts. Many senior judicial or legal personnel may not be able to use Chinese. If bilingualism is hastily implemented, the quality of legal services or judicial work, and the right of the people to choose lawyers may be affected. But we should not forget there is a deadline on July 1, when the Basic Law will take effect and the use of Chinese in the courts will become a constitutional right. So, we must do our best to promote bilingualism. I note that this year the legal department is prepared to spend only \$220,000 on bilingual training. Looking back on last year's Budget, there was not even a subhead for the purpose. The amount was just part of the sum under another item. Therefore, I think funding was absolutely inadequate.

In fact, the Government has a responsibility to take the lead in the preparation for bilingualism. It should liaise with the tertiary institutions, the legal profession or the judiciary to create a better bilingual environment. I think we have very little time on hand and the judiciary has only a short history in the use of Chinese. Whichever way one looks at the matter, we should put the issue

in the right perspective. I am worried that after July 1, when this constitutional right can be justifiably exercised by everyone in Hong Kong, the impact will be immense and some confusion will arise. I hope the Administration will act properly in this respect, instead of procrastinating or evading the issue any more.

Furthermore, the work estimate of the Legal Department is worrying. They estimate that in the coming year consultations about human rights topics will decrease. The number will be below that of 1995, that is, there would be 700 cases, a number smaller than 714 in 1995 and 800-odd in 1996. Does this mean after 1997 human rights will not be an issue and the courts will have had precedents so that consultations on the Bill of Rights Ordinance will diminish?

I have asked the Attorney General about this matter. In the questions-and-answers session, the Attorney General's reply was that the number was not worked out according to political considerations but based on a realistic estimate. But I want to remind the Government that it should not underestimate the problem, particularly because after 1997 the Provisional Legislative Council may pass many controversial laws, all of which may give rise to litigation in human rights. Hence, the matter should not be underestimated as it may result in insufficient allocation of resources to the Government.

As regards legal services, there have been significant improvements because of the successful implementation of computerization, an audio recording system and a verbatim text translation system. All these are applaudable. But in the scheduling of trials, much leaves to be desired. Last year, the original expected waiting time for trial for criminal cases was 150 days. The actual waiting time was as long as 180 days. In family proceedings, such as alimony cases, the waiting time was 120 days. Indeed, I think improvement should be made to shorten these waiting times. Delay in trials is in effect denying justice to the litigants. I hope the Government can consider allocating resources where necessary to recruit nominated judges to conduct trials.

The Legal Aid Services Council (LASC) was under heavy criticism last year. It was criticized for taking too long to examine and approve applications. For example, the time taken for some traffic accident cases was eight and a half months, that for matrimonial causes four months, that for medical negligence six and a half months, and that for casualties eight and a half months. Up to this year, however, there does not seem to be any acceptable performance pledge to

shorten the time used in examining and approving applications. We think the Legal Aid Department (LAD) or the LASC owes us an explanation as to why this cannot be done.

There can also be specific improvements in such areas as the scrutiny of upper limits in income. At present, the upper limit in income can be waived for applications for legal aid services in respect of proceedings related to the Bill of Rights Ordinance because the LAD has a discretion to waive the limit. However, we hope this discretion can be extended to proceedings relating to the constitution or the legal system, that is, cases with great significance or constitutional importance.

With a funding of only \$5.3 million, the LASC has to cover a wide range of work, involving numerous reviews and a lot of research. It seems, however, a large amount of the fund has gone to the LAD for looking into ways to improve its work efficiency and making suggestions for reform in legal aid policy. In fact, all this work should have been dealt with by the LASC. I think the LAD should make part of its manpower accountable directly to the LASC to allow the Committee to move towards independence gradually. I think a comprehensive study should be conducted next year to facilitate the LASC to become an independent body. Another point is that the LAD needs to make improvements in dealing with applications relating to criminal cases. If these applications are rejected by the LAD

PRESIDENT (in Cantonese): Mr Albert HO, your time is up.

MR ALBERT HO (in Cantonese): there should be a right of appeal. I hope the Government can forward our opinions to the relevant departments, if possible, and let the relevant officials respond to our requests.

Thank you, Mr President.

MRS ELIZABETH WONG: Mr President, to provide the right balance in the debate, I shall not repeat the criticisms on the Budget, from Honourable colleagues who have spoken before me. Rather, let me be the odd one out by

offering my undiluted praise of the Civil Service in general and the Financial Secretary in particular. I have shelved — for the time-being, and reserved, for better days to come — the use of any political invective which is indeed the prerogative of any good politician. But being a good "egghead", I reckon that I have nothing to lose but my egg-yoke by being a true admirer of his admirable Budget.

To start with, the title of his Budget is something to marvel at. As someone who is shortly to step down from this last legislative train under British rule, I am particularly struck by the theme of "Continuity through Change", which is the central theme of his Budget.

I must therefore congratulate the Financial Secretary who gets to continue in post under the Hong Kong Special Administrative Region (SAR) by the good grace of the future Chief Executive. This desire for "continuity" to serve Hong Kong people in post was, too, what some of us here have been hoping for; but alas, this hope for some of us is now denied. But I for one will continue to serve Hong Kong, if not inside this Chamber, outside this Chamber.

Although the Financial Secretary has been attacked for being a miser, a scrooge and perhaps a stooge in many areas of necessary spending, perhaps the failure of his policy towards appeasing the people is the essence of his success in appeasing his future paymaster, who shall also be the master of his house. So, it is only proper for the respectable surplus to be reserved to give the future SAR Government room to manoeuvre. It is only right that the money should not be frittered away without long-term planning. With some 80 days left before the advent of the SAR, how can any out-going government have any long-term plan for the future? Even if it had, it would not have the necessary credibility to execute the long-term plan. So, it is understandable to mark time at this stage. The Hong Kong pillars of success enumerated by the Financial Secretary and the handsome reserve, perhaps otherwise known in the good words of Governor PATTEN as "Cleopatra's dowry", is properly kept intact to celebrate this unique arranged marriage between beautiful Hong Kong and mighty China, and to give the SAR a good start in life. This is the beginning of a good thing and this is only the beginning.

I am also grateful for the Budget proposal of computers for kiddies in primary schools. I have been campaigning, for a long time now, for intellectual equalization of opportunities in computer literacy. Indeed, my first debate, introduced in this Chamber in 1995, was how to give opportunities to the young to equip them for life. In this modern world of technology, computer literacy is as important as the three "R"s. Although we are late in catching up, indeed that is, later than Japan, later than Malaysia, later than Singapore, it is better late than never in catching up with the knowledge of computer use. I am glad that the Financial Secretary has listened to my appeal and has provided a chicken feed to primary schools, but this is the beginning of a good thing and the remaining thing is to get the funding structure right and to provide generously to make it possible for every student to have access, not only to computer hardware, but to software as well.

While I would hate "demagoging" this debate, I am informed indeed by some university students that the Budget is hard, hard-hearted and a bit too hard for the teeth of our times. I would therefore like to make an appeal for the elderly and the poor; the sick and the vulnerable. As a defender of the faith of liberty and equality, let me hope that in the good days to come, everybody but everyone in Hong Kong, has a "right to housing". Your heart is where your home is and your home is your castle. Let me also stress that every elderly person needs not only to have access to the welfare safety net; but also everyone needs to have "a say" in life, in dignity and in hope.

Mr President, I shall stop here. I have said, I think, what I liked about the Budget and God help the Financial Secretary if I said what I did not like about the Budget.

MR TSANG KIN-SHING (in Cantonese): Mr President, this last Budget before the handover prepared by the Financial Secretary is rhetorically entitled "Continuity in a Time of Change". However, slightly rephrasing the title will give a true reflection of the feelings of the general public: "In a time of change, feeling shocked will not do; continuity in development means nothing to you." This Budget, playing to the Chinese tune, is blindly conservative, clichéd and progress-shy on livelihood issues. Though it is claimed to be a Budget that straddles the 1997 handover and strides towards the 21st century, the Budget keeps to every conventional rule and lacks innovation, improvement and vision.

It is therefore not surprising that the general public should describe the Budget as something which is "tasteless to take, but wasteful to discard".

Mr President, at the very beginning of the Budget speech, the Financial Secretary devoted quite a lot of time to describe the process of preparing this transitional Budget. The Financial Secretary depicted the process of consultation with the central government and quoted provisions in the Basic Law to substantiate the claim that the Budget adhered to every Article in the Basic Law. However, why does the Financial Secretary not use Hong Kong's future economic predicament and its direction of development as the premise of the Budget? Why does he not set the improvement of the livelihood of the grassroots as the target? Why does he not seek the opinions of the general public?

Considering the Basic Law as sacred and inviolable as the Sacred Book or the imperial sword, the Financial Secretary deeply believes that the relevant provisions will lead Hong Kong to success. More importantly, it seems that he wants to tell the whole world and the community of Hong Kong, either explicitly or implicitly, that this is a Budget built on capitalism with Chinese characteristics. Without the blessing of the Chinese side, the Budget could never be "published". Though it is a budget that affects each and every member of the public, it is subject to the constraints of the "dead" provisions, the limitations of the specious economic and fiscal principles and the control of the so-called experts from the Chinese side.

Mr President, Article 107 of the Basic Law which underpins the fiscal principle of Hong Kong reads as follows: "..... follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product". However, this is exactly where the problem lies. The disparity between the rich and the poor has been worsening in recent years. The people of Hong Kong are either suffering under spiralling property prices or forced to put up with exorbitant rents. The quality of our education is deteriorating while the elderly are leading lives with no dignity. All these are the evil consequences of the Government's conservative fiscal philosophy. Is the Financial Secretary aware of the widening gap between the rich and the poor? Does he know that "the working class" have to

toil all through their lives just for the purpose of buying their own homes? Such a ruthless, unsympathetic and progress-shy fiscal policy will only aggravate social conflicts, create uncertainties during the transitional period, and undermine social stability and prosperity.

Mr President, in fact, the fiscal philosophy of the Financial Secretary will only result in a time bomb being planted in Hong Kong. According to the By-Census report recently released by the Government, the Gini coefficient, which serves to reflect the disparity between the rich and the poor, went up from 0.454 in 1981 to 0.467 in 1991, and continued to rise to 0.518 in 1996. Poverty has become a social issue of general concern. However, up till now, the Government is still turning a blind eye to these clear-cut figures, failing to come up with any corresponding measures to remedy the situation. It is a manifestation of the Government's conservative attitude and indifference to the plight of the public. It also reveals the Government's mistaken policy of according low priority to improving the livelihood of the grassroots. I would like to give a warning to the government officials concerned: Should there be no remedial measures put in place, they will have to be held responsible for the serious consequences that ensue.

Mr President, the Financial Secretary quoted the comments of independent and authoritative organizations, such as the International Monetary Fund and the Heritage Foundation, to prove that Hong Kong's fiscal philosophy is successful. On the basis of such comments, he draws the conclusion that Hong Kong should continue to operate on the basis of a free market economy and subscribe to the policy that is based on low taxation, deficit-free budgets and controlled expenditure, thereby establishing the so-called prudent fiscal philosophy. Such reluctance to change with the times and such tolerance for the perpetuation of past mistakes will harm us in the end. These anachronistic measures, like old wine in a new bottle, will only aggravate the existing problems.

Mr President, according to the World Competitiveness Yearbook (WCY) recently released by the International Institute for Management Development in Lausanne of Switzerland, Hong Kong ranks third in terms of competitiveness, just after the United States and Singapore. The Financial Secretary could have used the WCY to justify his fiscal philosophy. However, if we study the WCY carefully, it can be seen that our ranking in the areas of "science and technology" and "people" has been remaining at around the 19th position, while our ranking

in the areas of "domestic economy" and "finance" has even slipped to the 12th position. It is therefore evident from the competitiveness scoreboard that there are serious underlying worries in pursuing long-term investment and economic development in Hong Kong. Such problems cannot be solved by the free market policy alone. I believe the Financial Secretary would find the WCY enlightening if he takes a deeper look at its details. The Financial Secretary, however, being narcissistic and too conservative to embrace anything new, misleads the public by selective information, in order to defend the Government's erroneous policy. I do not think the Financial Secretary should do so.

Mr President, in consideration of our Government's surplus which totals more than \$300 billion, I really do not understand why it cannot take a decisive move to increase public expenditure in order to enhance Hong Kong's long-term competitiveness, alleviate the plight of the grassroots, and narrow the widening gap between the rich and the poor. To put it bluntly, it is because the Financial Secretary is afraid of enraging the Chinese side, and worries about the possible materialization of the "car crash theory" mentioned by Chinese officials. He is afraid of drawing up a Budget that may contravene the provisions in the Chinese-dictated Basic Law, and worries about displeasing the business magnates, the giant consortia and the property developers. Under these circumstances, people's livelihood can be ignored, the re-distribution of wealth can be shelved and the plight of the grassroots forgotten.

Mr President, bearing in mind the enormous pressure exerted on the Financial Secretary and the restraints imposed by the Chinese side, I have no expectation whatever that he would put up any progressive proposals during his term of office. The public and I have no illusions. However, I would like to state my only request to the Government and the Financial Secretary. I hope that re-consideration can be given to the proposals regarding the old age pension and the increase of the CSSA payment for the disabled, the single-parent families, the low-income groups and the unemployed. We consider the old age pension scheme to be the long-term solution to the retirement protection problem for the workforce. It will also relieve the financial burden of the Government in the long run. Seeing that the number of elderly CSSA cases soared from more than 40 000 in 1990-91 to more than 80 000 in recent years, which took place within a matter of only five years, the Financial Secretary should have been aware of the gravity of the problem. The problems caused by "an aging population" and "the

helpless elderly" can no longer be solved by the piecemeal approach in devising remedial measures.

On the other hand, a large number of workers employed in the manufacturing industry lost their jobs as a result of the decline of the industry. They are the involuntarily unemployed who are displaced by economic restructuring. In order to make ends meet, they have to accept jobs offering lower wages. I hope the Government can give the displaced workers a helping hand. This is not a problem which the free market economy can solve. As shown by the relevant statistics, the percentage of workers who earn less than \$3,000 a month has jumped to 8.3% of the workforce since 1995. We can see that the disparity between the rich and the poor, or the problem of poverty, has become a burning issue that the Government can no longer afford to ignore.

Mr President, some people may think that the doling out of money for welfare purposes, or the distribution of free lunch, will result in the so-called "spiritual opium". They are afraid that Hong Kong will tread in the footsteps of the welfare states. However, I must emphasize that providing assistance and support for the aged, the weak, the deserted, the disabled, the unfortunate ones in society as well as the involuntarily unemployed, will definitely not give rise to "spiritual opium" or "free lunch". On the contrary, this is the prerequisite for a society of justice and for a metropolitan city in the modern world.

Actually, those who are enjoying free lunch and living on spiritual opium are not the general public, but the capitalists, the business magnates and the property developers who reap without sowing. The Government should not shy away from the problem but must take a square look at it, in order to avoid the possible scenario of a car crash and the resultant casualties. As revealed in a survey conducted in 1994 by the pro-Chinese academic Mr LAU Siu-kai, 57.3% of the respondents considered our wealth distribution unfair, while 12.7% thought otherwise. Another 13.9% thought that the rich should be respected. These figures, albeit simple, reflect the general public's dissatisfaction about unfairness in society. I believe the Financial Secretary is well aware of it.

Mr President, as the date of the handover is drawing near, the Financial Secretary has been assured that he will ride the through train. On the part of the general public, however, with the future Hong Kong Special Administrative Region (SAR) Government being dominated by the business sector, it seems that

the prophecy for the 1997 doom will come true. In the eyes of the grassroots, that seems to be an inauspicious sign. Mr President, this may be the last speech that I can make in a Budget debate in my term of office. I would like to put 10 "why's" to the Financial Secretary and other branch secretaries through the President.

Why can the Government not spend more on social welfare when our surplus totals over \$400 billion? Will the reserve in government coffers become a bottle of precious wine which will appreciate in value over a period of time?

Why do our land prices rank first in the world?

Why does the gross revenue generated by the local manufacturing industry compare less favourably with the profits that Mr LI Ka-shing makes?

Why are the rates of Home Ownership Scheme (HOS) flats pegged to market value?

Why can the elderly CSSA recipients never make ends meet?

Why does our productivity lag behind the other four little dragons?

Why is the gap between the rich and the poor widening?

Why does the number of work-related accidents keep increasing?

Why do our deficit budgets end up in colossal surpluses year after year?

Why do we still have 13 Temporary Housing Areas (THAs)? Speaking about the 13 THAs, I have some well-designed postcards which I want to pass respectively to the President, Mr Dominic WONG, the Financial Secretary and Mr Eric KWONG. These postcards briefly depict the existing THA policy in Hong Kong. The THAs, albeit being described as "temporary", have been housing residents for many years. The rats in THAs are even bigger than cats, or possibly tigers. With such massive financial resources in government coffers, are these THAs still necessary? This is but the tip of the iceberg of our poverty

problem. The Governor Chris PATTEN had lied to us. He promised that all THAs would be demolished before 1997. However, how many more years will the residents have to stay in the THAs? In fact, I fear most that the Provisional Legislative Council may quote the THAs as an example to stay "provisional" for more than 10 years. If that is the case, Hong Kong would be in dire straits. I do hope that, with our colossal fiscal resources, those rats and THAs will no longer remain in Hong Kong. These postcards, which are specially designed on the theme of THAs, will be distributed or sent to tourists. Behind our prosperity is a group of people who need help but are still being forced to reside in THAs.

Mr President, now that my speech is coming to a close, I wish all our branch secretaries a smooth transition. I also hope that they will spend some more efforts on improving the livelihood of the people, and that Members of the Provisional Legislative Council will pay due attention to livelihood issues in future.

Thank you, Mr President.

DR JOHN TSE (in Cantonese): Mr President, whether a Budget is good or not does not depend on the surplus. Instead, it is decided by whether the resources are properly used and whether the needs of the public are met. On the whole, there are two special points in relation to the Budget. First, it is a Budget that goes "neither here nor there"; second, the application of resources are not economical. What is meant by a target going "neither here nor there"?

As regards the inoculation campaign promoted by the Department of Health, tuberculosis recently is of wide concern to the public, but the target of students receiving vaccination is only 99%, not 100%. In other words, there are still 1% of the students, possibly new immigrants coming from China, have not received any vaccination. In fact, that 1% is very important because it clearly shows that our provision of inoculation is not in line with our economic development. Good health is priceless. Some diseases, such as poliomyelitis, will affect the whole life of a student. Of course, our present concern is mainly about the inoculation to prevent tuberculosis, but on the whole, I hope that the target of inoculation will be set at 100%, so that all our students can receive

inoculation in the end. Since the social value of doing so is very high, I therefore hope that the Administration will invest generously in this area.

Last year, as I can recall, Mr Donald TSANG said that I did not praise him in the Budget debate. In regard to the policy areas that I am responsible for, no particular proposal in last year's Budget was worth commending. However, there are some laudable proposals in this year's Budget, one of which is in the area of special education.

