

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 22 October 1997

The Council met at half-past Two o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN, J.P.

THE HONOURABLE WONG SIU-YEE

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

THE HONOURABLE HO SAI-CHU, J.P.

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

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

THE HONOURABLE NG LEUNG-SING

PROF THE HONOURABLE NG CHING-FAI

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

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

THE HONOURABLE LEE KAI-MING

THE HONOURABLE ALLEN LEE, J.P.

THE HONOURABLE MRS ELSIE TU, G.B.M.

THE HONOURABLE MRS SELINA CHOW, J.P.

THE HONOURABLE MRS PEGGY LAM, J.P.

THE HONOURABLE HENRY WU

THE HONOURABLE NGAI SHIU-KIT, J.P.

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

THE HONOURABLE RONALD ARCULLI, J.P.

THE HONOURABLE YUEN MO

THE HONOURABLE MA FUNG-KWOK

DR THE HONOURABLE MRS TSO WONG MAN-YIN

THE HONOURABLE LEUNG CHUN-YING, J.P.

DR THE HONOURABLE LEONG CHE-HUNG, J.P.

THE HONOURABLE MRS SOPHIE LEUNG LAU YAU-FUN, J.P.

THE HONOURABLE MOK YING-FAN

THE HONOURABLE CHAN CHOI-HI

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE CHAN WING-CHAN

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE TSANG YOK-SING

THE HONOURABLE CHENG KAI-NAM

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE ANDREW WONG WANG-FAT, J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE KENNEDY WONG YING-HO

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE CHARLES YEUNG CHUN-KAM

THE HONOURABLE YEUNG YIU-CHUNG

THE HONOURABLE IP KWOK-HIM

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE BRUCE LIU SING-LEE

THE HONOURABLE LAU KONG-WAH

THE HONOURABLE LAU WONG-FAT, J.P.

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

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

THE HONOURABLE CHOY KAN-PUI, J.P.

THE HONOURABLE CHENG YIU-TONG

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

THE HONOURABLE KAN FOOK-YEE

THE HONOURABLE NGAN KAM-CHUEN

THE HONOURABLE LO SUK-CHING

DR THE HONOURABLE LAW CHEUNG-KWOK

THE HONOURABLE TAM YIU-CHUNG, J.P.

THE HONOURABLE CHOY SO-YUK

MEMBERS ABSENT:

THE HONOURABLE DAVID CHU YU-LIN

THE HONOURABLE CHEUNG HON-CHUNG

THE HONOURABLE HUI YIN-FAT, J.P.

THE HONOURABLE PAUL CHENG MING-FUN, J.P.

THE HONOURABLE TIMOTHY FOK TSUN-TING

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE MRS ANSON CHAN, J.P.
CHIEF SECRETARY FOR ADMINISTRATION

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

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

MR MICHAEL SUEN MING-YEUNG, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

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

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

MRS KATHERINE FOK LO SHIU-CHING, 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 BOWEN LEUNG PO-WING, J.P.
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

MR KWONG KI-CHI, J.P.
SECRETARY FOR THE TREASURY

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

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

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

MR LEO KWAN WING-WAH, J.P.
SECRETARY FOR ECONOMIC SERVICES

MR WONG HUNG-CHIU, J.P.
SECRETARY FOR SECURITY

CLERKS IN ATTENDANCE:

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

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

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

PAPERS

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

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Railways (Exemption) Order	466/97
Country Parks and Special Areas (Amendment) Regulation 1997	473/97
Marine Parks and Marine Reserves (Amendment) Regulation 1997	474/97
Dangerous Goods (General) (Amendment) Regulation 1997	475/97
Dangerous Goods (Government Explosives Depots) (Amendment) Regulation 1997	476/97
Mines (Safety) (Amendment) Regulation 1997	477/97
Mining (General) (Amendment) Regulation 1997	478/97
Dutiable Commodities (Amendment) Regulation 1997	479/97
Pesticides (Amendment) Regulation 1997	480/97
Statutes of The Chinese University of Hong Kong (Amendment) Statutes 1997	481/97