It was stated in the Budget that \$29.8 million would be allocated for implementing some of the recommendations of the Board of Education, and that \$7.3 million would be spent on implementing a pilot project on integration of children with special needs in ordinary schools. I always criticize that some mentally handicapped persons are being put into ordinary schools without receiving adequate assistance. I hope this pilot project on integration could achieve successful results. This project is certainly a breakthrough and an important step forward for special education which has all along been neglected. In the past, while hundreds of mentally handicapped children of a minor degree were being put into ordinary schools, the teachers concerned were not properly trained and the schools were not provided with adequate supporting services. I hope that the said pilot project will emerge to be a more promising proposal. Although I offer my support for the project, some defects are still found in this area of work. For example, some of the recommendations of the Board of Education have not yet secured government funding. I therefore hope that the allocation of funds can be improved, in particular consideration that the problem of manpower shortage of auxiliary medical staff is still prevalent.

Another target that goes "neither here nor there" relates to the issue of fire prevention that attracts widespread public concern. In the Budget, no increased funding has been allocated for the setting up of Building Management Co-ordination Teams (BMCTs) by the Home Affairs Department (HAD). In fact, BMCTs play a very important role in rendering assistance to buildings plagued by problems in the areas of fire prevention, maintenance and management. In spite of the importance of BMCTs, such teams had been set up in only nine districts in Hong Kong. Under the circumstance that BMCTs have not been set up in the remaining nine districts and at a time when there are so many fires and so many lives have been lost, it is both important and worthwhile

to inject more resources into the solving of problems relating to building safety, especially in those districts where BMCTs have not been set up.

BMCTs also play a role in the setting up of Owners' Corporations. Out of the 4 600-odd Owners' Corporations in Hong Kong, 3 600 were set up with the assistance of HAD. Take the existing establishment of 324 Liaison Officers as the basis for calculation, from the 1970s to the present, each Liaison Officer sets up an average of only one Owners' Corporation in every two years! I believe such a progress is really too slow. It is worthwhile for the Government to allocate more funds for the purpose of providing assistance to owners in the setting up of Owners' Corporations. In the area of fire prevention, even BMCTs could not render much assistance because the Government will accord priority to those buildings where Owners' Corporations have been set up. Buildings without Owners' Corporations will not be accorded priority in the provision of assistance on fire prevention. I therefore hope that the Government will inject more resources into the rendering of assistance to buildings in the areas of management, maintenance and fire prevention.

As the spokesman of the Democratic Party in the area of environmental protection, I would like to switch to the issue of air quality.

On the issue of air quality, the Environmental Protection Department (EPD) will, in this year, provide two additional roadside air quality monitoring stations and tighten its control over vehicle emissions. Poor air quality in Hong Kong is nothing new. In 1996, there were 44 600 cases on smoky vehicles (it is estimated that the number in 1997 will be more or less the same). In the same year, only 56% of the air quality monitoring stations recorded air quality that met long-term standards, and only 33% of the stations recorded air quality that met short-term standards. Since poor air quality and air pollution are very serious problems, additional resources should be allocated by the Government as soon as possible for conducting researches on liquefied petroleum gas (LPG) vehicles. In fact, there are many LPG vehicles in overseas countries, such as LPG taxis in Japan. There are about four million LPG vehicles throughout the world. From the perspective of environmental protection, investment in this area is indeed worthwhile. Moreover, the Government should put in extra efforts to improve indoor air quality, such as that inside underground car parks and tunnels, given that all these problems have yet to be properly addressed.

Regarding water pollution, notwithstanding the implementation of water

control zones throughout the territory, the water quality in 25% of Hong Kong waters is substandard. Many beaches are very seriously polluted. In fact, beaches are there for us to swim. I remember that there were cross-harbour swimming competitions in Hong Kong when I was young, but such events are no longer held nowadays. It is not because Hong Kong people cannot swim, but the water is so polluted that you just cannot swim from Hong Kong to Kowloon. I do hope that the Government can increase the resources for improving water quality, so as to address the problem of water pollution.

The second special point relates to the failure of using resources economically. Since 1994, a total commitment of \$890 million has been approved for the payment of *ex-gratia* allowances to livestock farmers (over \$700 million to \$800 million have been spent) for the purpose of keeping fewer pigs and reducing pollution. However, the number of pigs being kept in Hong Kong increased from 200 000 in 1995 to 340 000 in 1996, and the amount of livestock wastes thus generated increased from 240 kt in 1995 to 290 kt in 1996. The number of cases involving breaches against the Livestock Waste Control Scheme also increased from 10 cases in 1995 to 48 cases in 1996. While almost \$800 million have been spent on encouraging livestock farmers to keep fewer pigs and reduce pollution, counter-effects have been achieved. Not only has the situation remained unimproved, the public money and resources have been wasted!

Wastage of resources is found not only in the payment of *ex-gratia* allowances, but also in the Water Supplies Department (WSD). I would like to talk about the inaccuracy of water meters. An error percentage of over 3% is inherent in 11% of all water meters throughout the territory. While the error percentage of the remaining 89% of water meters is less than 3%, this does not imply that their accuracy is acceptable. With about 6 000 staff members of the WSD and 2.4 million water meters in Hong Kong, it takes 20 years for them to identify the 11% problematic water meters if 12 000 inspections are made every year. There obviously exists the need to improve the use of resources in the WSD. It is hoped that the department will conduct due reviews on the accuracy of all water meters.

When we talk about water supplies, I believe water leakage remains the most serious problem. An average of 30% of potable water leaks to the sea. Calculated on the basis of \$2.6 per cubic metre of water, which is the cost that we

have to pay for buying water from Dongjiang, an annual loss of \$500 million is incurred by the Hong Kong Government gratuitously. Has the Government done anything to remedy such a situation? Yes, it has. The Government has spent \$14 million on maintenance. However, that is not proportional to the size of our annual loss caused by water leakage. I hope that the Government will allocate more resources to prevent water, for which we have to pay, from leaking to the sea.

On the whole, the management of finance is poor in the area of environmental protection. The services which should be profit-yielding end up suffering from losses. For example, the implementation of the landfill charging scheme has been delayed for a long time. Also, the original purpose of contracting out the treatment of chemical wastes to the private sector aims at turning it into a profiting business, but the Government is now subsidizing its operation.

Overall speaking, although the resources for environmental protection have been increased, such increases are still not sufficient to cope with the problems brought by environmental pollution.

Thank you, Mr President.

MISS CHAN YUEN-HAN (in Cantonese): Mr President, in the speech of the Financial Secretary, he referred to "the case for the people of Hong Kong to enjoy a fiscal dividend from the success they have created." When I heard that, I mistakenly thought that the Government, with colossal reserves and the Land Fund of \$360 billion, would take some measures for the community to enjoy the fiscal dividend. However, as he went on with his speech that day, I found that this was not the case. Certainly, to say that the Financial Secretary has done nothing about this is unfair to him. For example, he has adopted the proposal of the Hong Kong Federation of Trade Unions (FTU) to standardize the first tax band at the level of \$30,000, which was previously set at the level of \$20,000, and thus has helped the lower income group fall outside the tax net. Another example is the increase of the basic personal allowance to \$100,000. Although the amount has not been raised to the level of \$110,000 as suggested by the FTU, the increase is nonetheless higher than the rate of inflation, and so the lower income group and the "working class" will be benefited. Regarding other issues such as driving licences, I think that some improvements have been made.

Nevertheless, such improvements are not commensurate with the huge amount that the Government possesses.

I find that some problems have been bothering us here in Hong Kong for almost a decade. As far as I can recall, I worked on a few things when I joined this Council in 1995. However, these things, which include issues about housing, unemployment, manpower training and the elderly, still remain unresolved. Sometimes I find myself trying to avoid repeating issues such as helping the unemployed and underemployed. We hope that some more allowance items would be added to the Comprehensive Social Security Assistance Scheme (CSSA), so that the unemployed would have a little more money to spend on job hunting. As far as I remember, this issue has been discussed since 1995, but we still have to keep talking about it. The welfare of the elderly is another problem. I have been talking about this for a long time and the Financial Secretary might have heard me many times. Most of my colleagues in this Council have urged the Government to grant an additional \$300 to the elderly recipients of the CSSA. We have raised the issue at Legislative Council sittings and have discussed it with the Financial Secretary in private. The Democratic Alliance for the Betterment of Hong Kong (DAB) has come up with a solution and requested that the Government should grant \$15 billion for upgrading the livelihood of the elderly. We have done our best to help the Government, but as the Budget indicates, the Government has done nothing about this.

Mr President, I was originally assigned by the FTU to make a speech today on housing issues, but I cannot help making the above comments. As a Member of the Legislative Council in this session, whose term of office will be terminated in about two months' time, I believe that we still have to strive for our goal. I think that the Government should listen to us. As I recall it, the Financial Secretary has been talking about paying a dividend to the community. In fact, he has not helped those people who need Government assistance solve their problem. This is an important issue. Therefore, though this is not my topic today, I still have to remind the Government about this issue during my term of office in this Legislative Council session. I also hope that the Financial Secretary will consider providing assistance to the elderly and helping the unemployed acquire new skills to compete in the labour market. I personally believe that this is an issue of great importance.

Mr President, since housing is another major problem faced by the lower class, the FTU has asked me to talk about this today. Clothing, food, housing and transportation are basic necessities of the community. Nowadays, food and clothing in Hong Kong can be very expensive, but you can always have cheaper choices. We enjoy much flexibility in these areas, and one can choose an extravagant way or an economic way. The lower class do not encounter many difficulties in these areas. I think one of the major reasons is that foodstuff from China is cheap. The issues on housing and transportation are far more conspicuous. I am a member of the Hong Kong Department Stores and Commercial Staff General Union. During an argument with the Government in 1989, we pointed out that the living standard of the working class was declining. Since we could not convince the Government, we conducted surveys on their living standard. This year is the sixth year of the survey. Over the past years, housing and transportation have always been among the top three issues that worry them. Transportation is certainly not the theme of my speech today. However, this is an issue which the Government need to address. The Secretary for Transport does not seem to be here today, but the officer concerned may come later. Transportation is quite an annoying issue, especially when some means of transport are monopolized. The substantial increase of fares for the Light Railway services in Tuen Mun can be cited as an example. However, my theme today is housing.

Housing, a necessity of the community, seems to have become an almost insolvable problem. I think more than 40 colleagues have mentioned this issue so far. This is an indisputable fact. Some compare housing to the shell of a snail, which is a very figurative description. I totally agree with this description. Who does not need a house, a house for shelter, a house to live in and to rest? I think no one will say no. A flat is as important to us as a shell to a snail.

Nevertheless, Mr President, I think you have also noticed that these shells have been the target of speculation. This is an abnormal phenomenon in Hong Kong, where speculation seems to be generally accepted. There are thousands of things that people can speculate on, and I have to ask why they have to speculate on housing, which is a must for all. Why does the Government connive at this speculation time and again? Why does the Hong Kong Government so frequently underestimate the demand for housing of the community? I have raised these queries several times to the Government at the

previous meetings of the Housing Panel.

Mr President, it is obvious that at present there is a serious shortage of public housing in Hong Kong. The supply of public housing flats for next year will be the smallest over the years. The problem is really serious. The heated speculation in private housing in recent years has adversely affected the supply of the housing market as a whole. Unfortunately, on curbing speculation, the Hong Kong Government not only fails to solve the problem with the soaring property prices, but also emphasizes that speculation activities are not serious. I cannot help querying how the Government defines whether speculation is serious.

Is the Government incapable of controlling property speculation? I do not think so. It is only because a major part of Government revenue is generated from land sales. I hope the Financial Secretary will answer my questions. At the end of last month, the Government auctioned a rare urban residential "prime lot" at Siu Sai Wan in Chai Wan, and the lot was sold at a price of some \$4,000 per sq ft. According to our rough estimation, the prices of those flats will be at least over \$10,000 per sq ft when the premises on that lot are built. Mr President, I was a District Board Member of Siu Sai Wan from 1988 to 1991, and so I am quite familiar with that area. How can the price of such a remote area be so high, and is it the real estate developers or the Government who initiates the speculation? Since the sale of that lot, this has been a question that many members of the public keep on asking. I think that the two measures announced by the Secretary for Housing that day are not effective. However, it is obvious that he announced those two measures after that lot had been sold.

Mr President, I would like to share with my colleagues some information about housing loan instalments, and perhaps relay it to the Government. I remember raising the issue to various government departments before the post of Secretary for Housing was established. At that time, I said that it would take an average university graduate 15 years to save enough money for a flat, even if he spent nothing on food and housing and need not provide for his parents. "That time" refers to two to three years ago or may be about three years ago. You guess how long it would take now? Mr President, it would take 24 years now. Within only a few years, a university graduate who spent nothing on food, housing or anything and saved up all his salaries, would still have to wait for 24

years before he could afford a flat. Westerners find this situation very strange. Many foreign reporters have asked why the situation in Hong Kong is so strange. To them, eight to 10 years is already too much. Is this abnormal phenomenon in Hong Kong attributed to the low salary level in Hong Kong or the much too rapid increase in property prices? I would like to ask the Government whether it understands our miserable situation. The third generation born after the Second World War, who are some 20 years old now, are anxious about their housing. The circumstances they are facing are similar to the situation during the initial period of the reform in China. Some wanted to get married, but they dared not. Some relatives of mine are in such a dilemma.

I therefore opine that the high land price policy should no longer be adopted by the Government as its main source of revenue. As the fiscal reserves have reached a "flooding" level now, the Government should genuinely pay the dividend to the community. I have to reiterate my opinion expressed during the several debates at the Legislative Council Sitzings and stated in my speech, that the Government should not target on the tenants of public housing, nor should it assume that most tenants of public housing have made big fortunes. Many of them are in fact still very poor. With regard to the Long Term Housing Strategy Review Consultation Document (LTHSR), I joined more than a dozen meetings of tenants in the evenings. The indignation of public housing tenants is now running high. They are complaining about the LTHSR. The Government must not be mistaken that public housing tenants have all become rich. I would like to tell the Government that actually many policies are already targeting at those better-off tenants, such as the policy on better-off tenants and the means tests on the much better-off tenants. Therefore, the Government should never plan to further exploit them.

As for those applicants on the Waiting List for years, I think the waiting time is unduly long. At present, the general public have to wait for six to seven years, and the singleton elderly have to wait for 10 years. I think that the Government should provide rental assistance to eligible public housing applicants, especially the elderly, who have been waiting for a certain period.

Furthermore, I think the Government should now formulate a policy to help the tenants in hardship. In fact, the rent allowance granted to tenants in hardship is far from being adequate. For example, these tenants can only occupy their units for two years, and then they have to move into smaller units.

This would obviously make them suffer.

Another point which I have said and raised to the Financial Secretary many times is that the Government should provide tax relief, such as tax allowance on housing loan instalments, to first time home buyers, and provide more privileged loan schemes to help the lower income group buy their homes. The Government, including the Governor, always believes that Hong Kong people like to buy their own homes. Yes, they do, but they want to buy the very cheap ones. Without the assistance of the Government, I think they cannot do so.

By the way, at the end of last month, the banks in Hong Kong increased the interest rate on property mortgage. Families paying back housing loans have to shoulder a heavier burden. Mr President, that is why I often ask whether the Government has any good policy to help the public reduce their burden on daily necessities.

Apart from the aforementioned Waiting List applicants, the sandwich class also have their housing need. I remember that when I convened a tenant meeting last week, a young man came to me and said, "CHAN Yuen-han, you have helped the public housing tenants, but why do you not help the sandwich class like us?" He said that they had submitted application forms many times and could not buy one though they wanted to. Now, even if you let him buy one, he could not afford it. This shows that we have to help the sandwich class. As they are not eligible for public housing, how can their necessities stop being affected by speculation? I think the Government should treat them better in terms of the loans provided with them.

Mr President, the Budget of this year straddle the transitional period, and therefore the expenditure of the future Special Administration Region Government should be taken into consideration. The existing Government and the future government still have to face many problems. Among these, new immigrants are a major issue which needs to be studied. Is the funding of \$160 million in this budget sufficient? I do not think so. They need the help of the Government, especially on housing. According to the estimation of the government departments concerned, only 17% of the new immigrants will require further housing. We think the Government has underestimated their demand. Hence, I hope the Government will consider these factors carefully.

Not only the existing Government has to face this problem, the future government will also have to face the problem created by the 150 new immigrants coming to Hong Kong each day. This is an important factor that we will have to take into account when the issue on housing is considered.

There is another issue which is equally important. Although it is not related to the Budget, I would like to make it clear beforehand. It is stated repeatedly in the LTHSR that a large number of public housing flats will be built in the future. The FTU gives full support to this proposal. However, the LTHSR also expresses concern about the shortage of construction workers. In this respect, I would like to declare that I hope the Government will provide internal training to our workers first, when the large number of public housing flats are built in future. The trade union of the construction industry has already submitted a proposal to the Government. They hope that the Government will adopt a horizontal approach, as Mr CHENG Yiu-tong has just said. At present, many unemployed look forward to joining the construction industry because they can earn around \$10,000 per month. However, they cannot get such jobs. The trade union has come up with a proposal. I hope that the Government will not handle this in the same way as they did with the airport project. Last October, the Government said a number of electricians were required. It now says that more workers have to be imported. It has turned out that the Government had done nothing about training. It just sat and waited for luck. I must make it very clear that when the Government starts to build those public housing flats in future, I do not want Mr Dominic WONG, our Secretary for Housing, to tell me, "I am sorry, Miss CHAN Yuen-han. Since there is a shortage of labour and you do not allow us to import them, those flats cannot be built. It is not my fault." I have now made it very clear, and you should not say something like that then. I hope that the Government will prepare for the future by launching a manpower training programme to train up a large number of construction workers for the future projects.

Mr President, these are my remarks. Thank you.

MR SIN CHUNG-KAI (in Cantonese): Mr President, this debate is coming to a close. As several dozens of our Honourable Members have already spoken, all that can be said have almost been covered. Thus, I will just expound on two crucial points, which takes less than a minute. However, I am still going to

make full use of the remaining 14 minutes.

The first crucial point concerns the several hundred billion dollars of reserves managed by the Government. It is the Democratic Party's view that — though the Government will certainly do so, we would like to see it done more thoroughly — part of this surplus should be injected into the several railways to be built later. This is very important, as it will lower the overall social cost in future. Then, is \$50 billion adequate? I think it is just a baseline amount. The Government should consider making a greater contribution as the debt ratio of the two companies concerned might be lowered further.

The second point concerns property rates. We are delighted with the Financial Secretary's decision to lower rates. However, after all the hoopla, people end up paying 20% more with the revaluation of rates. Can the Government be more thorough and consider making the new rates payable after such reduction and revaluation on a par with the current ones? As this year's surplus is again much more than originally expected, it will be even better if this can be done. These two points are crucial. However, my speech does not end here.