Sessional Papers

- No. 18 — Sewage Services Trading Fund
Annual Report 1996-1997 and Accounts
for the year ended 31 March 1997
- No. 19 — Electrical and Mechanical Services Trading Fund
Annual Report 1996-97 and Accounts
for the year ended 31 March 1997
- No. 20 — Companies Registry
Annual Report 1996-97
- No. 21 — The Land Registry Trading Fund Hong Kong
Annual Report 1996-97
- No. 22 — Agricultural Products Scholarship Fund Report
for the period from 1 April 1996 to 31 March 1997
- No. 23 — Marine Fish Scholarship Fund Report
for the period from 1 April 1996 to 31 March 1997
- No. 24 — Statement of Accounts for the Vegetable Marketing
Organization for the year ended 31 March 1997
- No. 25 — Statement of Accounts for the Fish Marketing Organization
for the year ended 31 March 1997
- No. 26 — Hongkong Post
Annual Report 1996/1997
- No. 27 — Office of the Telecommunications Authority Trading Fund
Report for the period from 1 April 1996 to 31 March 1997

ADDRESS

PRESIDENT (in Cantonese): Address. Mr Ronald ARCULLI will address the Council on the Building (Administration) (Amendment) (No. 2) Regulation 1997 which was gazetted on 19 September 1997 and tabled in this Council on 27 September 1997. Mr Ronald ARCULLI.

**BUILDING (ADMINISTRATION) (AMENDMENT) (NO. 2)
REGULATION 1997**

MR RONALD ARCULLI: Madam President, with your permission, I rise to speak on the Building (Administration) (Amendment) (No. 2) Regulation 1997 on behalf of the Subcommittee formed to study this Regulation. The Subcommittee also studied two other pieces of subsidiary legislation gazetted on 19 September 1997 relating to fee increases, but I wish to focus on the Building (Administration) (Amendment) (No. 2) Regulation 1997 only.

Members of the Subcommittee have no objection to the introduction of a new set of fees to replace the existing fees for registration of contractors under a new registration system to improve their standard. Amongst the different types of fees proposed, members have drawn the Administration's attention to the application fee for registration as a contractor who in most cases is a corporation. This fee which has been set at \$4,970 is intended to cover the full cost of assessing the eligibility of a corporation for registration as a contractor and the person appointed to act for it. However, we also notice that the cost of assessing each additional person appointed to act for the registered contractor is estimated to be \$4,350. In other words, out of the fee of \$4,970 for assessing a corporation as well as the person appointed to act for it, the cost of assessing a corporation is \$620. During the course of deliberations, members questioned this cost apportionment. I have to point out that in determining the suitability of a corporation for registration, the Building Authority has to consider the adequacy of its management structure, the qualifications of its personnel and its ability to access to plant and resources. The work involved in checking a corporation should be as much, if not more than, as assessing an individual. Members' concern has been taken aboard by the Administration which has agreed to review the cost apportionment one year after the new fees have come into operation.

Madam President, these are my remarks on the deliberations of the Subcommittee.

WRITTEN ANSWERS TO QUESTIONS

Octopus Card

1. **MR AMBROSE LAU** (in Chinese): *As from 1 September this year, the Octopus can be used for six different modes of public transport in Hong Kong (namely the Mass Transit Railway, the Kowloon-Canton Railway, the Light Rail Transit, the Kowloon Motor Bus (KMB), the Citybus and the Hongkong and Yaumati Ferry). However, in just over a month, there have been many complaints about the card from members of the public. In this connection, does the Government know:*

- (a) the usage rate of the Octopus in respect of the various modes of public transport mentioned above;*
- (b) the respective numbers of KMB and Citybus vehicles installed with Fare Deducting Processors, and their respective proportions to their total numbers of vehicles;*
- (c) the total number of complaints about the Octopus received so far and the nature of such complaints;*
- (d) whether, in promoting the Octopus, the organizations concerned have paid special attention to the needs of children and senior citizens by helping them learn how to use the Octopus; and in view of the many complaints lodged by members of the public, whether publicity will be stepped up to enable them to understand better how to use the Octopus; and*
- (e) whether it has plans to review the actual effectiveness of the Octopus and its acceptability to the general public; if so, the basis of such a review?*

SECRETARY FOR TRANSPORT (in Chinese): Madam President, after six weeks of operation, nearly 1.9 million Octopus cards have been sold and the average weekday usage amounts to 1.7 million transactions. The average weekday usage, broken down by transport mode, is as follows:

<i>Transport Mode</i>	<i>Average Weekday Usage</i>
MTR	1 170 000
KCR	345 000
LRT	80 000
KMB	57 000
HYF	1 500
Citybus	16 000
Total:	1 669 500

The number of KMB and Citybus vehicles installed with the Octopus processors are as follows:

	<i>Number of buses installed with Octopus processors</i>	<i>% of the bus fleet</i>
Citybus	92	20%
KMB	350	10%

The two companies are actively considering extending the use of the Octopus to other bus routes.