The proposals put forward in this year's Budget are extremely conservative indeed, with the two main themes of curtailing spending and accumulating surpluses as its backbone. These principles also represent the fiscal principles to be adopted by the future Hong Kong Special Administrative Region (SAR) Government, for it is stated in Article 107 of the Basic Law that the Government should "strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product". As to whether such fiscal principles will hinder our future development, I cannot tell. But those principles are clearly stated in the Basic Law. With the present Budget, there is hardly any increase in the expenditure for the welfare of the elderly. Though the budgetary principles involved take into account our income and are in line with past practices, the Budget attracts criticisms from all sides. The only party which is all hyped-up by it, I think, is the Chinese side. All its mouth-pieces have been singing praises about the Budget, with the future Chief Executive jumping on the bandwagon. The reason is simple. We all understand that this Budget, which straddles 1997, has to be agreed by the Chinese side of the Budget Expert Group. Influenced by the warning of the

Chinese side that "the car might crash with the passengers killed", growth in social welfare expenditure was immediately checked. The use of our reserves and spending are restrained by anachronistic budgetary principles. Because of these constraints, the Financial Secretary and the Secretary for the Treasury have repeatedly stated that, even if they had wanted to, no additional spending had been allowed as expenditure was hinged on the rate of economic growth. Hence, if the future SAR Government is to follow this fiscal policy, the outcome is not hard to predict. It will fall out of step with the needs of social development, but the public coffers will overflow. The Financial Secretary now forecasts that our fiscal reserves will be more than \$300 billion. If more studies could be carried out, more issues might come up in a few years' time which warrant our discussion.

Principle of Accumulating Reserves

First of all, we have to ask a very fundamental question: Has the Government ever considered how much reserve is deemed adequate? Here, we may refer to some pointers suggested in the past. For example, it was stated in the 1991-92 Budget that "public expenditure represents over 60% of the fiscal reserves. This position is extremely healthy by comparison with that of most other economies". In the 1992-93 Budget, it was stated that we had "to raise sufficient revenue to cover our spending commitments, and to ensure that at least half the costs of our capital expenditure is financed by recurrent revenue." In the Budgets of 1993-94, 1994-95 and 1995-96, the then Financial Secretary no longer mentioned specifically the principles according to which fiscal reserves were accumulated, but he stated that sufficient reserves had to be maintained to meet any unforeseeable circumstances. In 1996, the new Financial Secretary, who is going to stay on to serve the future SAR Government, once remarked in an interview that our reserves should be able to cover a year's operating expenditure. However, the Financial Secretary has not emphasized this point in his Budget speech this year. Is this principle still applicable?

Though the Financial Secretary has not specified any criteria this year, he tried to silence the call for spending our reserves with the massive capital requirements for future infrastructural projects. However, this is hardly a convincing excuse as the Financial Secretary did not even to dare list out the exact amount required for those projects, which include Phase 1 of the Western Corridor Railway which costs \$53.1 billion and the Tseung Kwan O Mass

Transit Railway Extension which costs \$25 billion, making a total of \$78.1 billion. Then, of course, there are other projects, such as the Ma On Shan Railway Extension. Well, if I were to assume in the most extreme case that these projects are to commence in 1998 and the Government is to inject capital for all these projects in one go, which I think is highly unlikely, we will only need to spend 20% of our reserves in 1998. That is but a very affordable sum. Moreover, it is not yet certain whether the Government will make a one-off capital injection for the construction of these two railways, or it will keep to an injection ratio of 1% at one time, just like the case for the construction of the MTR. If the injection ratio is still 1%, the Government will only need to use \$30-odd billion out of the \$70 billion. I would like to ask the Financial Secretary whether the \$50 billion will be fully used as mentioned in the Budget. We think that the Government should contribute a larger share towards the capital cost of railway construction projects, as these tens of billions of dollars will ultimately bring benefits to the community as a whole. I do hope he notices that, when residents of Tun Mun and Northwest New Territories know that Route 3 is to open soon, the property prices in Northwest New Territories are picking up gradually when compared with those of other areas. Clearly, better infrastructure and transport facilities do make a difference. Land shortage has always been the Government's concern, but apart from the availability of land, transport network will also affect the actual supply of housing. We all know that the vacancy rate of premises in Tuen Mun and Yuen Long are higher than that of other areas. Hence, in terms of investment, investing in these infrastructure and railways has the effect of lowering the social cost of the community as a whole, and it is beneficial to Hong Kong.

We already know that we have more than \$300 billion of reserves in 1997, more than enough to cover one and a half year of government expenditure. Should we take this sum of more than \$300 billion as an adequate amount? If the level of reserves to be maintained by the Government is one year's public expenditure, the people of Hong Kong can share with the remaining reserves of \$110 billion right now. In the absence of any criteria, how much reserve do we really need? A huge reserve is not a bad thing in itself; on the contrary, it should be a good sign as it at least serves to illustrate how strong our economy is. However, the problem with that is, we are just holding such huge reserve without investing it. The Government "just will not let go of the money". Well, is this the right thing to do?

Restrictions on Expenditure

On one hand, the Government fails to tell us what is the appropriate level of reserve, and on the other, it cites two golden rules to restrain the spending of our reserves. The first rule comes from the Basic Law, which states that expenditure in the Budget shall be commensurate with the growth rate of our gross domestic product (GDP). However, what does it mean by "expenditure"? Is it government expenditure or public expenditure? Does being "commensurate" mean at the same rate or a certain flexibility is allowed? There is no hard and fast rules on these questions in the Basic Law. In 1995, the then Financial Secretary, Mr Hamish MACLEOD, interpreted it as follows: over time, government spending should not grow faster than the economy as a whole. This principle has thus become our budgetary guideline in recent years.

The Government has explained in the past that increase in public expenditure will lead to inflation or discourage personal spending. This is a totally illogical explanation, especially when our public sector accounts for but a small ratio of our GDP, less than 20% throughout the 1990s. Under the existing practice of the Government, no matter it is in an economic boom or down-turn, expenditure is invariably controlled or expenditure growth even lowered, resulting in our economic potentials not being materialized. It is clear that the Government is just crying wolf about the negative effects of expenditure growth all along, while completely ignoring the positive role of fiscal policy in bringing about economic adjustments. As we are now in the midst of an economic down-turn, we think that an increase in government expenditure should be called for to stimulate economic growth.

The second rule is that the Budget has to keep expenditures within the limits of income, and strive to balance the two, and avoid deficit (in fact, keeping expenditures within the limits of income and keeping revenue in line with spending are but different approaches having the same essence). As to what is in fact meant by keeping expenditures within the limits of income, balancing income and expenditure and avoiding deficit, we think their definitions may not be as clear-cut. For instance, some countries only require a balance budget in respect of recurrent account, or they do not ask for a surplus every year and are content to achieve a surplus within a certain period. If that is the case, our current reserves can be spent, and now is the right time to meet some of our non-recurrent expenditure in the form of a fund, or allow a budget deficit in some years. However, the Financial Secretary not only refrains from spending our

reserves, he just lets them eat up by inflation. In fact, the Financial Secretary can at least draw up a balance budget, instead of the usual surplus budget, and put a halt to the endless accumulation of surpluses.

From the two points of discussion above, we can draw the conclusion that the Financial Secretary's foremost fiscal principle is to restrict the spending of reserves, for the definitions of these other principles are constantly changing according to social development, and there are many related issues worth discussing. The Financial Secretary is now adopting the most conservative approach, and there must be some merits in doing so at this time of transition. However, is this conservative approach too conservative indeed?

Flexible Use of Fiscal Reserves

Mr President, with the accumulation of such a massive reserve, the Government should put it to good use. However, what the Government does now is to put most of it into the Exchange Fund. From 1993 to 96, the return rate of our reserve was 4.87%, far below the interbank rate of 5.86% or the prime rate of 7.86%, and hardly catching up with the inflation rate of 7%. Starting from 1 July 1997, the \$163.5 billion Land Fund will be handed over to the SAR Government and transferred to our reserves. In the past 10 years, the compound return rate of the Land Fund was 9% which is lower than the inflation rate. If the Land Fund is to be put into the Exchange Fund, the return rate will be brought down further. Hence, it is time for the Government to think of other ways, either investing it in infrastructure, or other means that will ensure that such fiscal reserves will not be nibbled up by inflation.

We think that our reserves can be put to use in three areas. First, they can be used to meet the needs of our community. For example, some of them can be injected into the Sewage Services Trading Fund or used to set up a fund to pay out the CSSA for the elderly. Second, they can be invested in or made a loan to the MTRC or the future KCRC. Such investment will lower the cost of transportation and make the life of people living in remote areas easier with efficient modes of transport. Last but not least, there should of course be a constant reserve in the Exchange Fund to meet unexpected needs.

Land Fund

Lastly, I would like to talk about the Land Fund. According to the Sino-British Joint Declaration, the Land Fund will be transferred to our reserves after 1 July. I believe that the Chinese side will honour this commitment, and I think it is about time the future Chief Executive started preparation for taking over the Fund. We think that the take-over does not merely entail the transferring of the Land Fund to the account of the SAR Government and then the mission deemed accomplished. The present Government and the future Chief Executive should ask the Land Fund Secretariat to disclose to the stakeholders of the Fund and the people of Hong Kong all details of the Land Fund, including its accounts and operation. It is because we think that, over the past 10 years, the Land Fund has been operating in the dark. In its balance sheet and reports that we long to receive, information such as the investment tools and salaries of its employees is not disclosed. No one knows what investment strategies are adopted by the Land Fund, and the most crucial auditor's reports have not been released. All these will only intensify our concern about the accuracy and fairness of the account of the Land Fund. Have there been any anomalies or foul play involved? As a responsible and trustworthy fund manager, the Land Fund Secretariat has a duty to give a full account to the public. Otherwise, the reputation of Hong Kong as a financial centre will be tarnished. As "fish begins to stink at the head", the Land Fund Secretariat, which is responsible for managing Hong Kong people's money, shall have a duty to disclose as much information as possible to the public.

Thank you, Mr President.

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

MR BRUCE LIU (in Cantonese): Mr Deputy, this year's Budget is just like a candle without a wick. Although the candle is well made, it has no wick and hence it is defective. It cannot be burnt and give out light to illuminate the future of Hong Kong.

In this year's Budget, there is no concern and sympathy for the vulnerable group, especially the poverty-stricken people, whom the Government should care about most.

In drawing up its budget, a responsible government should have a mission other than promoting prosperity, social stability and a level playing field for the

community. The mission is to alleviate the sufferings of the community and to give concern and assistance to the vulnerable group, especially those people in poverty, who should be given as much care and assistance as possible. However, this year's Budget seems to be suffering from amnesia and forgets this mission. It has let us down. We record a surplus of \$15.1 billion in this financial year and it is forecast that the surplus next year will be \$31.7 billion. However, there is no substantial increase for the Comprehensive Social Security Assistance (CSSA) payment. We feel greatly disappointed with this and I have to severely criticize the Government of being a heartless rich miser.

I agree with the Financial Secretary that Hong Kong's success is due to the four pillars. They are: 1) the rule of law; (2) corruption-free government; (3) a level playing field; (4) the free flow of information.

The Financial Secretary has five fingers as I have. There is a middle finger between the four. If we write the four pillars on each fingers, what will the Secretary write on the fifth one if it is another factor leading to our success and we wish Hong Kong to be a society full of concern, humanity and warmth?

Although the Secretary does not write it down, what we can get is the following sentence that describes how it works from the treatment given to the CSSA in the Budget. The sentence is like this: "The fifth policy is the unwillingness to give out even a cent: it will not give out a cent even though this will help the needy."

Mr Deputy, I oppose this stingy policy. In order to make Hong Kong a caring community full of concern, humanity and warmth, the fifth pillar or the fundamental principle should be replaced by another principle which is "sending charcoal during a snowfall". In other words, the Government should step up its effort in helping the most needy.

7.22 pm

The Financial Secretary drew the President's Deputy's attention to the lack of a

quorum.

DEPUTY PRESIDENT: I will ask the Clerk to do a head count.

DEPUTY PRESIDENT: As there is no quorum, I would suspend the sitting until a quorum is present. Please call for Members.

The bell was sounded to summon Members.

7.25 pm

A quorum was then present.

DEPUTY PRESIDENT(in Cantonese): Now that we have a quorum, I announce the proceeding be continued. Mr LIU, please continue.

MR BRUCE LIU (in Cantonese): Mr Deputy, thank you for the charcoal you and the Secretary have brought me. A moment ago, there were just a few people listening to me but now I have a lot of listeners.

Mr Deputy, to make Hong Kong a community full of concern, humanity and warmth, I think the fifth fundamental principle is to "send charcoal during a snowfall" — to help the needy.

Mr Deputy, today, when we have a large amount of reserves in the treasury, I would like to reiterate the request of the Hong Kong Association for Democracy and People's Livelihood (ADPL): to increase the CSSA payment in this financial year by \$300 in the short term and to increase the standard rate of the CSSA payment to one-third of the median wage in the long term.

Mr Deputy, to extend the policy of helping the needy, the Government has

to address some problems in its policy. The first thing is to address the housing problem to ensure that every member in our community can have a comfortable home. I want the Financial Secretary to imagine the housing problem in 15 years' time when our population will be around eight million. Many of them are new immigrants. How many years will the applicants have to wait for before they are allocated public rental flats at that time? If our housing policy is still led by development of private housing, I am worried that the average waiting time for allocation of public rental flats will not be just seven years, but more than 10 years. People will heave a sigh of disappointment at this situation.

The Government should have determination in allocating more resources and more land for the construction of public housing. It should draw a lesson from past experience and implement thorough reform in its housing policy so that every member of our community who is in need of housing will be allocated public housing in two years' time after application has been submitted. Only at that time can we say that the housing policy of Hong Kong has taken a big step forward.

Other areas which the Government has to give concern and improvement according to people's needs include the following:

- (1) Rental allowance given to tenants living in private residential buildings who are paying exorbitant rents and are eligible for public rental housing;
- (2) More services to be provided to new immigrant families living in poor environment in order to help them adapt to Hong Kong society;
- (3) Unemployment assistance to be provided to the unemployed of the low-income group; and
- (4) Housing for the elderly people living in bedspace apartments to have them rehoused as soon as possible.

Mr Deputy, as the Budget is a candle without a wick, I urge the

Government to put the wick back in its response next week. I hope it will take concrete actions to remedy the defect and respond to our unanimous request of increasing the CSSA payment for a happy ending so that the Budget will be endorsed with a high number of votes. Otherwise, I will ask my colleagues to cast a dissenting vote at the party meeting of the ADPL.

Mr Deputy, with these remarks, I urge the Financial Secretary to reconsider my requests although such good advice may not be pleasant to the ear.

MR JAMES TO (in Cantonese): Mr Deputy, the Honourable SIN Chung-kai has just pointed out that given the dozens of speeches that have been made, it seems that not many topics are left for further discussion. I am lucky in the sense that security matters have not attracted the attention of many colleagues. In any case, the issue of security is obviously not the focus, not even the highlight, of this year's Budget. Nevertheless, in this prudent Budget, expenditure on security matters is satisfactory on the whole. In particular, I have to commend the Secretary for Security for making appropriate allocation of the limited resources that he has been given. Over the past few years, it is evident that among the various disciplined forces, only the police force has been given an increase of resources in real terms. With the transfer of sovereignty, the Administration has to handle a lot of immigration affairs this year. In addition, with the heightening of public awareness of fire safety in the wake of the tragic fires in recent days, the special provision of additional resources to the Fire Services Department (FSD) is well justified. The expenditure on security issues sees an increase in real terms after discounting the expenditure for the garrison.

Why do I say that the expenditure on security issues is neither the focus nor the highlight of this year's Budget? It is because our crime rate — the most important security indicator — is one that we should be happy about. In the past years, many people thought that the crime rate of Hong Kong would increase drastically during the transfer of sovereignty and social unrest would occur. But our crime rate to date, especially the serious crime rate, has not shown any sign of increase. On the contrary, with the co-operation of China, we have managed to crack down on many cross-border crimes. In fact, cross-border crime rate has dropped substantially. Despite that, we have to be on the alert, especially during the transfer of sovereignty, because many police officers would have to be deployed for maintaining order in ceremonies and on

special occasions during the handover. Our police force has to be fully mobilized so as to have effective co-ordination at district level. I have special concern for the staffing of police officers on beat patrol during the several months when a lot of ceremonies and the Annual Meeting of the World Bank are held. We have to pay special attention to patrol staff at district level because some surveys conducted two years ago showed that the manning situation of beat patrol seemed not to be satisfactory. I hope more surveys can be conducted so as to enhance our confidence. Two years ago, some "snapshot" operations were taken, in which regular and objective assessments were made on the manning situation of beat patrol on different shifts and in different patrol routes. I believe such assessments should provide the most convincing evidence.

In the past few years, a few hundred more police officers were deployed to undertake anti-triad activities at central and district levels. Some achievements have been made. Information gathered from districts show that triad influence has not expanded. In fact, the capability to contain triad influence may well be regarded as having made some progress. To conduct anti-triad operations, I believe preventive measures alone would not work. With an addition of hundreds of people to undertake anti-triad activities in districts, I expect some aggressive operations to be undertaken — if we were to measure performance with the money spent. Since more manpower is supplied to do the job and special investigative powers under the Organized and Serious Crimes Ordinance are vested in the police force, I expect some long-term plans aimed at combating syndicated triad societies to be drawn up and operations targeting at the leading figures of triad societies to be pursued. We should not be complacent about the slight decrease in incidents involving local bullies. Both the general public and I expect some aggressive plans to be put in place. I understand that the details of those plans may not be disclosed here, otherwise the exposure of some long-term agent provocateurs may put their safety in jeopardy.

The only part that I feel discontented with is that no additional manpower is deployed for investigating the financial position of members of triad societies. In fact, I believe that taking actions to investigate into the financial position of triad members is an important and crucial strategy in combating triad activities. I hope manpower resources in this aspect will be increased wherever necessary.

The anti-drug operations at district level can be described as satisfactory.

Other than curbing drug trafficking by drug addicts who deal in small amounts of drugs, we also have to increase the number of outreaching social workers who provide outreaching services at areas where a lot of young addicts congregate. Instead of increasing the manpower of general outreaching social workers, we should provide more outreaching social workers who are specifically tasked to help drug addicts. This is surely more important.

I have been asking a lot of sensitive questions during the past few years. After making a lot of efforts, I have eventually got some information about "the payment of rewards to informants" or "the payment of rewards for special services of a confidential nature". Audit checks have at last been conducted by the Director of Audit since last year. In view of the fact that more information has been disclosed in the written and oral questions this year, it seems that transparency has been enhanced. For instance, more information is given regarding the number of recipients and the criteria used for determining the amount of payment to informants. The only defect lies with the Independent Commission Against Corruption (ICAC). It seems that the number of surprise checks conducted by ICAC is not adequate. The officer-in-charge of the Crime Wing of the police force conducted 58 surprise checks. I think the conduct of surprise checks helps monitor such payment and can achieve some deterrent effects. However, the Commissioner of ICAC and the Assistant Director (Administration) of ICAC have respectively conducted only one surprise check. I believe this is far from enough.

Another point I have to raise is that the Government is unwilling to tell us how many people are deployed in intercepting communications every year. I have all along been thinking that the Administration refused to disclose this information because such disclosure of the staff strength would be to the advantage of the bad elements. Under the White Bill concerning the interception of communications, it is however proposed that the overall number of warrants for interception should be disclosed. In view of this, I can see no reason why the Administration should insist on refusing in principle to disclose such information. In overseas countries, expenditure on this area of work is also subject to monitoring because a lot of people are deployed to carry out interception activities. I hope the Administration can disclose the figures as soon as possible because I ask for the information solely from the perspective of exercising the function of financial monitoring.

I also have comments concerning the staff establishment in the Technical Services Division (TSD) which is mainly responsible for carrying out interception activities. For instance, I think both the sergeant to constable ratio and the inspector to sergeant ratio in the TSD are on the high side, as compared with the establishments of other divisions. We have not been given any reasonable explanation for such a situation except that the deployment of staff in the TSD is based on operational need. I do not think this is a sufficient justification. In the past, the Special Branch was responsible for monitoring political activities. I believe the Security Branch is continuing, to some extent, the work of the Special Branch. In a democratic parliament, even an elected government should be subject to monitoring by elected parliamentary members. A balance should therefore be struck to allow at least some elected members to monitor the work of the government. This comment is made solely from the perspective of monitoring government expenditure. I would also like to square accounts with the Secretary for Security. Due to faulty design and estimation in the computerization programme of the police force, the Secretary has been asking for more funds over the past few years. While we have approved such funding, we have not been informed this year about the streamlining of the manpower which the Secretary has promised to do. I hope he will brief us on this matter.

The budgeted expenditure for the FSD for 1997-98 is \$2.6 billion, of which \$1.7 billion will be spent on providing fire services while the estimated expenditure on fire prevention is only \$100 million, representing an increase of only 1%. Probably, such a slight increase is given because the disastrous fires occurred only in recent months. Perhaps the Government has to consider increasing the expenditure on fire prevention substantially next year. Why? The recent tragic fires told us the importance of publicity and education. We must arouse public awareness and let the public learn a lesson from the tragic experience. Those who died in the tragic fires may rest in peace if their deaths can arouse public awareness of fire hazards. In my opinion, it is equally important to increase the manpower of FSD appropriately so that more FSD staff could be released to help conduct fire drills and point out the mistakes. But I do not mean to say that the FSD should send more staff to patrol the buildings as some editorials have suggested. If staff were to be sent to patrol buildings, no matter how many more staff members the FSD gets, the needs can never be satisfied. I believe safety would be better guaranteed by subjecting the security guards and the management companies to tighter monitoring in order to ensure

that more effective inspections will be conducted by security guards. I believe effective monitoring can ensure that security guards will inspect buildings at least once every day, if it is not possible to do so every eight to 12 hours. They should be able to detect or even eliminate fire hazards such as failure to close the smoke lobby doors. But there is divergence in opinion on one key point between the Secretary for Security and me. The Secretary still refuses to use the arrival time as the basis for setting performance pledge for the FSD. Mr Deputy, I believe the Administration cannot hold on to its stand for long. When more manpower resources are given to the FSD, its performance pledge should then be based on the time required for the first ambulance to arrive at the site after a call is received by the control centre. This is the most scientific and pragmatic approach because it represents the actual waiting time for rescue from the perspective of a user or a client. I hope the Government will not insist on this point. If manpower can actually be increased next year, I believe this performance pledge can be achieved in one or two years' time. I would now elaborate on some minor points concerning the training school under the FSD. During our inspection at the training school, we found that the bunk beds and other facilities for the trainees were even worse than those provided in prisons. The appalling situation was beyond our imagination. I believe the fire fighters should be given the dignity they deserve if the expenditure for improving the facilities is not too high.

Regarding the Immigration Department, an additional 120 counters at border control points have been provided for the current year in order to cater for the work at Hung Hom and Lok Ma Chau. I welcome this improvement and consider it necessary to incur the expenditure. I really admire the tolerance of the immigration staff. The FSD staff went on strike and petitioned the authorities concerned over their hours of work. As regards immigration staff, we saw on television that people who were interviewed by reporters always said that they managed to pass the counters very quickly. In a recent inspection, we became aware after in-depth probing that on a shift of six to eight hours, no relief time was allowed for the immigration staff to go to the toilet. I now personally ask the Finance Branch or the Financial Secretary to look into the situation and increase the staff strength by 2% to 3%, so that relief staff can be provided to help those staff who need to go to the toilet; otherwise, the immigration staff would feel that even going to the toilet seems to be disrupting the work. Such a poor working condition will strike a blow to staff morale.

I am also surprised by some rather trivial matters. A photophone costing some \$100,000 can send information concerning fraudulent documents to overseas countries. In view of our good performance and the effective assistance rendered, the machine is loaned to us by the Canadian Government. Initially, I thought that the photophone might cost millions of dollars, but in fact it costs just around \$100,000 and yet we have to borrow it from another country. I am ashamed of mentioning it. Another issue relates to the increase of 380 staff members to cope with the issue of the Hong Kong Special Administrative Region (SAR) passports. I believe such an increase of manpower should be sufficient to cater for the need. In fact, many Hong Kong people are holders of British National (Overseas) (BN(O)) passports, other passports or Certificates of Identity (CI). They need not rush to the Immigration Department to apply for the HKSAR passports. Of course, it is sometimes difficult to guess what Hong Kong people would think. Perhaps it is for the sake of convenience or even for national sentiment that many people do not mind queuing up for a long time in order to apply for HKSAR passports. I believe it is a matter of priority, and we should not spend too much money to satisfy unreasonable demands. Nevertheless, it appears that there is no special provision of manpower to handle the so-called declaration of foreign nationality. I think we have to pay attention to the manpower required for handling applications regarding the status of permanent residents. I expect that there will be at least tens of thousands to a hundred thousand applications.

On the subvention of drug treatment programmes operated by religious groups, I hope the Security Branch will offer sufficient provisions for them. They should be offered subsidies whenever substantive assistance is required because they are on the front-line and are contributing a lot to our drug treatment programmes. The effectiveness of these treatment programmes and the number of addicts treated compare more favourably with that of the "quasi-governmental" drug treatment centre at Shek Kwu Chau. As I have just attended a meeting of the Land Development Corporation, I hope the Government will inject more substantive resources into urban renewal projects, which will also help relieve the housing problem.

Thank you, Mr Deputy.

THE PRESIDENT resumed the Chair.

DR LEONG CHE-HUNG: Mr President, I thought you were not coming back and I would not have a chance to speak. *(Laughter)* In any case, I would like to start by congratulating the Financial Secretary on behalf of my constituents for reporting to this Council yet another year of sound financial position for Hong Kong, and that our surplus for 1996-97 is way above his original estimation.

Similarly, congratulation goes to him for producing a Budget that, if approved, could be applicable for two governments — this current one and the Hong Kong Special Administrative Region (SAR).

The Financial Secretary has mentioned that this Budget is a "unique" one with a "historical mission". Few would disagree. To me, Mr President, this debate today is also a unique one, for it marks at least my last budget speech in this Council under British rule. It also marks my first speech on public finance of the first government of the people of Hong Kong.

As a representative of the Medical Functional Constituency and as so many Members have already spoken, I would therefore concentrate my deliberation on the Budget for health care.

I would therefore like to give my remarks in two directions:

- (I) Reminiscence of the past, taking stock of what the Government has achieved or failed to achieve on what I have expressed on behalf of my constituents in the past eight years. Hopefully, this may spur the next Budget to be more in line with our vision for a better provision for health care.
- (II) On areas of deficiencies of health care sector of this very Budget before us today.

Years-old Repeated Urges fallen on Deaf Ears

Mr President, the Financial Secretary has repeatedly said that the Budget was formulated after extensive consultation, in particular, with Members of this Council. Similarly, his predecessor has expressed the same motivation. Nobody would dispute that it is not the step in the right direction. But ironically, when I look at my speeches on budget debate in the past eight years, I found to my surprise that I have been repeatedly harping on the same tune. Let me recapitulate it:

- (1) There has been no long-term medical financing or funding policy; and there is still none. The closest we could get is that the Government has agreed to look at it and that a preliminary direction, only a preliminary direction, may be forthcoming in the last quarter of 1997.
- (2) A grave lacking in primary health care development. Members of this Council would remember that in 1990, a working party on primary health care set up by the Government came up with 102 recommendations, most agreeing that more effort should be directed to primary health care development. Yet how much has this been done so far? Why is that only eight general out-patient clinics are opened at limited hours during public holidays leading to the public scrambling to overload our public accident and emergency departments?

Hiding behind the shield of the fact that the Department of Health through the general out-patient clinics, is currently looking after 15% of the curative aspect of primary health care for the community, the Administration went into hibernation. Let me remind the Administration that taking 15% of the market share in primary health care has never been a governmental policy. Furthermore, it has been stated in the Government's mission that nobody should be devoid of care because of lack of means. In short, it is the Government's prerogative to provide the necessary services irrespective of private practice support unless the health care policy is changed otherwise.

- (3) There is practically no development in dental health services. In

1991, the then Medical Development Advisory Committee through its Dental Sub-committee proposed that the policy on dental care should be widespread education. The Government strikes gold. It looks at it as a mandate not to extend dental services to the needy public. Ironically, education without the affordable dental care support is ineffective. What is the point of telling the public that if you look after your teeth properly you would be able to keep at least 20 teeth when you reach the age of 80, when no services are available to look after their teeth when needed. Public dental services are now limited to the emergency ones and for realizing a contractual obligation to civil servants. Ironically, that dental policy established some six years ago on extensive education has never been revisited.

Yes, in 1993-94, the Government started the provision of dental services to special groups — the physically and mentally handicapped, people with oral disfigurement, and people with specific medical diseases. But how far has this service been implemented? How far can this type of service be extended when there is actually no scientific data on how many people fall into these categories; and also when the Administration categorically exclude even the needy and the home-bound elderly from such service?

Mr President, for the last eight years, I have been consistently reflecting the above problems at eight budget debates to ad nausea. What about this year's Budget? Regrettably, in spite of the Financial Secretary's assurance that the Budget this year took into consideration of Members' suggestions, I have to repeat similar criticisms and the same plea and hopes for the future.

Primary Health Care

To wit, whilst it has been accepted that health prevention and promotion is the basis for the building of a healthy population and would minimize expensive hospital needs, this year, only 10% of the total health care budget is allocated to the Department of Health. Worse still, only 2.5% of that 10% is used for health promotion. Little wonder that groups of chronically ill patients (for example, diabetics) have been approaching Members of this Council to complain about the inadequacy of services in the general out-patient clinics to help them stay away from the diseases or complications of diseases which were highlighted by the

Honourable LAU Chin-shek yesterday.

Dental Services

As regards dental services, the Budget this year is at best a decorative one. The Administration still hangs onto its reluctance in providing the needed dental services for the needy and the elderly. Yes, some 4 500 in total from the groups of physically and mentally handicapped people and also people with oral disfigurement, and people with specific medical conditions would be benefited from the service provision according to this year's Budget, but that is about all.

Health Care for the Elderly

Mr President, much has been said by Honourable colleagues about the lack of support for the elderly. I would also like to throw in the towel, but from the aspect of availability of health care for our senior citizens. Yes, there will be a provision for an increase of 5.7% in attendance at geriatric day centre; there will be one additional community geriatric assessment team; and there will be subvention for the operation of five elderly nursing homes. Yet, this is far from being adequate for our 700 000 elderly population. Such dog-chasing-the-tail approach together with the lacking of proper co-ordination amongst various welfare and health care services for the aged can hardly help to alleviate the problem. If there is no effective increase in Comprehensive Social Security Allowance, the least this Government could do is to provide our elderly with adequate health care!

Health Needs of New Migrants

One area that has somehow been ignored in this year's Budget is the need for special budget provision for health care of new migrants. Are we prepared for the increase in population — both the consistent 150 a day one-way permit holders from China and the still very much unknown number of children born of Hong Kong parentage who will have the right of abode after the change of sovereignty? Is there any difference between the health indices of migrants especially those of school age, and their counterparts in Hong Kong?

Regrettably, whilst there is no provision for these in this year's Budget, the relevant government departments are even unwilling to study the problem to plan on future services.

The recent spate of cases of tuberculosis, though much over-reacted by the public and not necessarily associated with new migrants, hopefully would wake the Administration up from its doldrums and face the matter before the problem of health of new migrants and their needs becomes too high and too late!

Hospital Authority

Mr President, comments on the Budget of health care would be incomplete if I do not say a few words on allocation to the Hospital Authority, and here I would like to declare my interest as one of its members.

Mr President, few would not appreciate that the Budget for medical and health services have soared in the last few years. In fact, there is an actual increase of 49% in real growth within the last five years. Yet, let us not be misled, for a considerable amount of this 49% increase in the health care budget is to bring the fringe benefit of ex-subsidised hospital staff on par with the rest, and for providing medical and dental services for civil servants. Furthermore, the booming economy of previous years has added to the health care budget to benefit.

A further analysis will show that the major part of the expenditure increase is catering for establishing more hospitals and clinics, more hospital beds and new services. In short, very little extra budget is given to improve existing services, and the apparent improvement in existing services in the Hospital Authority has been the result of better management and more cost-efficient use of available money.

Yet, there is just that much that proper management can do, and with the unexpected gigantic increase in demand in service, it will not be long before the Hospital Authority will have difficulty in making ends meet, if that has not occurred already. To wit, the total admission in 1991 compared to what is today has an increase of some 13% in our hospitals, and the total attendance at our accident and emergency departments today compared with that of 1991 has increased by some 49%. The total admission to all the hospitals under the

Hospital Authority in 1991-92 was more than 4 773 000 patient-days, while the accident and emergency departments had more than 1 327 000 attendances. The corresponding figures in 1995-96 were over 5 384 000 and 1 976 000 — representing 13% and 49% increases respectively compared to those of 1991-92.

It may be said that the Budget for the Hospital Authority this year is \$22 billion, some 6.4% increase. But in this area, I will definitely support my friend, the Honourable Michael HO, that this is really pulling wool over the public's eyes for much of this money, some \$538 million, is actually for the Electrical and Mechanical Services Department Trading Fund. That did not appear in the previous Hospital Authority budget. If we take away this particular sum, it will mean an increase of only a mere 3.7%. How could this cater for improvement to existing services in the presence of increasing in demand when the hospitals are actually already running on an over-stretched budget?

Mr President, let me make it clear that I am not opening my mouth, stretching my hands and asking for more. Yet, unless and until Government is willing to come out with a proper funding and charging policy, it will take more than a miracle to cope satisfactorily with unlimited demand with a finite budget.

Tobacco Tax

Finally, Mr President, I am most disappointed that the Financial Secretary has not moved much tax change to curb the harmful effect of tobacco. The least I thought he could do is to increase tobacco tax way above the inflation rate to deter young non-smokers and you also, Mr President, to be lured into this unsociable habit.

Mr President, we are all saddened by what happened in Mei Foo Sun Chuen on Tuesday and if there is any truth in the initial investigation that it started with a cigarette butt, then "smoking is not only hazardous to health; it kills also" — by more ways than one!

Finally, Mr President, as the last Member to speak, I thought I would make some very general comments. I started this speech by saying that yesterday and today's debate is a unique one. I also said that it is a historic debate because it means the last Budget debate of Hong Kong under British rule. It is also

historic that it is the first debate on public finance for the SAR Government. Mr President, some of the words and speeches Members made may be harsh. Yet, we should look at the debate of the last two days as parting gifts of Members of this Legislative Council. It must be their vision to keep Hong Kong continuous economically vibrant, financially sound, and yet providing the best for the population we serve. On this aim, Members of this Council, this Government or the next and the Administration now and in the future must and should have no difference. Thank you, Mr President.

DR LEONG CHE-HUNG (in Cantonese): Mr President, I move that the debate on the Second Reading of the Appropriation Bill 1997 be adjourned to the sitting to be held on 16 April 1997.

Question on the motion proposed, put and agreed to.

MEMBERS' MOTION

INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR WONG WAI-YIN to move the following motion:

"That the Road Traffic (Public Service Vehicles) (Amendment) (No. 3) Regulation 1997, published as Legal Notice No. 69 of 1997 and laid on the table of the Legislative Council on 5 March 1997, be repealed."

MR WONG WAI-YIN (in Cantonese): Mr President, I move the motion today on behalf of the Democratic Party on purpose to negative the 6.3% and 7.4% fare increases of the urban and New Territories taxis which will come into effect on 13 April this year.

For most modes of transport, a fare increase will definitely be beneficial to the operators. However, taxi is an exception because in the industry, some are taxi owners, some are owner-drivers, whereas the majority are rentee-drivers. After taxi fare is increased, taxi rent will rise but the number of passengers will drop. As a result, the actual income of the rentee-drivers may not increase.

When the Democratic Party assessed whether it should support the rise in taxi fare, the most important factors taken into account were to what extent the passengers would accept the rise and whether the rentee-drivers which comprise the majority would benefit from the rise.

At the meeting of the Panel on Transport held on 24 January this year, 11 taxi organizations, most of which are taxi owners' organizations, were invited to give their opinions. While the owners all supported an increment in taxi charge, organizations representing rentee-drivers opposed strongly. This divergence of views between the owners and the renters is mainly caused by the difference in their sources of income. To a rentee-driver, his income depends mainly on ridership and the amount of taxi fare. In other words, in times of depression, a rise in taxi fare does not necessarily mean the driver would earn more. However, a taxi owner's income comes mainly from the car rent which is less influenced by economic situations. As long as the Government approved the rise, they can increase the car rent and make more money. From this we can see that, to taxi owners, a rise in taxi fare means the advantages outweigh the disadvantages.

The Honourable TSANG Kin-shing and I have met many times with the representatives from the Urban Taxi Drivers Association Joint Committee. They advise that since the rise in taxi fare last February, business has in fact been waning and it seems that the volume of business can never be restored to the level before the rise, but, at the same time, their expenditure has always been on the increase. This is because, on the one hand, the price of diesel has been rising continuously, and on the other hand, the car rent increases due to the fare rise and the soaring of taxi licence premium in 1996. As a result, they are afraid that if there is another rise in taxi fare, ridership will fall further and their income will decrease once again.

At the meeting of the Panel on Transport last time, driver representatives clearly expressed their views to the Honourable colleagues of this Council. They all agreed that although the continuous rise in diesel price is a heavy burden to them, an increase in taxi fare will not make up for the loss in this aspect. The most fatal impact on drivers is actually the loss of passengers. Therefore, in order to attract more passengers and to increase their income, the drivers would rather the taxi fare not being raised. They said that it would be acceptable if the taxi owners raise the rent reasonably, but they do not want to see that after the

taxi fare has increased, the owners take it as an excuse to raise the rent substantially.

The Democratic Party knows very well what the rentee-drivers think. In fact, Hong Kong is in the midst of an economic downturn and the willingness of people taking taxi has consequently lowered. Moreover, different modes of transport are trying very hard to enhance their own competitiveness: the Mass Transit Railway and the Kowloon-Canton Railway provide the busy areas in the city and the New Territories with swift and frequent services, whereas buses, public light buses and maxicabs serve the areas without railway networks. At present, even after midnight, overnight buses and maxicabs are still available. The growing competition faced by taxi is therefore blatant. To the majority of the public, the expensive taxi may have become the last resort in case of emergency or when there are no other choices. If taxi fare keeps on rising, the people's willingness to take taxi will only be lowered further and thus abating even more its volume of business. This will do no good at all to the whole taxi industry.