Between 17 August 1997 (on which the sale of the Octopus began) and 30 September 1997, Creative Star's hotline and the operators have received a total of 273 complaints and suggestions, broken down as follows:

<i>Nature</i>	<i>Number received</i>
Fares	109 (40%)
Equipment	70 (26%)
Replacement of "First Edition" Octopus	27 (10%)
Installing Octopus equipment on more bus routes	24 (9%)
Deposit	15 (5%)
Card Handling/Issuing	8 (3%)
Others	20 (7%)
Total:	273 (100%)

During the first week of operation of the Octopus system, the Creative Star hotline received an average of seven calls per day. This has dropped to less than two calls per day in the past two weeks.

Creative Star and the transport operators have conducted the following publicity and education activities to promote the use of the Octopus:

- (a) a common user guide of the Octopus summarizing all relevant information is distributed to passengers upon every purchase of the Octopus;
- (b) Creative Star has developed for broadcast a TV commercial about the proper way of using the Octopus and the Add Value Machine in the Jade and Home channels since 20 September 1997, with similar video footage shown at MTR and KCR stations;
- (c) a series of 30-second commercials will soon be broadcast via the radio;
- (d) a longer video containing more details about the Octopus is available for loan to community centres and voluntary service agencies;

- (e) the Light Rail, KMB, Citybus and HYF have produced their own information leaflets for distribution to passengers at specific route locations;
- (f) the two railway corporations have deployed a total of 350 Octopus Assistants to help passengers at MTRC, KCRC East Rail and LRT stations to use the Octopus properly; and
- (g) the Light Rail has conducted briefings about the use of the Octopus for schools and elderly homes in Tuen Mun, Tin Shui Wai and Yuen Long Districts.

Creative Star will monitor closely the daily sale and usage of the Octopus. Notwithstanding the impressive take-up rate of nearly 2 million cards in its first six weeks of operation, Creative Star will continue to conduct a series of surveys to solicit feedback from the public with a view to introducing further measures to improve its service.

Traffic Accidents Involving Police Officers

2. **MRS SELINA CHOW** (in Chinese): *In view of the frequent occurrence of traffic accidents in Hong Kong recently, will the Government inform this Council:*

- (a) *of the number of road traffic accidents and casualties in Hong Kong in each of the past three years and, in relation to the consequential prosecutions, of the number of police officers among the drivers who were found guilty of careless driving or reckless driving by the court, and the penalties imposed on them;*
- (b) *of the measures in place to ensure that traffic accidents involving police officers are dealt with impartially by the police; and*
- (c) *whether it will consider increasing the penalties for the offences of careless driving and reckless driving so as to enhance the deterrent effect?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) The number of road traffic accidents and casualties in each of the past three years are at Annex.

As at October 1997, 82, 75, 57, and 10 police officers were convicted of "Careless Driving" relating to traffic accidents that happened in 1994, 1995, 1996 and 1997 respectively while they were on duty. The maximum penalty imposed by the court in these cases was a fine of \$2,500 and the minimum was \$200. Only one police officer has been convicted of "Reckless Driving" while on duty since 1994. That case happened in 1996 and resulted in a fine of \$10,000.

- (b) When police officers are involved in traffic accidents, the investigation procedures are more stringent to ensure that cases are handled impartially. These procedures are clearly laid down in the orders and manuals of the Police Force.

Traffic accidents involving off-duty police officers are handled in the same way as any other traffic accidents involving members of the public, except that the investigation of the case is scrutinized by a more senior police officer, usually at the rank of Superintendent. However, traffic accidents involving on-duty police officers are investigated by the Special Investigation Team of the respective Traffic Regions where the accident occurs. These teams normally only deal with fatal and more serious accident cases but also handle all accidents involving police officers on duty. The level of supervision over these cases is pitched at a higher level. Such cases will be drawn to the attention of the Senior Superintendent in charge of the Regional Traffic formation who will personally endorse action to be taken.

The decision of whether to prosecute an on-duty police officer involved in serious traffic accident will be taken by the Department of Justice after studying the investigation report of the police. The

prosecuting procedures will follow the same as any other traffic accidents involving members of the public.

- (c) Under the Road Traffic Ordinance (Cap. 374) and the Road Traffic (Driving-offence Points) Ordinance, the maximum penalty for "Reckless Driving" is a fine of \$20,000, imprisonment for three years and incurrance of 10 driving-offence points. On second or subsequent conviction of the same offence within five years after the first conviction, the offender shall be disqualified from driving for a period of not less than 18 months. The maximum penalty for "Careless Driving" is a fine of \$4,000, imprisonment for six months and incurrance of five driving-offence points.

The Administration considers the maximum penalties for "Reckless Driving" and "Careless Driving" adequate and has no immediate plan to increase them.

Annex

Number of Road Traffic Accidents and Casualties in Hong Kong

<i>Year</i>	<i>Number of Traffic Accidents</i>	<i>Number of Casualties</i>		
		<i>Fatalities</i>	<i>Injuries</i>	<i>Total</i>
1994	15 440	296	20 453	20 749
1995	14 812	260	19 613	19 873
1996	14 397	263	18 879	19 142
1997 (January -June)	7 446	120	9 794	9 914

Percentage of Employees Compensation in GDP

3. **MR CHAN WING-CHAN** (in Chinese): *Will the Government inform this Council of the percentage of compensation of employees in the Gross Domestic Product of Hong Kong, broken down by "industry sector", during each of the three years from 1994 to 1996?*

SECRETARY FOR FINANCIAL SERVICES (in Chinese): Madam President, the percentage share of compensation of employees in the Gross Domestic Product broken down by major economic sector for 1994 and 1995 are given in the attached table. Statistics for 1996 are still under processing and will be published by February 1998, and hence are currently not available.

Compensation of employees as a percentage
of the Gross Domestic Product by major economic sector (%)

	<i>1994</i>	<i>1995*</i>
Agriculture and fishing	32.0	35.0
Mining and quarrying	45.8	37.5
Manufacturing	57.4	56.9
Electricity, gas and water	23.0	24.4
Construction	76.6	77.0
Wholesale, retail and import/export trades, restaurants and hotels	52.0	53.7
Transport, storage and communications	44.9	46.2
Financing, insurance, real estate and business services	30.7	34.8
Community, social and personal services	81.5	82.2
All economic sectors	48.8	51.3

Note : (*) These estimates are subject to subsequent revision when more data become available.

Source : Census and Statistics Department.

Chief Executive Attending Provisional Legislative Council Meetings to Answer Questions

4. **MR FREDERICK FUNG** (in Chinese): *The Rules of Procedure of the Provisional Legislative Council of the Hong Kong Special Administrative Region have spelt out that the Chief Executive may attend meetings of the Provisional Legislative Council for the purpose of answering Members' questions put to him on the work of the Government. Will the Government inform this Council whether it is aware of any arrangement being made by the Chief Executive in this respect and, if no such arrangement are being made, the reasons for it?*

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): Madam President, the Chief Executive attended the Provisional Legislative Council meeting on 9 October to answer Members' questions on his 1997 policy address. He will attend Provisional Legislative Council meeting to answer Members' questions once every quarter.

Protection of the Mai Po Marshes

5. **MR CHAN CHOI-HI** (in Chinese): *Will the Government inform this Council:*

- (a) *when the findings of the Report on the Study on the Ecological Value of Fish Ponds in Deep Bay Area will be published;*
- (b) *whether approval will be granted for building residential premises over fish ponds in the vicinity of the Mai Po Marshes;*
- (c) *whether consideration will be given to extending the scope of the Mai Po Marshes buffer zone; and*
- (d) *whether it will work with the Central Government to ensure that this piece of land, which has been listed as China's seventh wetland, is free from environmental pollution?*

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

- (a) The Administration is reviewing the recommendation of the Study and its planning implications and we hope to release the decisions as soon as they are made.
- (b) The fish ponds in the vicinity of the Mai Po Nature Reserve are governed by the relevant statutory Outline Zoning Plans (OZPs). Any development in the area would have to comply with the zoning requirements of the OZPs, or subject to the approval of the Town Planning Board.
- (c) This is one of the issues being considered in the light of the Fish Pond Study.
- (d) The Hong Kong Special Administrative Region (SAR) Government has been co-operating with the Mainland in controlling environmental pollution in Mai Po Marshes through the Hong Kong and Guangdong Environmental Protection Liaison Group. In 1992, the Liaison Group devised a set of water quality objectives and action plan to control pollution in Deep Bay. Experts from both sides has been jointly implementing the water quality monitoring plan and making regular reports to the Technical Subgroup. Separately, the SAR Government is taking the lead in formulating a set of control strategy to protect the water quality in Deep Bay. This control strategy will be discussed at the Hong Kong and Guangdong Environmental Protection Liaison Group.