Furthermore, the licence premium of urban taxi is skyrocketing at the moment. If the taxi fare rises, the taxi companies have more reasons to raise the rent immediately and the premium will be pushed up further to make money. The Democratic Party believes that the taxi, as one of the modes of transport in Hong Kong, should not become an object of speculation. Because if it is so, the professional drivers who really want to join the taxi trade may never be able to own a taxi licence even if they work their entire life for it. Not only will this undermine the morale of the taxi drivers and their willingness to work, resulting in lower standard and quality of taxi service in the long run.

Furthermore, for the people who live in more remote places, or in areas without or with only limited public transport, and for the elderly and patients who have difficulty in travelling, taxi is actually their major mode of transport. Therefore, when the fare increase is considered, the burden brought about to these people's daily life should also be taken into account.

In order to understand clearly the reactions in the taxi industry concerning this rise in fare, at the end of February this year, the Democratic Party conducted a questionnaire survey on the taxi drivers at some of the taxi stands in the urban areas. We have successfully interviewed 442 drivers in this survey and the

result shows that 80% of them, that is, 357 drivers, are renters while only 20%, that is, 85 drivers, are owners. The result also shows clearly that owner-drivers and rentee-drivers have distinctly different attitudes towards the rise in taxi fare. Almost 70% of the owner-drivers favour the rise and only less than 20% oppose it. On the contrary, more than 50% rentee-drivers oppose the rise, only a bit more than 20% favour it. Viewing from the overall result, the drivers in opposition are still the majority. 202 of them, which take up 45.7% of all the interviewees; whereas only 154 drivers, 34.8% of the total, favour a rise in taxi fare. There are also 86 drivers, or 19.5%, who have no opinion.

Mr President, now let us look at the acceptability of the passengers. In recent years, the number of taxi passengers has been declining and the taxi industry faces a more difficult situation. Why does the number of taxi passengers keep falling? Other than the objective factor of more competitors, the main reason is that the taxi fare gets higher every year but the service has not improved. Taking last year as an example, complaints from the public against the services of public transport amounted to more than 16 000 cases, among which 40%, 5 000 odd cases, were against taxi. From this we can see that the dissatisfaction with taxi service is becoming more serious. Amid such dissatisfaction with taxi service, if the taxi fare continues to rise, the people's willingness to take taxi will only drop further.

Mr President, I hope that Honourable colleagues will respect the will of most taxi drivers, I emphasize, the will of the rentee-drivers, and sympathize their worries by supporting the motion I move and negating the rise in taxi fare.

With these remarks, I beg to move.

Question on the motion proposed.

Someone shouted "Liar!" in the Public Gallery.

PRESIDENT (in Cantonese): Order please!

MRS MIRIAM LAU (in Cantonese): Mr President, many rentee-drivers asked

me why the Democratic Party wants to freeze the taxi fare increase. Why does the Democratic Party want to make life difficult for them? These drivers do not understand. Neither do I.

With regard to this year's taxi fare rise, I understand that there are some voices of opposition within the trade. But do these voices represent the views of the majority of operators, including car owners and drivers? As the representative of the transport constituency, I have the responsibility to look after the overall interest of the trade. I feel that one should not support or oppose the fare rise on the mere basis of one survey or the views of one or two groups.

A few days ago, I held a public consultative session. All the 54 taxi associations in Hong Kong were invited to attend, including those of taxi drivers, taxi drivers/owners associations and taxi owners. I also invited different political parties, including Members and representatives of the Democratic Party, to attend the meeting, in the hope that they could hear the truth from the taxi owners and rentee-drivers whom the Honourable WONG Wai-yin kept mentioning. Unfortunately, only one Member of this Council, who is not from the Democratic Party, did show up. The results of that consultation were that, out of the 54 associations, the 38 which had representatives at the meeting were unanimously in favour of the fare rise. Among them five were rentee-drivers associations. Of the remaining 16 associations which did not attend, 10 had made written submissions to me beforehand, unanimously approving the fare rise. Among them was one trade union with a membership of 8 500 rentee-drivers. In other words, 48 out of the 54 associations are in favour of the fare rise. These 48 groups represent almost 40 000 members of the taxi trade, including rentee-drivers, owner-drivers, as well as owners, who are estimated to represent over 90% of all the operators.

These associations have existed for many years and represent the interests of their members, most of whom are professional drivers. Therefore, the views of these groups are widely representative.

Moreover, I have received the findings of questionnaires distributed on the streets to taxi operators by three different taxi associations at different periods. In a survey conducted at the end of 1996, 90% of the 1 100 returned questionnaires approved a fare rise. In another survey carried out in January

this year, 601 people were interviewed. Among them were 341 rentee-drivers, two-third of whom were in favour of a fare rise. As for the remaining 260 who were owner-drivers, over 70% of them approved a fare rise. Another survey was carried out in February in the New Territories and the urban areas. Of the 534 returned questionnaires, 92% were in favour of a fare rise. Another taxi association collected 3 000 signatures of taxi drivers who supported a fare rise. The above survey findings and signatures have been submitted to the Transport Department and the Transport Advisory Committee (TAC).

Of course, I have also heard some views which oppose the fare rise. I received written submissions from two drivers and owners associations which opposed the fare rise. Another drivers association, the Urban Taxi Drivers Association Joint Committee which Mr WONG Wai-yin mentioned, also expressed opposition against the fare rise. However, this association did not attend my consultative session. Although I had repeatedly invited them to come to the meeting, they neither sent delegates to attend nor submitted written objections to me.

In short, judging from the views of the taxi associations I directly contacted and the various surveys conducted by taxi associations, it appears that the majority of operators, including rentee-drivers, owner-drivers as well as owners are in favour of the fare rise, while only a minority are against it.

The survey conducted by the Democratic Party, that is, the street survey covering 442 people, came to conclusions which are exactly opposite to mine. However, my conclusions are based on the overall views of the trade. When Mr WONG Wai-yin still insists that "many" drivers oppose the fare rise, he is obviously ignoring the facts. It is too irresponsible, rash and subjective of the Democratic Party to conclude that "many" drivers oppose the fare rise on the basis of one street interview of 442 people or the views of one or two taxi associations.

Before Mr WONG Wai-yin proposed today's motion, the scrutiny period of the relevant regulation had already been extended for 14 days. The Democratic Party should have had ample time to collect the general views of drivers. Unfortunately, the Democratic Party failed to do so and still insists that "many" drivers oppose the fare rise.

On the one hand, the Democratic Party claims that it has the drivers' interests at heart. On the other hand, it says one must consider how acceptable it is to the public. The fare rise of urban taxis this time is lower than the inflation rate, while the fare rise of the New Territories taxis is broadly in line with the inflation rate. The rates of increase of both are lower than those of last year and are very moderate indeed. Moreover, 15 months has elapsed since the last fare rise. Therefore I am sure that the public can easily get used to this taxi fare rise. As for the interests of taxi drivers, they have to support their families too. If you freeze the fare increase, it would mean freezing their income. Since drivers derive their income solely from the taxi fares, if the fare is not increased, it would mean that their income would stay the same. Assuming that each driver has a four-person family, by pressing the button with a light touch, the Democratic Party will deal a severe blow to the livelihood of over 100 000 people. Moreover, most taxi drivers are common folks of the grassroots. If the Democratic Party claims that they are concerned about people's livelihood, why are the majority of drivers excepted? What is more, many owners in the taxi trade are owner-drivers (when Mr WONG Wai-yin mentioned the taxi owners just now, he made it sound as if they were very rich), who work one shift themselves and rent their taxis to another person for another shift. They work very hard to support their family and to pay the instalments for their taxis. With the operating costs rising all the time, they already have a hard time. Could we abandon them to their fate?

I understand why some drivers oppose the fare rise. Business being slow, they are afraid that the fare increase will result in a decline in business. If there were no fare increase, they could still make a slim profit by doing more business. However, the fare rise this year is very moderate. I have not heard much opposition from the public. I am sure that this year's fare rise is acceptable to the public. Taxi drivers are also afraid that taxi owners will increase the rental so that the extra money from the fare rise will end up in the owners' pockets instead.

With the experience of many years dealing with the trade, I know that rentee-drivers and owners associations have always been able to arrive at a consensus regarding fare rise. This shows that drivers and owners have always been on good terms and that they show consideration for one other. After each fare rise, owners will wait for some time until the passengers have got used to it before raising the rental, so that drivers can share the extra earnings from the fare rise. Actually, there are no requirements that taxi owners can only raise the car

rental after a few months. However, due to their mutual understanding, they do this without being told. If this fare rise is stopped, would the taxi owners refrain from raising the rental? As I said, most owners in the taxi trade are owner-drivers. Even if this fare rise is rejected, with the rising costs of maintenance, fuel, insurance, parking and so on, they might still be forced to increase the rental. This would no doubt arouse the resentment of drivers. The good relationship and mutual understanding between drivers and owners would be destroyed. Does the Democratic Party really want drivers and owners to be on opposite sides and cause a rift within the trade?

The Democratic Party thinks that the fare rise has a bearing on taxi licence premium, since the taxi rental will increase after the fare rise, and this would in turn lead to higher licence premiums.

Let me analyse if this is true. As far as I know, in applying for a fare rise, taxi associations only take into account the operating costs, while taxi licence premium, interest on instalment payment and depreciation are excluded from consideration. If licence premium were taken into account, since urban taxi licence premium has risen by over 40% since last year, the fare rise should be 40% instead of 6.3%, which is even lower than the inflation rate. As for the relationship between taxi rental and licence premium, during the 14 months between the end of 1995 and February this year, taxi rental only rose by about 9%, lagging far behind the rise in licence premium. If the taxi rental is used to pay the instalments for car purchase, taxi owners must pay the difference out of their own pocket.

The Democratic Party acts as if it were thinking of drivers' interests all the time but are in fact trying everything to make things difficult for them. They also criticize that the service of taxi drivers is poor. Thus one of the reasons why they oppose to the taxi fare rise is that there are many complaints from the public about taxi service. Therefore, there should be no fare rise. In February, I read the newspapers very carefully and found that Mr WONG Wai-yin also mentioned this. Does Mr WONG Wai-yin mean that taxi drivers do not deserve it? Does he mean that since their service is poor, there should not be a fare rise even though there is a real need for it? There are more than 18 000 taxis in Hong Kong, with over 40 000 operators. They provide service 24 hours a day, carrying 1.3 million passengers. In such a large trade, black sheep are

inevitable. However, the majority of drivers are law-abiding and hard-working. There is no reason to punish them along with the others.

Actually, the taxi trade would like to improve their service too. They are willing to do everything in their power. For instance, they are prepared to install taxi fare receipt issuing machines. As far as I know, the Democratic Party also welcomes this measure to improve taxi service, and I have not heard that they are against including the receipt issuing machine in the operating costs. After taxi drivers have promised to install receipt issuing machines and improve their service, and with rising operating costs, why is a fare rise still out of the question?

Freezing the fare increase is not the only way to help drivers. Mr WONG mentioned just now that the greatest headache of rentee-drivers is the ever rising fuel prices. Last year, fuel prices rose by 18%. Thus the freeze on fare increase is not a good solution. Instead, there are other direct and effective means to help them. For instance, last year I proposed an amendment to the Dutiable Commodities Ordinance to freeze the diesel duty, in order to relieve the burden of drivers, since the greatest expenditure of drivers apart from car rental is the consumption of diesel. Since the fare rise in February last year, diesel prices have increased several times. This year, the fuel duty has been increased by 6%. After the introduction of low-sulphur content diesel into Hong Kong, the accumulated rate of increase in fuel prices was as high as 18%. If the Democratic Party were sincere in helping rentee-drivers, why had they opposed my amendment in the first place? Of course, there is no point in dwelling on the past. Later this year, I will again propose a freeze on fuel duty. If the Democratic Party really wants to help the drivers, it is still not too late. I hope that Mr WONG and colleagues of the Democratic Party will support my motion then. Only in this way can we offer the drivers any substantial help.

However, this is something for the future. Tonight, this Council will vote on a matter which concerns the drivers' interests. If Mr WONG really believes in the survey findings and listens to the views of the majority in the trade, especially the views of rentee-drivers, he should withdraw his motion and support the taxi fare rise instead.

Mr President, with these remarks, I strongly oppose Mr WONG Wai-yin's

motion.

MR CHEUNG HON-CHUNG (in Cantonese): Mr President, after the Executive Council has endorsed the fare increase for taxi in urban area and the New Territories by 6.3% and 7.4% respectively, the Democratic Alliance for the Betterment of Hong Kong (DAB) has interviewed and consulted several taxi organizations. After detailed analysis, the DAB will not oppose taxi fare increase because we feel that taxi drivers, like other employees in the territory, should enjoy pay increase which should at least be in line with inflation rate. On the other hand, the fare increase, which is broadly in line with inflation rate, is acceptable by people. We believe that this will certainly be beneficial to people engaged in the trade. We also understand that taxi drivers are worried that fare increase may lead to increase in rental and decrease in business turnover. But we think that taxi license premium should not be linked with taxi fare. Despite the escalating license premium in recent days, taxi fare remains quite stable during the same period. Let us look at the taxi rental and the license premium. The present rental for one shift is about \$300 while the license premium for a taxi is around \$2.5 million to \$3 million. Compared rental with license premium, they are out of proportion. We therefore should not link them up and place them on a par. Usually the operating costs of a taxi includes the price of the vehicle, insurance premium, repairs, maintenance and administrative costs. License premium is not included when the operating costs are calculated. So, we have never taken the license premium into consideration when we support or oppose taxi fare increase.

Mr President, at present two categories of people are engaged in the taxi trade: the first category is owner-driver and the other category is rentee-driver. Even though fare increase will lead to rental increase, it will at least directly benefit the owner-drivers who need not pay rental. Having considered that the oil price, insurance premium and repairs and maintenance cost which have all increased over the past year, the DAB is of the opinion that freezing the taxi fare increase will only lead to diminution in the drivers' income. Of course, from the perspective of the general public, they do not want to see increase in fares and fees. But the reality is that fees and fares will increase in line with economic growth. To freeze taxi fare alone will be unfair to the taxi drivers. We cannot ask the taxi drivers to be the pioneers of curbing inflation. It should be the

Government which takes the lead in curbing inflation rather than any particular business. It will be reasonable to freeze the fare increase of some particular trade if all trades in the whole community can exercise self-restraint in fare increase.

Mr President, according to surveys, the taxi drivers' monthly salary ranges from \$8,000 to \$14,000, indicating that they belong to the low-income group. The DAB hopes that fare increase will lead to improvement of their living standard.

Mr President, the DAB opposes the Democratic Party's motion of freezing the taxi fare increase.

I so submit.

DR LAW CHEUNG-KWOK (in Cantonese): Mr President, the taxi fare increase rate proposed by the Government is slightly lower than the inflation rate. The rate is rather restrained if compared with the estimated increase in the operating cost of taxi trade and price increase of diesel oil which are 10% and 18% respectively. Further, most operators in taxi trade are members of the "working class". Their income should be properly adjusted under the pressure of inflation. So the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I are in support of the taxi fare increase. We want to do our bit in helping them support their families, bring up their children and improve their livelihood.

The Honourable WONG Wai-yin thinks that increase in taxi fare will be against the interests of most taxi drivers. I really doubt his observation and judgement. The fact that this moderate increase rate has aroused controversies is due to political factors. Recently there are a lot of reports saying that taxi licences are controlled and speculated on by some people with powerful background but the Government turns a blind eye to it. That is the reason why people and Legislative Councillors are strongly discontented with the Government's taxi policy.

In recent two or three years, the Government has not issued a single taxi licence while the population has grown by 400 000. Any person in the trade

who has the slightest business sense will see that there is a market right for speculation. A few years ago, the Government conducted an overall review on its taxi policy and considered a number of policies aiming at curbing speculation which included irregular issue of licences at irregular interval and direct renting out of licences and so on. Unfortunately, these carefully designed measures, though available, have not been implemented and, as a result, the arrogance of the speculators is greatly enhanced.

Speculation activities in the property market has led to rocketing property prices. The Government can put the blame on many factors, such as the Sino-British Land Commission's control of land supply, the private property developers' control of sale of flats and international interest rates movement which is not within the Government's control. But regarding the speculation of taxi licences, the Government has not come up with any solution even though it could fully control the situation. This makes everyone in Hong Kong engage in speculative activities and add fuel to the situation. The ADPL thinks that the Government should assume most of the responsibility.

The ADPL and I urge the Government to formulate effective licence issuing policy and licence renting policy in order to curb unreasonable speculative activities and put the trade on the right track again so as to improve the living standard of operators in the trade.

With these remarks, I oppose Mr WONG Wai-yin's motion. Thank you, Mr President.

MR LEUNG YIU-CHUNG (in Cantonese): Mr President, the proposed increase in taxi fare has caused much controversy. In fact, Members of this Council have done their best to perform their duties by gathering views. Both the Honourable Mrs Miriam LAU and the Honourable WONG Wai-yin have carried out a lot of surveys and consulted many parties. All these efforts, after all, reflect that the proposed fare increase has brought many problems. The most important one is that this proposed fare increase will have a great impact on some drivers, especially rentee-drivers. Of course, many people have expressed their views for or against this issue.

However, I wonder if discussing the issue of taxi fare increase year after year can actually help solve the problems at all. Many Members have just stated that the level of taxi licence premiums does not affect the income of taxi operators while other factors such as fuel duty have far greater impact. Yet, I find that these are two separate issues that cannot be examined solely on their own and all aspects should be taken into consideration. For example, as pointed out by some Members earlier, some so-called "one-taxi owner-drivers" lead a hard life, for besides working on their own shift, they have to lease their taxis to other drivers. Why do they have to do so? It is not simply because they have to pay the increased fuel expenses and other maintenance costs. They have to pay for a substantial expense, namely the instalments of their taxi mortgages, too. If the level of their instalments is not so high, they will not have such a bad time. Therefore, the crux of the problem, in my opinion, is the licence premium. Without the sky-rocketing taxi licence premium, one-taxi owner-drivers will not be affected so much.

I feel that we are placed in a difficult position and compelled to make a decision on the issue. In my view, the most important point is that the Government did nothing at all to curb speculation on taxi licence premium and its failure in this respect has resulted in the present situation. Therefore, when we discuss this issue today, we should not be divided among ourselves. Instead, we should hold the Government accountable. Since the Government's last review on the taxi trade in 1994, no further review has been conducted so far. Now the taxi licence premium has soared. I do not know what the Government will say. I remember last time when the Government was asked about the rocketing licence premium, the response was that it was not a problem and the situation was just normal. Is it really normal? If what was said were true, we would not have had to keep mentioning speculation on the licence premium all the time. In fact, the licence premium constitutes a very important factor which can have significant implications. As stated by Mrs Miriam LAU earlier, one-taxi owner-drivers have to make ends meet by digging money out of their own pockets. In fact, the crux of the matter is that if the level of licence premium is not so high, taxi owners do not need to dig so much money out of their pockets.

Secondly, I agree with Mrs Miriam LAU that apart from the licence premium, fuel duty is another problem. When we debated on the Budget just now, I criticized the Financial Secretary for not reducing the tax in this respect. Fuel duty affects significantly the general public, especially professional drivers.