Immunization for New Arrival Children

6. **DR TANG SIU-TONG** (in Chinese): *In the coming two to three years, quite a number of legitimate young children of Hong Kong residents who were born in the Mainland may settle in the territory. In this connection, will the Government inform this Council whether:*

- (a) *the immunization that these children received in the Mainland, such as BCG, combined vaccine and so on, meets the standard or requirement of the territory;*
- (b) *it has made any arrangements for these children to receive vaccination (or to receive vaccination again) after their arrival in Hong Kong; and*
- (c) *it will arrange any medical check-ups, such as chest X-ray examinations, for these children, so as to safeguard their health and that of the public?*

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

- (a) According to our information, mainland children are given vaccinations against six infectious diseases, namely, diphtheria, tetanus, whooping cough, measles, poliomyelitis and tuberculosis. This vaccination programme is in line with the World Health Organization's recommendations. Apart from the vaccinations, many mainland children are also vaccinated against hepatitis B. In Hong Kong, our vaccination programme covers, additional to the seven diseases mentioned above, also rubella and mumps.
- (b) The Department of Health provides additional vaccinations to the new arrival children in accordance with our local immunization programme through their attendance at the Department's Maternal and Child Health Centres, and for children over five, through the Department's school visits. Parents of these children are advised by the Department of Health of these available services through letters, phone calls, and, in some cases, home visits.
- (c) We do not consider it necessary to arrange special medical check-ups for new arrival children from the Mainland upon their entry into Hong Kong. There has been no evidence to support that

those new arrival children present a higher health risk of infection than locally-born population.

Opening Hours of Post Offices

7. **MR CHOY KAN-PUI** (in Chinese): *Will the Government inform this Council:*

- (a) *whether internal guidelines have been issued on the opening hours of individual post offices;*
- (b) *why some post offices open as late as 9.30 am;*
- (c) *why some post offices are closed during lunch time; and*
- (d) *whether any review has been conducted on whether such opening hours can meet the requirements of the public (including the business sector); if so, what the details are?*

SECRETARY FOR ECONOMIC SERVICES (in Chinese): Madam President, it is the objective of the Post Office to meet the needs of its customers while containing costs to keep the postage rates as low as possible. The opening hours of post offices, listed in the Annex, have been set to meet this objective. The majority of the post offices open from 9.30 am to 5 pm, but for post offices where demand for services is high, particularly in commercial and industrial areas, they open for longer hours — in some cases opening at 8 am and closing at 6 pm. Conversely, for some post offices where demand for services is low, they close during lunch hours to reduce manpower costs.

The Post Office regularly reviews the opening hours of post offices, taking into account the needs of the business and residential customers in the districts they serve. When demands for services reach sufficiently high levels that justify the additional costs, the Post Office will deploy additional manpower to extend the opening hours of these post offices. In 1998, the Post Office will open selected post offices on Sundays and public holidays.

Hong Kong Permanent Residents Serving Sentences in the Mainland

8. **DR LAW CHEUNG-KWOK** (in Chinese): *Will the Government inform this Council:*

- (a) *whether it knows the number of Hong Kong permanent residents who are now serving sentences of imprisonment in the Mainland, together with a breakdown of the offences involved and the sentences imposed;*
- (b) *of the kind of assistance it can provide to those Hong Kong permanent residents who are charged with criminal offences in the Mainland, whether such assistance includes legal assistance; and*
- (c) *whether Hong Kong permanent residents sentenced to imprisonment in the Mainland can apply for serving such sentences in Hong Kong; if not, whether the Government has discussed with the Central People's Government the issue of transferring such persons back to Hong Kong to serve their sentences and if so, the progress of such discussion?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) We do not have information on the total number of Hong Kong Special Administrative Region (SAR) permanent residents serving sentences of imprisonment in the Mainland. We are aware of five such cases as their families have approached the Government for assistance. Offences they are involved in are economic fraud and/or smuggling and their sentences range from 10 years to life imprisonment.
- (b) If a SAR permanent resident commits an offence in the Mainland, he or she will be subject to the laws and judicial process of the Mainland. These are matters outside the jurisdiction of the SAR Government which has limited role to play in assisting these SAR permanent residents in terms of legal assistance. However, we are liaising with the Central People's Government on the general question of how best to assist SAR residents in distress in the

Mainland.

- (c) There is at present no arrangement for the transfer of sentenced persons between Hong Kong and the Mainland. We have not yet discussed this issue with the Central People's Government.