If Mrs Miriam LAU moves a motion, I will definitely support her. Unfortunately, the Government has done nothing to address the issue. Worse still, it shifts the responsibility to the general public. Consequently, we keep arguing over the matter and are divided among ourselves.

I welcome discussion on the issue of taxi fare increase today for it is a good way to press the Government to review once again its overall policy on taxis and to examine the means to curb speculation on licences. Just imagine that while the taxi is a mode of public transport, are we going to let this trade operate in this private manner? I do not think we should. The Government should come up with some strategies to impose stringent control on the issue of taxi licences. With effective implementation of these strategies, the situation will improve. In this way, we will be saved from the need to discuss the issue of whether fares should be increased every year.

In fact, fare increase is a vicious cycle. I do not disagree with Mrs Miriam LAU's view that if fares are not increased, some people will suffer. However, we cannot ignore the fact that to some drivers, fare increase will not necessarily benefit them. These two facts co-exist and we cannot ignore any one of them. We may query whether the survey conducted by Mr WONG Wai-yin is scientific and the result yielded accurate. Even if the result were only 50% accurate, it still reflected the fact that some taxi drivers might not necessarily benefit from the fare increase. Moreover, I do not object to Mrs Miriam LAU's hard work in consulting so many organizations. Nor do I suggest that all of her views are far from the truth. The problem is that the two facts do co-exist. I have also asked many taxi drivers whether they support the fare increase or not. They all said taxi fares should not be increased as it would not be of any benefit to them. Despite the so-called cooling-off period to put off the increase in taxi rental for some months, it will definitely be increased afterwards. There is no question about it, so what benefit will fare increase bring to taxi rentee-drivers? Of course, I cannot say that there is certainly no benefit, but there may not be any benefit at all. Many taxi drivers told us that the benefits arising from fare increase would ultimately go to taxi owners. How can we act in response and solve the problem?

Therefore, when we discuss this issue, we have to reckon that the one to blame should actually be the Government. Why has it not done anything to curb

the intense speculative activities on taxi licences? If nothing is done, the speculation on licences will in the long run intensify and the situation may be like that of the speculation on residential properties. For sure, we are unwilling to see a means of public transport come to that state. I hope that through the President, we can press the Government to conduct an overhaul of the policy on taxis.

These are my remarks.

MR TSANG KIN-SHING (in Cantonese): Mr President, after the Executive Council endorsing the taxi fare increase, many in the trade have reflected their opinions to the Transport Panel of this Council. With such diversions of views, the Democrats decided to go directly to the taxi drivers and ask for their opinion through a questionnaire survey.

I recall that after our questionnaire was prepared but before the survey was conducted, a representative from a taxi association contacted me. I remember that it was right before my Korean trip. He reached me through my mobile telephone at midnight, and asked me out for a talk at 1.00 am in a Wan Chai restaurant. I agreed, and we did talk from 1.00 am to 2.00 am. He tried to dissuade me from carrying out the survey, on the ground that they had already done one, with 1 000 questionnaires all in favour of the increase. Actually I did bring along our questionnaire that night for him to look at, and told him about the content. If all 1 000 questionnaires in his survey were all in favour of the fare increase, there should be no reason for him to oppose mine, as the targets of my survey were also the people in the trade. Should I poll the people in the streets, they would certainly disapprove of the fare increase; but I just wanted to ask the taxi drivers their opinions. The odd thing was that our decision to conduct a survey was then known only to the Transport Department. I want to ask the Transport Department and the Transport Branch how the people in the trade knew about our survey and why our information leaked out so quickly. However, this is not an issue now.

We really did go out to the streets, to taxi stands, to the Star Ferry, to the airport and to Kowloon City for our survey. Those taxi associations first told us that if there were so many items in the questionnaire, we could never get it done. All we should ask was whether the respondent was in favour of the fare increase.

I said no. I wanted a detailed analysis and so we asked five questions. In fact, we asked drivers their opinion not only during the survey. We asked them whenever we took a taxi ride. What actually led to our survey was that whenever I took a taxi, the drivers were all adamant in their opposition to the fare increase. Hence, that night when I was called out at 1.00 am for a talk, my position was clear that the survey would be conducted. As the drivers' association told me that they had handed 1 000 questionnaires, all of which were in favour to the fare increase, to the Transport Department, my reply was that if all drivers were in favour of it, my survey, when conducted, would of course reconfirm the same view of the drivers. Hence, there was nothing for him to worry about as only when I polled the people on the street then it was unfair to them. In fact, there was no way he could stop me, and I would go ahead with the survey.

Mrs Miriam LAU has my admiration. She is the representative of the trade and she has consulted the opinions of all the associations. Associations of course have representation, but so are the taxi drivers out there on the streets. You can say that my number is too small, just a few hundred, and represents just a minority few. However, we got it questionnaire by questionnaire on the streets. We had no resources for seminars, but we could go out to the streets to conduct our survey. I do think that our objection to the fare increase has taken the taxi drivers' interest into account. I have a clear conscience. I did not need analysis as I went out to the street to conduct our survey. I do believe that I have not let down the taxi drivers on the street.

This time, Members have many reasons to support the fare increase, such as the fact that fuel duty has been raised. However, taxi owners cannot increase the rental simply because the rise of fuel duty, but they can do so if the fare is increased. I know many Members here today are in opposition to the Democratic Party's proposal. But the Democratic Party did go out to the street to consult the taxi drivers. Mrs LAU has my admiration. She is the representative of their constituency. However, she is desk-bound and I am outdoor-bound. In fact we have our own representation. Though we have totally different results from our individual surveys, I have to stand by those taxi drivers who responded to my questionnaire. They gave me their name, telephone number, and license number for our future long-term follow up. Though I am not the representative of the trade, I did my share of work. I am

sure I can hold my head in front of all the taxi drivers in Hong Kong.

I fully support the Democratic Party's proposal, as the party has truly conducted a survey.

Thank you, Mr President.

MR CHAN WING-CHAN (in Cantonese): Mr President, any application for a price increase, if approved, would add to the financial burden of the public. This is a general truth. With the slowdown of Hong Kong's economy, one can imagine how difficult it is for taxi drivers to operate. Each time a taxi fare rise is approved, business will slacken in the beginning. Generally speaking, it will only return to normal after one or two weeks or after a while. However, with the operating costs of taxis rising all the time, the burden of taxi drivers will be even greater and operation will be even more difficult if taxi fare is not adjusted.

Just now, the Honourable LEUNG Yiu-chung queried whether taxi drivers would gain anything substantial by the application for a fare rise. During a consultative meeting of the Panel on Transport of the Legislative Council early this year on "taxi fare rise", which was attended by 11 taxi associations, several representatives of taxi associations already gave a clear answer to Members' questions: "if the fare rise is approved, it will of course benefit drivers. It stands to reason." I agree that during the initial stage of a taxi fare rise, the volume of business will be affected to a certain extent. However, the fare for urban and New Territories taxis will only be increased by 6.3% and 7.4% respectively this time, which is below the inflation rate. I believe the impact of the fare rise will be very small. At the same time, I am sure the public will understand and accept this increase.

According to the Transport Department's survey and the Financial Services Branch's inflation rate forecasts, between February last year and May this year, the operating cost of urban and New Territories taxis is expected to increase by 10.2% and 10% respectively. For instance, since February last year, oil companies have increased diesel prices several times. They have been increased at a rate of 18.1%, from \$6.12 to \$7.23 per litre. The income of taxi drivers has been greatly affected due to the increase of operating costs.

The livelihood of taxi drivers has always been the concern of the Hong Kong Federation of Trade Unions (FTU). With regard to the question of taxi fare increase, I have consulted the relevant taxi drivers trade unions, especially the Taxi Drivers Branch of the Motor Transport Workers General Union, which has a membership of over 8 000 drivers, most of whom are rentee-drivers, as well as the relevant taxi associations. All of them earnestly hope that the taxi fare rise can be implemented as soon as possible.

This afternoon, there are petitioners outside the Legislative Council Building from several taxi and drivers associations. This shows that their stand is quite clear: They demand the prompt approval of the fare rise.

Mr President, the Taxi Drivers Branch of the Motor Transport Workers General Union has told me that since the beginning of last year, fuel prices have risen steadily; the price for each litre has increased by more than \$1. This \$1 increase in fuel price means that taxi drivers are earning some \$20 less per shift. It has added to their burden and reduced their income.

The actual normal income of taxi drivers is the remaining amount after deducting the car rental and fuel price. If they are owners themselves, their expenses will of course include maintenance, insurance and upkeep. Just now, the Honourable WONG Wai-yin gave us some information to show that rentee-drivers are against the fare rise. However, I did not hear any convincing arguments.

Mr President, with fuel prices rising all the time, if taxi drivers are not allowed to adjust the fare to partially compensate for their increased expenses due to rising fuel prices, how can the operational difficulties and pressure of taxi drivers be eased, and where should taxi drivers go to air their grievances?

Furthermore, with the diesel price and maintenance costs ever on the rise, the Hong Kong Taxi Drivers' General Union points out that taxi drivers would be subsidizing the taxi trips of passengers if the taxi fare rise were not approved.

Mr President, under these circumstances, are we asking the over 100 000 taxi operators and their families to starve? If this fare rise application by taxi

associations is put on the shelf, their normal operation and livelihood would be seriously affected.

Mr President, I find the motion proposed by Mr WONG Wai-yin to freeze the taxi fare increase extremely unreasonable, and the FTU supports the application for the taxi fare increase. For the sake of the livelihood of the large number of taxi drivers, the FTU and the Democratic Alliance for the Betterment of Hong Kong oppose Mr WONG Wai-yin's motion.

Mr President, I so submit.

SECRETARY FOR TRANSPORT (in Cantonese): Mr President, the resolution tabled by the Honourable WONG Wai-yin aims to repeal the Road Traffic (Public Service Vehicles) (Amendment) (No. 3) Regulation 1997. This Regulation was enacted by the Governor in Council on 25 February this year in which the fare increases of the urban and New Territories taxis at 6.3% and 7.4% respectively were set out, to come to effect on 13 April this year.

The fares of the urban and New Territories taxis were last increased on 4 February 1996 and the rate was 8.5%. As pointed out by several Members earlier and also according to a survey conducted by the Transport Department and the inflation forecast by the Financial Services Branch, it is estimated that the operation costs of the urban and New Territories taxis have risen by 10% since February 1996.

The diesel price, a main component of the taxi's operation costs, has risen 18% from \$6.12 to \$7.23 since February 1996. The same period has also seen the rise in insurance premiums, maintenance and repair fees, garage fees, cleaning and parking charges, depreciation and radio services charges. The rise in operational costs has obviously great impacts on the income of operators in the taxi industry.

The Taxi Operators Association Limited applied for a fare increase in August last year, proposing that the increases should range from 5.6% to 9.4% and to begin in February this year. The Transport Advisory Committee (TAC) has, basing on the following principles, conducted an in-depth study on the taxi industry's application for fare increases:

- (a) considering the change in income and operation costs, to allow the

taxi industry to operate under a financially viable situation;

- (b) the need to maintain the taxi service at an acceptable level as regards its availability, the waiting time and opinions of the passengers;
- (c) the need to maintain a reasonable difference between the fares of the taxi and of other means of public transportation; and
- (d) the proposed fares to be basically acceptable to the public.

Having considered the above criteria and carefully studied a number of proposals, the TAC recommended and the Governor in Council approved the fare increases of the urban and New Territories taxis at 6.3% and 7.4% respectively as I have just said. Compared with the 7.5% inflation rate basing on the Consumer Price Index (A), the fare increase of urban taxi is in fact lower than the inflation while that of the rural taxi is more or less the same as the inflation. The above increases have been decided discreetly by the Administration after weighing the factors of various aspects carefully which on the one hand aims to help the operators in the taxi industry cope with the inflated costs and on the other hand ensures that the increases will not impose too heavy a burden on the passengers. These increases are the lowest in three years.

In terms of money, Mr President, the flagfall rate of the urban taxi will only increase by \$0.5 and the New Territories taxi \$0.7. To the short-distance passengers who pay only the flagfall rate, these two amounts are the only extra money that they have to pay. In terms of percentage, the increases are only 3.6% and 5.9% respectively. For longer distances requiring fares subsequent to the flagfall rates, say an average urban taxi trip of 4.4 km, the actual increase is \$2.1 while an average New Territories taxi trip of 3.1 km only costs \$1.5 more. Mr President, I very much agree with several Members who think that the above increases should be acceptable to the public. Besides, we cannot forget that if five people share a taxi, the increase per head is even negligible.

Some Members may think that while their services have not improved, the taxi industry should not increase its fares. In fact, we have taken many improvement measures in the past few years and the measure which requires the drivers to display the Taxi Driver Identity Plate works well. The Administration has handed out the revised "A Guide to Taxi Services in Hong

Kong" in which the detailed code of practice a taxi driver should follow is listed to encourage drivers to serve the passengers with courtesy and be willing to give them assistance. Some taxi operators associations are already arranging to have the Guide posted in the taxis. The Transport Department has also put up the fare scale and the complaints hot-line at the main taxi stands for passengers' reference.

On the other hand, the maximum fines have been raised from \$50,000 to \$100,000 for five of the more serious offences committed by drivers and these measures have also brought expected results. The police have stepped up the law enforcement and prosecution against the offences by taxi drivers. In the past three years, a total of 70 drivers have had their licences suspended by the court.

The situation involving refusals to hire has also improved. The number of complaints has dropped about 10% from 759 in 1995 to 689. Nevertheless, to further improve the taxi service, we will require all taxis to install a receipt printer within 12 months starting from June this year. The drivers of all taxis installed with this device will have to issue a fare receipt on request.

As all taxi passengers wish to be able to find a taxi easily, the supply of taxis on the streets also reflects its quality of service. A moderate adjustment of the taxi fare annually should be able to keep a fair difference between the taxi fare and those of other public means of transportation so as to maintain an ample supply of taxis to allow passengers who need to take the taxi to hire one more easily. Where there are rights there are always obligations. We have the right to expect the industry to improve its services but at the same time we also have the responsibility to help them continue operating under a sound financial situation.

From the speech of Mr WONG Wai-yin, we can see there is a general mistaken view that the recent hike in taxi licence premium has already pushed the taxi rental up, making it very difficult for the industry to run its business and the adjustment to the fares will only push the premium even higher. I pointed out at the sitting of this Council on 26 February that according to the data provided in the Taxi Policy Review published by the TAC in 1994, taxi rentals had increased alongside the fares in the past few years and the fare increases had been broadly in line with the inflation. There is no inter-relation between the

taxi fare (or taxi rental) increase and the hike of taxi licence premium.

In fact, over the years, other than serving as a business licence, the Taxi Licence has also been traded as an asset speculation item. The taxi licence premium hikes over the years have been similar to the price hikes of the residential property in Hong Kong and the rise in the Heng Seng Index. However, the fact is, because of the sharp premium hikes in recent months, the Working Group on Taxi Policy Review of the TAC has been engaged in new tasks again. I would like to assure Dr the Honourable LAW Cheung-kwok, the Honourable LEUNG Yiu-chung and the Honourable CHEUNG Hon-chung that we will study the taxi licence issuance system and assess the effect of the measures on combating the taxi licence speculations very carefully. Should there be need, we will recommend to tighten the present regulations.

Mr President, please allow me to give a brief conclusion. The Government firmly believes that the fare increases tabled for Members' consideration are very reasonable and moderate and should be acceptable to the public. The reasons are as follows:

- (a) Since the last fare increase in February last year, the operation costs of the urban and New Territories taxis have risen by 10%;
- (b) The fare of the New Territories taxi will increase at a similar rate as the inflation and that of the urban taxi is even lower than inflation;
- (c) Most of the operators in the taxi industry run their business with a small capital and have a meagre return. If the present fare is frozen, their livelihood will be affected;
- (d) A small annual adjustment to the fare helps the industry maintain a sound financial situation; and
- (e) An appropriate widening of the difference between the taxi fare and those of other means of transportation will help maintain the supply of taxis at a comfortable level.

Mr President, I believe that everyone has a fair idea about the truth and I urge Members to support this moderate taxi fare increase and oppose to Mr

WONG Wai-yin's resolution.

Thank you, Mr President.

PRESIDENT (in Cantonese): Mr WONG Wai-yin, do you intend to reply?

MR WONG WAI-YIN (in Cantonese): Mr President, could you please tell me how much time I have left?

PRESIDENT (in Cantonese): 15 minutes.

MR WONG WAI-YIN (in Cantonese): I do not need that much, Mr President.

Mr President, first of all, I would like to thank my colleagues for speaking on this subject. Before I address on anything, I would like to speak on matters in general. The Secretary for Transport has mentioned a point earlier on, which is the taxi licence premium that many colleagues are very concerned about. Although what we are discussing today is the increase of taxi fare rather than the taxi licence premium, the two are actually related, not as what the Government says that they are not. Being under pressure, the Government now agrees to ask the Transport Advisory Committee to review the speculation on the taxi licences. I hope that the review will be completed as soon as possible. As many colleagues have said, not only the drivers of rented taxis are under pressure, even those who buy the taxis by instalments are also under tremendous pressure. Only the speculators are not faced with too much pressure for they have a great deal of capital to speculate.

Mr President, I would like to respond to some individual colleagues. First, the Honourable Mrs Miriam LAU started by saying that she had held a conference of "all heroes in the taxi industry", a consultation meeting held at 2 pm on 8 April. She had invited me to attend. She extended the invitation by facsimile on the afternoon of 7 April but I did not find out about it until 7 that night when I returned to my office. Everyone knows that the work of the Legislative Councillors has been pre-scheduled every day and I had already

arranged for a meeting held in the Yuen Long District Social Welfare Office at 3 on 8 April. With much regret, I could not attend the meeting summoned by Mrs LAU. I did try to ask the relevant people in the Democratic Party to attend but everyone was held up by their work and I am really sorry about that.

However, I would like to point out that today's debate was supposed to be held on 19 March. Before 19 March, I heard from a Transport Branch official that someone in the taxi industry commented that I only listened to the views of selected groups which were mainly against the fare increase. I did not want to be wrongly accused as the situation was not like that. Hence, I informed those groups who wanted to see me through that official and told them that I was very willing to hear their views, whether they were against or for the fare increase. Therefore, before 19 March I proposed to postpone the debate on this motion so that I could consult the colleagues of the various parties. It turned out that no one opposed to the postponement. I was very eager to listen to the views of the concerned people in the industry and that was why I proposed to postpone the debate to today. Because the official did not reveal to me who exactly wanted to see me, I had to contact these people through that official. But I waited in vain for the last three weeks as no one in the industry came to me to express his view. And then Mrs Miriam LAU summoned a conference on 8 April and I am really sorry that I could not spare any time to attend.

Because of that, we, the Democratic Party, have been accused of setting up a conspiracy in which we, knowing it beforehand that the Preparatory Committee (PC) was to hold a meeting today, purposely postponed the discussion on this motion to today. This is a seriously wrong and unfounded accusation for the Democratic Party has never been informed about when the PC holds their meetings. Their schedule is only known to the colleagues who are members of the PC. When I asked the colleagues from various political parties in this Council whether the discussion on the motion should be postponed to today, no one objected. They should know when the PC holds their meetings. If they perceived that I had such conspiracy, they could have objected to the postponement. None objected at that time but today they turned to accuse us of setting up a conspiracy. There is no way that we will bear such a brunt of wrong accusation.

Mr President, some colleagues have mentioned that if the taxi fare is not raised, the drivers will suffer. But in my opinion, the most important issue is

how to increase ridership. If ridership keeps falling, I believe that the fare increase cannot compensate the loss so incurred. The Honourable CHAN Wing-chan just said that each time the taxi fare increases, there will be a drop in patronage for one or two weeks and then it will rise again. In fact, even in the past the recovery did not come in only one or two weeks' time. Some in the taxi industry told me that since the last fare increase in February, the ridership has kept dropping. It took about three to six months for their business to recover in the past but this time the patronage has not yet returned to normal after the last fare increase in February last year. This clearly shows that the public's desire to take the taxi has really diminished. This is of course related to the overall desire of consumption but we cannot deny the point that the taxi fare increase and the taxi service have great impact on whether passengers choose to take this means of transportation. I have also mentioned earlier on that the taxi is faced with very keen competitions. If the public have the choice, why would they want to pay a high fare while at the same time they may have to put up with the rudeness of the drivers? Although Mrs Miriam LAU says that such drivers are only a few black sheep in the industry, they make the number of complaints against the taxi service go up rather than go down every year. The number just keeps rising every year and it well exceeded 5 000 last year, the highest ever recorded. Why is it so?

Everyone knows that the taxi fare did not rise every year in the past. In recent years, because all means of transportation, no matter they are the bus, the ferry or any others, have their fares increased every year, the taxi groups therefore have also requested to raise their fare every year. I remember very well that when the proposal of an annual fare increase was put forward, many in the industry claimed that the large number of complaints was due to the fact that they did not have an annual fare increase. Hence, once they could raise the fare annually, the drivers' life could be improved, and so would their service and consequently there would be fewer cases of refusal to hire, overcharging or alteration to the meter. While these words are still ringing in our ears, has their service really been improved in these few years? The Secretary for Transport said earlier that many improvement measures had been imposed in the last few years, including requiring the drivers to display an identity plate, and later they will be required to issue receipts. Well, these are all positive measures. Yet, after so much has been done, I would like to ask the Secretary why the number of complaints against taxi services still keeps on rising. I hope that the Government will really review this problem and find out why such a situation

exists. Do these improvement measures enable passengers to obtain more evidence and information to lodge more complaints? It may happen that after taxi drivers are required to issue receipts, there will even be more complaints as passengers will have the evidence if they are overcharged. After improvement measures have been imposed, it reveals more clearly that the problem is more serious than what we understood it to be in the past.

I want to especially ask whether the taxi licence premium is, as the Government claims, totally unrelated to the issue. I feel that the answer is a definite no. I believe that no one in this Council will deny that the taxi licence premium has shot up 70% over the last year and the hike is just shocking. When this Council discussed the taxi fare increase, we did hear someone from the taxi industry, very likely speculators, say that they could take advantage of the fare increase to push up the premium to \$4 million. The premium reached \$3.5 million earlier and has dropped a little recently. In fact, some have indeed raised the car rental after the fare increase and then push the premium up. I hope that the Government will stop denying that there are indeed people with such intention. The Honourable TSANG Kin-shing has just pointed out that the rental will rise after the fare increase. Of course, some taxi drivers may know the car owners better and make a mutual agreement to start the rental increase perhaps two or three months later but it cannot be guaranteed that a greater increase will not be imposed and that it will not be included in the cost. We are all the while worried whether the income of the drivers themselves will improve because of the rise in car rental and the continuous drop in ridership. That is what we are most concerned about.

Mr President, we do not deny that the costs have indeed increased but the fare increase cannot not offset the loss caused by the inflated costs. This is indeed "both parties claim to be in the right" — Mrs Miriam LAU claimed that they represent the majority in the industry while the taxi bodies I contacted also said that they represented 8 000 of their colleagues and all of whom were drivers of rented cars. If the fare increase will bring them a definite advantage, I do not believe these people who make their living by driving the taxi would have any reason to refuse it. Then why are they against the increase? If the fare increase will definitely bring them additional income, they should be more than happy to support it. But why do so many of them object so strongly? Very obviously, they can actually foresee the drop in ridership from their practical

experience. I have also asked the colleagues in the Transport Department about this and they also agree that the number of taxi passengers has actually dropped in recent years. There is yet another point that still confuses me. Mrs Miriam LAU has said that the drivers who are also owners of the car accounted for the majority but when I asked the Transport Department for the relevant information today, they told me that they did not have a solid figure but the figures roughly showed that two-thirds of the people in the industry were drivers of rented cars and one-third of them were car owners and drivers of their own cars. Therefore, it is obvious that most of the people in the industry are rentee-drivers. We hope that the drivers' income will increase after the fare rise but we have to consider the feelings of the passengers too. If the fare increase does not bring about improvement in the service and the passengers are full of resentment, they will avoid taking the taxi again and this will only damage the industry and hinder the healthy development of the industry.

Mr President, I know that there are all kinds of views in the industry. In the past few years, we have also heard opposing voices but because these voices have not been particularly strong, this Council has not opposed the motions for fare increases. Yet, today we do hear from the industry an opposing voice louder than ever. Today, I move this motion on behalf of the Democratic Party. Other than bringing up a debate in this Council, I know that it will also arouse a host of different opinions among the industry. We do not wish to see such a situation and are worried about it. Mrs Miriam LAU said that at the conference, over 50 bodies supported the fare increase but the bodies who opposed the increase were not present. In fact, they have also phoned and explained to me the reason for their absence. They were mainly afraid that if they went to the conference, there would be one side supporting while the other opposing the issue. For the same reason, they do not want to come to the Legislative Council to demonstrate their opposition to the fare increase, fearing that even greater conflicts in the industry would be aroused. They do not want this to happen because they are colleagues. Nevertheless, they have made it very clear that they are strongly against the fare increase this time. They do not want to raise their opposition in a high profile for fear of greater conflicts in the industry. That is why they found it inconvenient to attend the conference summoned by Mrs Miriam LAU as well as today's

PRESIDENT (in Cantonese): Just a minute, Mr WONG Wai-yin.

MRS MIRIAM LAU (in Cantonese): Mr President, I would like to ask Mr WONG Wai-yin to clarify whether it is always the same body that he has been talking about time and again and all the way through.

PRESIDENT (in Cantonese): Mr WONG Wai-yin, are you willing to clarify this question?

MR WONG WAI-YIN (in Cantonese): Mr President, there is mainly a body who claim to represent the voice of 8 000 drivers but we have also made private contacts with other drivers.

Mr President, on the whole, we very much hope that this years' fare increase can be frozen and also hope that the car owners will not raise the car rental. At this difficult moment that the public's desire of consumption is low, we hope that sharp conflicts in the taxi industry will not arise. Therefore, I hope that colleagues will consider my point and support my motion.

Thank you, Mr President.

PRESIDENT (in Cantonese): You have almost used up the 15 minutes.

Question on the motion put.

Voice vote taken.

THE PRESIDENT said he thought the "Noes" had it.

Mr WONG Wai-yin claimed a division.

PRESIDENT (in Cantonese): This Council will now proceed to a division.

PRESIDENT (in Cantonese): I would like to remind Members that they are now called upon to vote on the question that the Road Traffic (Public Service Vehicles) (Amendment) (No. 3) Regulation 1997, published as Legal Notice No. 69 of 1997 and laid on the table of the Legislative Council on 5 March 1997 be repealed.

Will Members please register their presence by pressing the top button first and then proceed to vote by choosing one of the three buttons below?

PRESIDENT (in Cantonese): Before I announce the result, Members may wish to check their votes. Are there any queries? The result will now be displayed.

Mr SZETO Wah, Mr Albert CHAN, Mr CHEUNG Man-kwong, Mr Michael HO, Dr HUANG Chen-ya, Mr Fred LI, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin, Mr LEE Cheuk-yan, Dr Anthony CHEUNG, Mr Albert HO, Mr LAU Chin-shek, Mr LAW Chi-kwong, Mr LEUNG Yiu-chung, Mr SIN Chung-kai, Mr TSANG Kin-shing and Dr John TSE voted for the motion.

Mr Allen LEE, Mrs Selina CHOW, Mr LAU Wong-fat, Mr Edward HO, Mr Ronald ARCULLI, Mrs Miriam LAU, Dr LEONG Che-hung, Mr CHIM Pui-chung, Miss Emily LAU, Mr Eric LI, Mr Henry TANG, Dr Samuel WONG, Dr Philip WONG, Mr Howard YOUNG, Miss Christine LOH, Mr James TIEN, Mr CHAN Kam-lam, Mr CHAN Wing-chan, Miss CHAN Yuen-han, Mr Paul CHENG, Mr CHENG Yiu-tong, Mr CHEUNG Hon-chung, Mr CHOY Kan-pui, Mr David CHU, Mr IP Kwok-him, Dr LAW Cheung-kwok, Mr LEE Kai-ming, Mr Bruce LIU, Mr LO Suk-ching, Mr MOK Ying-fan, Mr NGAN Kam-chuen and Mrs Elizabeth WONG voted against the motion.

Mr YUM Sin-ling abstained.

THE PRESIDENT announced that there were 18 votes in favour of the motion

and 32 against it. He therefore declared that the motion was negatived.

Some people applauded in the Public gallery.

PRESIDENT (in Cantonese): Order please!

MEMBERS' BILLS

First Reading of Bills

EMPLOYMENT (AMENDMENT) (NO. 3) BILL 1997

EMPLOYMENT (AMENDMENT) (NO. 4) BILL 1997

SECURITY AND GUARDING SERVICES (AMENDMENT) (NO. 2) BILL 1997

EMPLOYEE'S RIGHTS TO REPRESENTATION, CONSULTATION AND COLLECTIVE BARGAINING BILL

HONG KONG ST. JOHN AMBULANCE INCORPORATION BILL

SAILORS HOME AND MISSIONS TO SEAMEN INCORPORATION (TRANSFER OF UNDERTAKING) BILL

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (AMENDMENT) BILL 1997

Bills read the First time and ordered to be set down for Second Reading pursuant to Standing Order 41(3).

Second Reading of Bills

EMPLOYMENT (AMENDMENT) (NO. 3) BILL 1997

MR LAU CHIN-SHEK to move the Second Reading of: "A Bill to amend the Employment Ordinance."

MR LAU CHIN-SHEK (in Cantonese): Mr President, I move the Second Reading of the Employment (Amendment) (No. 3) Bill 1997.

The purpose of this Bill is very simple. It is to amend the Employment Ordinance to add 1 May, the International Labour Day, as a statutory holiday, that is, the so-called "labour holidays".

Under the present legislation, the working class are entitled to a total of 11 "labour holidays" in a year, including major lunar festivals and some western festivals. However, 1 May has never been one of the "labour holidays".

In many countries, a "labour day" is included in their paid statutory holidays. The purpose of including this holiday is to reflect the community's respects to the contribution of the working class. In most countries, the "labour day" falls on 1 May, and that day is also referred to as the International Labour Day.

It is most disappointing that, for a very long time, Hong Kong has not included 1 May as a paid statutory holiday, which renders the labour force unable to illustrate their unification and the community unable to reflect their respects for our labour force in the form of a statutory holiday. It is particularly so as 1 May is a holiday in both the People's Republic of China and Taiwan, while Hong Kong is the only exception.

The labour sector has been striving for years to include 1 May as a statutory holiday. At a sitting of this Council in 1993, the Government, in response to a Member's question, has undertaken to review if 1 May would be included as a statutory holiday. Unfortunately, it has not made any announcement on the result of the review up to now.

I hereby appeal to colleagues to support the Bill presented by me, so as to

bring good news to our labour force!

Mr President, with these remarks, I beg to move. Thank you.

Question on the motion on the Second Reading of the Bill proposed.

Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).

EMPLOYMENT (AMENDMENT) (NO. 4) BILL 1997

MR MOK YING-FAN to move the Second Reading of: "A Bill to amend the Employment Ordinance."

MR MOK YING-FAN (in Cantonese): Mr President, I move the Bill standing in my name as set out in the Order Paper.

Mr President, the main objective of my motion today is to provide for seven days of paid paternity leave for married male employees during their wives' confinement, in order to allow them to look after their wives after childbirth and share the duties normally performed by their wives.

I am sure that some of our Honourable colleagues in the Legislative Council who are husbands and fathers have experienced the following feelings. On the one hand, he worries about the physical well-being of his beloved wife; on the other hand, he is concerned whether his child can be born safely. Naturally, this short-lived anxiety is usually followed by joy, because doctors and nurses will say to you, "Both mother and son are well!". These words are worth more than all the wealth in the world put together.

However, what follows are practical problems. Your wife has undergone great suffering for your child's sake. Now, she needs above all your solicitude, encouragement, support and care. Sometimes, what your wife needs is not for you to wait on her. Instead, she needs your steadfast and gentle gaze and your hands. In short, she needs you at her side to comfort her.

During Easter which was just over, I visited a young couple who just had their first child. They were more fortunate than other couples because the husband could make use of the four days of Easter holiday to take care of his wife who had just given birth to a child. Under her husband's loving care, this young and healthy mother had already adjusted to the change in her role and responsibility.

However, are all parents so lucky?

I would like to cite some past events. The 23 October last year was just a normal day for the majority of Hong Kong people. However, for one family, it was a tragic day. After giving birth to a daughter, the wife and mother of the family suffered from puerperal depression. Despite her husband's consolation, she left her daughter on the sofa in the living room and jumped from the bedroom window to her death that afternoon on 23 October. Actually, over the last few years, there were several cases or tragedies in which the mother, suffering from puerperal depression, committed suicide on her own or taking her children with her. I have collected some figures. However, I cannot bring myself to read them out.

Of course, some people might say they are only isolated cases. Is it worth saddling society with an additional burden to avert a tragedy which might just occur a few times in a year? Is it not too great a price to pay?

Mr President, Members of the Legislative Council, I remember a story which goes like this: Once upon a time there was a shepherd who had 100 sheep. One day, one sheep got lost while grazing. When the shepherd discovered that a sheep was lost, he did not say, "I still have 99 sheep. It does not matter if I have lost one." Instead, he put the 99 sheep in the fold and went back to look for the lost sheep. Finally, he found it on a narrow trail.

Honourable colleagues, I believe that life's worth should not be and is not measured in monetary terms only.

Now, I would like to address two major issues, which are closely related to this Member's Bill.

First of all, someone once asked me why only those lawfully married male

employees can enjoy paternity leave. Cohabitation has become increasingly common in our society. Does this mean that a cohabitant need not take care of his partner during her confinement?

The purpose of this Member's Bill that I draft is to preserve the existing family system. I believe that granting paternity leave to married male employees so that they can look after their wives immediately after confinement can help relieve the latter's anxiety and worries about the family. This would contribute to harmonious marital relationship and strengthen family values. If cohabitants can also enjoy paternity leave, I fear that this might deal a severe blow to the existing family system and values in Hong Kong.

The other issue has to do with "proof". Why? What proof does a male employee need to produce, in case he needs to apply for paternity leave due to the pregnancy and confinement of his partner in cohabitation? If the law is so loose that he only needs to bring his companion to register with the employer without having to produce further proof, with your common sense and intelligence, you can imagine what the consequences might be. In extreme cases, all kinds of "mistresses" will prop up.

Besides, there is not yet any legislation on family status discrimination in Hong Kong. Therefore at this stage, it is premature to extend the Bill on paternity leave to cover cohabitants.

Another thing is that while the relevant expenditure is covered by social security in other countries where paternity leave is granted, employees' benefits are shouldered entirely by employers in Hong Kong. Hence, it is argued that this would increase the operating costs of employers.

On this issue, I would like to point out one thing. The Government has always been against the establishment of social security schemes with contribution from all sides. All improvements on labour welfare in the past, such as improving the maternity benefits, increasing long service payment and sickness allowances are all social security items which merely add to the operating costs of employers. Following this line of argument, should Hong Kong abolish all the above labour welfare?

In recent years, the birth rate in Hong Kong has been maintained at 0.1% of the population and it is estimated that there are about 70 000 pregnant women a year. Discounting premarital pregnancy and certain male employees who are not eligible for paternal leave, around 90% of the 70 000 male employees should be entitled to paternal leave. Based on the monthly median wage of \$9,000, employees would only have to pay an additional \$100 million, which is just ten-thousandth of the Gross Domestic Product of Hong Kong.

Mr President, finally, if one thinks that paternal leave will affect the economy and undermine Hong Kong's competitiveness, I consider that a very short-sighted view. Human beings are not machines. They need rest. Without rest, the productivity of employees will only be reduced. Even machines have to stop operation sometimes for regular maintenance and repair in order to ensure their long-term efficiency. According to modern management philosophy, employees should do their best to look after labour welfare. That is why modern management should lay stress on the physical and mental health of employees and motivate them to work. I firmly believe that paternal leave is conducive to marital co-operation and stability of the family. It would enable employees to concentrate on their work and thus have a positive effect on the productivity of Hong Kong.

Mr President, lastly, I would like to reiterate that life's worth ought not be measured in monetary terms.

Mr President, with these remarks, I beg to move.

Question on the motion on the Second Reading of the Bill proposed.

Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).

SECURITY AND GUARDING SERVICES (AMENDMENT) (NO. 2) BILL 1997

MR CHAN WING-CHAN to move the Second Reading of: "*A Bill to amend the Security and Guarding Services Ordinance.*"

MR CHAN WING-CHAN (in Cantonese): Mr President, I move the Second

Reading of the Security and Guarding Services (Amendment) (No. 2) Bill.

The Bill seeks to protect the employment rights of the existing security workers. In my amendment bill, there are two definitions in regard to the "existing" security workers. First, they refer to those people who were lawfully employed as watchmen on 31 May 1996 within the meaning of the Watchmen Ordinance. Second, they are those people who have been lawfully employed as watchmen within the meaning of the Watchmen Ordinance within the period of 24 months before 1 June 1996, but that they should produce evidence issued by the employers or by the trade unions concerned. The amendment bill aims to exempt the above-mentioned security workers from the requirements stipulated in Part II of the Security and Guarding Services Ordinance so that they will not lose their employment due to implementation of the new ordinance.

The Security and Guarding Services Ordinance, which came into full effect on 1 June last year, is in line with the licensing system for security and guarding services and to replace the Watchmen Ordinance of the past. The new ordinance requires that any existing security worker shall obtain the licence before he can take up the position.

On the other hand, the new ordinance stipulates that the age cap of the building caretakers is 65, except for those working in "single private buildings". In other words, if the caretakers who were originally lawfully employed under the Watchmen Ordinance are or over 65 years old and are working in places other than the "single private buildings", they will lose their employment due to implementation of the new ordinance. As a matter of fact, during the three months from the effective date of the new ordinance on 1 June last year to 30 September 1996, the Labour Department has received complaints lodged by 27 caretakers/security guards whose employment was terminated by their employers. Among them, 21 are or over 65 years old. The Hong Kong Federation of Trade Unions has also received numerous complaints, in which there is a case where three caretakers were dismissed by the same company due to their age being over 65. In the termination of employment notices issued to them by the company, it is clearly pointed out that their employment was terminated due to the fact that they could not meet the requirements of the new ordinance. These cases serve

as a strong evidence that the new ordinance has "broken the rice bowls" of old caretakers. I am afraid that it is not the original intention of the Government to bring forward this result in the legislation.

Although the Government has currently formulated some administrative measures to replace the permits in batches with the younger caretakers having the priority so that the effect can be postponed, it is inevitable that the "rice bowls" of some old caretakers will be broken. According to the data released by the Licensing Division of the Royal Hong Kong Police Force in September 1996, there were 25 825 people between 61 and 70 years of age holding old caretaker permits, while there were 10 624 people of or over 70 years old. The permits of the caretakers between 61 and 70 years old will be replaced in the year 2000 while the permits of those of or over 70 years old will be replaced in 2001. In other words, by the year 2000, it is probable that more than 20 000 building caretakers will be unemployed, and in 2001, an additional 10 000-odd people will face unemployment.

As a matter of fact, these old people should retire at this age of 60 or 70. However, as Hong Kong lacks a retirement protection system, they still have to work as caretakers or security guards in return for a meagre income to support their living. Now, the Security and Guarding Services Ordinance will break the "rice bowls" of these old caretakers. Has the Government any sympathy for them? The Hong Kong Government has long been claiming that it is in support of a free market mechanism. At present, the tens thousands of caretakers over 65 years old in the market are sufficient to prove that the market still needs them. It is indeed not necessary for the Government to restrict the age of security workers by legislation. Besides, anti-age discrimination is the current trend. The Government should face the existing problems and show respect to these senior security workers. It should not run in the opposite direction and even deprive them of any opportunities to earn their own living.

As such, Mr President, I propose an amendment to this ordinance to the effect that the existing old caretakers can be exempted from the new requirements so that they will not lose their employment due to implementation of the new ordinance.

Mr President, with these remarks, I beg to move and hope that my

Honourable colleagues will support the amendment bill.

Thank you, Mr president.

Question on the motion on the Second Reading of the Bill proposed.

Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).

EMPLOYEE'S RIGHTS TO REPRESENTATION, CONSULTATION AND COLLECTIVE BARGAINING BILL

MR LEE CHEUK-YAN to move the Second Reading of: "A Bill to provide for the rights of employees to representation, consultation and collective bargaining; and to provide for matters incidental thereto or connected therewith."

MR LEE CHEUK-YAN (in Cantonese): Mr President, I move that the Employee's Rights to Representation, Consultation and Collective Bargaining Bill be read the Second time.

International Standards

The right to collective bargaining is a basic labour right generally recognized by the international community. As early as the 1940s, the International Labour Organization has already drawn up conventions concerning the right to collective bargaining. It is provided in the Rights to Organize and Collective Bargaining Convention 1949 (Convention No. 98) that all the signatories should adopt appropriate measures to encourage and urge both the labour and the management to fully develop and apply the collective bargaining mechanism, and to stipulate the terms and conditions of employment through collective bargaining agreements. The Collective Bargaining Convention 1981 (International Labour Convention No. 154) further provides that if the collective bargaining system has not been widely applied, the signatories should establish and implement it through laws or regulations. From this we can see that it is generally acknowledged in the international community that collective

bargaining is a basic criterion in the system of labour-management relationship, and legislation is the most effective and appropriate way to implement collective bargaining.

The advantages of implementing collective bargaining system

The collective bargaining system has the following advantages: it provides a channel within the system for employees and employers to join efforts in the process of policy making so that both parties will understand the situation, difficulties and views of the other party; conflicts caused by misunderstandings between the labour and the management can thus be reduced.

Secondly, differences in interests between the labour and the management can also be effectively resolved through collective bargaining. Labour movements such as strikes evolved from deterioration of labour-management conflicts can therefore be avoided.

Thirdly, the management, when compared with the labour, has the absolute superiority in the market. In matters which interests of both sides are involved, the so-called decision made in accordance with the market is in fact a one-sided decision made by the management. The employee can do nothing but accept passively and does not even have a chance to take part in the decision-making. The implementation of collective bargaining system can regulate the structural problems of the relationship between the two parties in the market, in which the labour is often situated in a less favourable position.

Fourthly, through collective bargaining, the employee and the employer can have close discussions so that the employee would feel that he is part of the undertaking. This would enhance the morale and sense of belonging of the employee, pool the wisdom and efforts of the labour and the management and conduce to improving productivity and competitiveness of the undertaking.

Economic impacts

Mr President, many Honourable Members may query the impacts of this Bill on the overall economy of Hong Kong. However, if we look at the economic competitors around us, such as Japan, Singapore, South Korea, Malaysia, Thailand and the Philippines, we would find that they have all

established and implemented the collective bargaining system through legislation. Hong Kong's adoption of the right to collective bargaining is just to keep up with the competitors. The competitive preponderance of Hong Kong will not be affected at all.

Democratization of the undertaking

On the other hand, collective bargaining is also an important link in the democratization of Hong Kong. Democracy is not restricted to the political system; embodying democratic participation in different aspects of life is equally important. The legislation of collective bargaining is an essential condition on the way to democracy in undertakings. In most people's life, work is an important domain. We spend at least one-third of our lifetime in the workplace. If an employee cannot take part in the decision of matters concerning himself in an undertaking, he would only be turned into a piece of merchandise. Democratic participation is an embodiment of mutual human respect.

Fair and reasonable rules of game

Mr President, in the light of the above reasons, I have decided to table the Member's Bill in order to establish the right to collective bargaining for the employee. The aim of the Bill is to provide a legally practicable framework on which a fair and systematic mechanism of labour-management relationship is built so that the two parties can resolve their differences in interests through democratic participation. The Bill will stipulate a clear and definite mechanism for the employer to recognize trade unions, and provide standards in principle for bargaining procedures. The public authority (that is, the Labour Tribunal) will only play the role of "umpire" without intervening in the process and the result of the labour-management bargaining. Nor will it muddle in the operations of the undertaking.

Right to representation

The Bill establishes that an employee enjoys three rights — the right to representation, the right to consultation and the right to collective bargaining. In the aspect of the right to representation, the Bill stipulates that every employee has the right to be represented by a trade union representative in respect of

grievance and disciplinary proceedings and the employers' compliance with the provisions of the labour laws. The Bill also provides that the employer should allow a trade union representative to communicate with the employees at an appropriate time on the employer' premises. Such rights are applicable to all trade union members.

Right to consultation

The Bill also stipulates that every employee is entitled to the right to consultation. If the number of trade union members exceeds 15% of the total employees in the undertaking, the employer has to consult the trade union on the specific matters proposed. This right is applicable to all the undertakings with not less than 20 employees. The matters upon which an employer has to consult the trade union include:

- (a) changes in the ownership of the undertaking;
- (b) total or partial closure or relocation of the undertaking;
- (c) restructuring, including significant technological changes or changes in the allocation of work;
- (d) termination of employment for a reason not related to the individual concerned; and
- (e) changes in terms and conditions of employment of a specified category or group of employees.

Right to collective bargaining

The Bill stipulates that every employee is entitled to the right to collective bargaining. If the number of trade union members exceeds 15% of the total employees in the undertaking and if the trade union is authorized by more than 50% of the employees in the undertaking, the employer has to recognize the trade union and has to negotiate with it. In order to promote the co-operation among trade unions, if a group of unions consisting of two or more trade unions satisfy the above requirements, the employer has also to recognize such groups of unions and negotiate with them. This right is applicable to all the undertakings

with not less than 50 employees. Statistical data show that in September 1996, there were almost 6 000 undertakings in Hong Kong with not less than 50 employees. Over 900 000 employees were entitled to the right to collective bargaining as provided in the Bill, occupying about 40% of the total working population other than civil servants.

The matters that an employer has to negotiate with a recognized trade union include:

- (a) the terms and conditions of employment;
- (b) the physical environment in which employees are required to work;
- (c) allocation of work or the duties of employment;
- (d) matters of discipline; and
- (e) facilities for officers of trade unions and arrangements facilitating the administration of trade unions.

The employer is responsible for providing adequate information to the labour so that negotiation or consultation can proceed meaningfully. The labour and the management should negotiate with sincerity and make a collective agreement the goal of their negotiation. A collective agreement reached by a trade union and an employer is legally binding.

Scrutineer

The Bill also provides for a mechanism which stipulates that a trade union should appoint an independent scrutineer (such as a legal practitioner) to scrutinize the information of the members and the employee's authorization so as to determine if the trade union complies with the requirements of being conferred the rights to consultation and collective bargaining. If the scrutineer believes that the trade union meets the requirements of representativeness, he shall issue a certificate of representativeness to the trade union and the certificate shall be valid for a period of three years.

Trade union representatives are entitled to time off

Besides, an employer shall permit a trade union representative who is an employee of his to take time off for the purposes of carrying out his functions or undergoing training. The employer shall also pay him for the time off.

Remedies

If the employer fails to comply with the provisions in the Bill concerning the employee's rights to consultation, collective bargaining or the time off for trade union representatives, an employee can make a claim to the Labour Tribunal. The employee has the right to be represented by a trade union officer to attend a hearing. The Labour Tribunal may order the employer to comply with various requirements and make an award of compensation to the employee.

Mr President, I want to emphasize once again that the implementation of collective bargaining is conducive to improving labour-management relationship and is part of the democratization of Hong Kong. In the course of drafting the Bill, I have taken care to balance the interests of both the labour and the management and have tried not to intervene directly in the operation of an undertaking. I hereby sincerely commend the Bill to Members.

Mr President, with these remarks, I beg to move.

Question on the motion on the Second Reading of the Bill proposed.

Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).

HONG KONG ST. JOHN AMBULANCE INCORPORATION BILL

DR LEONG CHE-HUNG to move the Second Reading of: "A Bill to make provisions for the incorporation of Hong Kong St. John Ambulance and for matters incidental thereto or connected therewith."

DR LEONG CHE-HUNG: Mr President, I move the Second Reading of the Hong Kong St. John Ambulance Incorporation Bill.

Mr President, the Bill before us today is simply to strengthen the legal and corporate status of the would-be Hong Kong St. John Ambulance, so as to continue the services and operation of the current St. John Council for Hong Kong before and after the sovereignty changeover in 1997.

The object of this Bill is to incorporate the existing three organizations, namely, the Council of the Order of St. John for the Colony of Hong Kong, the St. John Ambulance Association in Hong Kong, and the St. John Ambulance Brigade in Hong Kong, into one entity called the Hong Kong St. John Ambulance, which would exist, upon passage of this Bill, as an independent organization free from the control or direction of the Order of St. John in the United Kingdom.

Since 1884, the St. John Ambulance Association has been playing an essential part in upholding public health of our community. In 1995-96 alone, this teaching arm of the St. John has conducted 790 courses in first aid, home nursing and allied health subjects for more than 18 000 attendants. It is also one of the organizations designated by the Government for conducting training, examination and issuing certificate of proficiency on first aid under the Factories and Industrial Undertakings (First Aid in Notifiable Workplaces) Regulations.

The St. John Ambulance Brigade, the service arm of the St. John, is also no stranger to any man-on-the-street in the territory. Established in Hong Kong in 1916, the Brigade has provided not only first aid and emergency ambulance services for the community, it is also a good civic training ground especially for the youth. In 1995-96, the Brigade has rendered nearly 190 000 voluntary hours of first aid duties, medical check-up, flag sales and other community services. During the year, its emergency ambulance service has answered to over 5 183 calls. It also operates a uniformed Brigade, with a current strength of over 3 000 members.

The magnificent record of St. John has already proved for itself its significant role in helping to maintain the public health of Hong Kong. It certainly deserves not only our support, but also a proper status for development beyond 1 July 1997.

Mr President, I move that the Second Reading of this Bill be adjourned.

Question on the motion on the Second Reading of the Bill proposed.

Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).

**SAILORS HOME AND MISSIONS TO SEAMEN INCORPORATION
(TRANSFER OF UNDERTAKING) BILL**

MR ERIC LI to move the Second Reading of: "A Bill to transfer the assets and liabilities of the Sailors Home and Missions to Seamen and to repeal the Sailors Home and Missions to Seamen Incorporation Ordinance."

MR ERIC LI: Mr President, I move the Second Reading of the Sailors Home and Missions to Seamen Incorporation (Transfer of Undertaking) Bill.

The principal purposes of the Bill are twofold:

- (1) to transfer the assets and liabilities of the Sailors Home and Missions to Seamen to a newly established company, SHMS Company Limited; and
- (2) upon completion of the transfer, to repeal the Sailors Home and Missions to Seamen Incorporation Ordinance.

The Sailors Home and Missions to Seamen, which I shall refer to as the "corporation", was incorporated in Hong Kong by the Sailors Home and Missions to Seamen Incorporation Ordinance (Chapter 1042 of the Laws of Hong Kong) in 1930. The corporation was incorporated to carry on the work of two bodies which were already at that time established in the territory. The first of these bodies, the Sailors Home, was engaged in the care of officers and men of the merchant navy and the provision of a suitable institute or home on shore for seafarers. The second body was The Missions to Seamen the objective of which was the provision, by every means consistent with the principles and accepted practice of the Church of England, of an institute for the spiritual welfare of seafarers.

The corporation was incorporated to combine these two objects and generally to promote the spiritual, moral and physical well-being of seafarers and their families at home and overseas, in accordance with the principles and accepted practice of the Church of England or a Province of the Anglican Communion.

The corporation has carried out these good work and objects since its incorporation in 1930. It is a recognized charity in Hong Kong, having been approved by the Commissioner of Inland Revenue as a charitable institution pursuant to section 88 of the Inland Revenue Ordinance.

Some time ago, the Government Secretariat, after conducting a review of the principal Ordinance, proposed amendments to it to streamline the operations of the Committee of the corporation, and to remove unnecessary rigidities in the Ordinance which would enable the Committee to operate more flexibly as it saw fit.

After discussions on these proposals, it was agreed that it would be more efficient and altogether more modern, not simply to amend the existing Ordinance, but to arrange for the transfer of the whole undertaking of the corporation to a new company especially incorporated for the purpose, and for the Ordinance then to be repealed. To this end, SHMS Company was incorporated on 17 March 1997 as a company limited by guarantee and not having a share capital.

SHMS Company Limited has been incorporated specifically for the purposes now contemplated. Its principal objects are:

- (1) to acquire and take over the whole business operation and undertaking of the corporation;
- (2) to take care of officers and persons of the mercantile marine irrespective of their religion;
- (3) to provide one or more suitable institutes or homes for the seafaring classes and officers and persons of the mercantile marine;

- (4) to provide for the spiritual welfare of the seafaring classes; and
- (5) to promote the spiritual, moral and physical well-being of seafarers and their families at home and overseas, by any means consistent with the principles of the Church of England or, within a province of the Anglican Communion, the principles and received practice of that Province, may be used.

The Commissioner of Inland Revenue has confirmed pursuant to section 88 of the Inland Revenue Ordinance his approval of SHMS Company Limited as a charitable institution.

Upon completion of the transfer contemplated by the Bill and the repeal of the Ordinance, it is intended that SHMS Company Limited will by special resolution change its name to Sailors Home and Missions to Seamen Company Limited. This name will only be available after the repeal of the principal Ordinance.

Mr President, the Sailors Home and Missions to Seamen Incorporation (Transfer of Undertaking) Bill is the result of discussions and consultations over time between the corporation and the Government Secretariat. It reflects the opinions expressed in the course of these consultations after having sought comments on the Bill from relevant government branches and departments. Its form follows closely the form of other Bills dealing with similar issues of statutory transfer of undertakings.

Its principal clauses — clause 4 and clause 15 — deal respectively with the transfer of the assets and liabilities of the corporation and with the repeal of the principal Ordinance. The remaining clauses deal with consequential issues arising from the transfer and the repeal and also with the fact that the Bill is a private Bill.

Mr President, with these remarks, I commend the Bill to Members for their consideration.

Question on the motion on the Second Reading of the Bill proposed.

Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (AMENDMENT) BILL 1997

MR PAUL CHENG to move the Second Reading of: "A Bill to amend The Hongkong and Shanghai Banking Corporation Limited Ordinance in order to provide for the continuation of The Hongkong and Shanghai Banking Corporation Limited under a new constitution; and for purposes incidental and ancillary thereto."

MR PAUL CHENG: Mr President, I move the Second Reading of the Hongkong and Shanghai Banking Corporation Limited (Amendment) Bill 1997.

The purpose of this Bill is simply to enable HongkongBank to be treated as a company formed and registered under the Companies Ordinance by amending or repealing certain provisions, so that HongkongBank can adopt a modern form of Memorandum and Articles of Association which is in line with current international corporate practice.

The timing of this Bill is chosen to coincide with the Government's overall programme of updating local laws ahead of China's resumption of sovereignty, with the deletion of references to Crown Agents, Secretary of State, Colonies, Victoria, and so on.

Since 1866, HongkongBank has been incorporated under its Ordinance when the corporate and banking legislation was still developing. Its Ordinance and Regulations govern HongkongBank in a manner similar to a company's Memorandum and Articles of Association. Although incorporated under a separate Ordinance, HongkongBank is also subject to the provisions of the Companies Ordinance by virtue of having registered voluntarily under that Ordinance in 1989.

Although certain changes have been made to the Ordinance and Regulations to keep in step with changes in the Companies Ordinance, there are, nevertheless, a number of anomalies between the Companies Ordinance and HongkongBank's Ordinance and Regulations. Since overseas regulators are

accustomed to receiving a company's Memorandum and Articles of Association for registration, explanations often have to be given when opening new branches when HongkongBank's Ordinance and Regulations are given instead.

The conventional Memorandum is based on that of HongkongBank's parent, HSBC Holding plc, but has been modified for a bank rather than a holding company. The Articles are based on a format usually used for non-listed subsidiary companies. This new arrangement is more efficient than the existing structure. It retains the symbolic commitment of operating under an ordinance while offering the flexibility afforded by a modern Memorandum and Articles of Association.

Mr President, the HongkongBank will continue to have its head office in Hong Kong and will continue to issue bank notes. These provisions in the Memorandum and Articles of Association cannot be changed without the prior approval of the Financial Secretary.

Furthermore, the Hong Kong Monetary Authority has been consulted and is fully supportive of the Bill.

Mr President, I beg to move.

Question on the motion on the Second Reading of the Bill proposed.

Debate on the motion adjourned and Bill referred to the House Committee pursuant to Standing Order 42(3A).

ADJOURNMENT AND NEXT SITTING

PRESIDENT: In accordance with Standing Orders, I now adjourn the Council until 2.30 pm on Wednesday, 16 April 1997.

Adjourned accordingly at ten minutes to Ten o'clock.

Note: The short titles of the Bills/motions listed in the Hansard, with the exception of the Appropriation Bill 1997, Interpretation and General Clauses Ordinance, Employment (Amendment) (No. 3) Bill 1997, Employment (Amendment) (No. 4) Bill 1997, Security and Guarding Services (Amendment) (No. 2) Bill 1997, Hong Kong St. John Ambulance Incorporation Bill, Sailors Home and Missions to Seamen Incorporation (Transfer of Undertaking) Bill and The Hongkong and Shanghai Banking Corporation

Limited (Amendment) Bill 1997, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.