T+2 Settlement Requirement

9. **MR CHIM PUI-CHUNG** (in Chinese): *Will the Government inform this Council whether it is aware:*

- (a) *that the T+2 settlement requirement stipulated by the Hong Kong Securities Clearing Company Limited (HKSCC) will be amended in the light of actual needs, so as to enhance settlement efficiency and reduce risks in securities trading;*
- (b) *since the stocks sold by a stock broker on behalf of his clients are deposited at the HKSCC, of the reasons for the HKSCC still discounting the marks on the stocks before transferring the amount into the broker's account; and*
- (c) *if the HKSCC practice of discounting the marks on the stocks before transferring the amount into the broker's account will result in greater fluctuation in the stock market, and hence undermine Hong Kong's status as a financial centre?*

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

- (a) The T+2 settlement period is set by the Rules of Stock Exchange of Hong Kong Limited (SEHK) under Rule 555 which stipulates that delivery and payment must be effected between 10 am and 3.45 pm on the second trading day following the date of transaction. Such requirement is also paralleled in the Central Clearing and Settlement System (CCASS) Rules.

When the CCASS was being developed in 1991-92, there had been serious discussions on whether the settlement period of T+1 at that time should be changed. Market practitioners' views were sought at that time and after balancing the interests of local and overseas market practitioners, it was decided to change the settlement period from T+1 to T+2 in 1992.

Under the existing Rules, the settlement period can be modified if market conditions warrant it. The settlement period will also be looked into again in the context of the Government's study to integrate and upgrading the systems of various exchanges and clearing systems.

- (b) The mark-to-market process at the HKSCC is one of the core risk management measures used to protect the HKSCC (and its broker participants) in its role as the central risk taker (that is, settlement counterparty) for trading among all brokers at the SEHK. Currently, the HKSCC only accepts cash as payment for mark-to-market obligations and the CCASS system does not currently provide for using stocks as collateral for payment of marks.

The HKSCC is now enhancing the CCASS and will amend its rules to allow the use of stocks as collateral for payment of marks. The new arrangement is expected to come into effect by end 1997.

- (c) Prudent risk management measures such as marking opening positions to the market are factors essential to the maintenance of Hong Kong's status as an international financial centre. The HKSCC's plans to accept stock collateral should enable it to maintain its standards of prudence on the one hand, while minimizing the effects of risk management measures on market participants on the other.

Waste Disposal (Amendment) Ordinance Prosecutions

- 10. **MR NGAN KAM-CHUEN** (in Chinese): *Regarding the control of*

hazardous and contaminated wastes, will the Government inform this Council:

- (a) of the number of prosecutions instituted against illegal importers and exporters of wastes since the Waste Disposal (Amendment) Ordinance 1995 came into force in 1996, together with the number of prosecutions which resulted in convictions and the maximum fine imposed;*
- (b) of the respective numbers of prosecutions which had resulted from detection by the Government and from reports by the public;*
- (c) whether the Government will consider increasing the fines to bring them to the level equivalent to the profits derived from such activities;*
- (d) whether the Government has launched publicity and educational programmes to enhance the public's (including the persons-in-charge and the employees of shipping companies and transport companies) knowledge about the impact of keeping hazardous and contaminated wastes; if not, why not;*
- (e) whether the Government will set up a reporting hotline to enable the public to report such illegal activities; and*
- (f) whether the Government has negotiated with the signatories to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, so that prosecution will be stepped up against exporters who illegally export hazardous wastes from the concerned countries to Hong Kong?*

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

- (a) Since the implementation of the Waste Disposal (Amendment) Ordinance 1995 on 1 September 1996, the Government has initiated prosecution for 16 cases of illegal waste import/export. Two of these cases were illegal transshipment of contaminated waste from overseas countries to the Mainland via Hong Kong, three of the

cases were illegal export of locally produced waste and the remaining cases were illegal import of waste from the Mainland to Hong Kong for disposal at landfills. As at 14 October 1997, prosecution for 10 cases have been concluded and all the defendants were convicted under the Ordinance. The highest level of fine imposed by the court is \$90,000.

- (b) Of the said 16 prosecution cases, 15 cases were detected by the Government (14 by the Environmental Protection Department (EPD) and one by Customs and Excise Department) while one case was referred to the EPD by an overseas competent authority.
- (c) At present, the maximum penalty for illegal import/export of waste is \$200,000 plus six months of imprisonment for the first offence and \$500,000 plus two years of imprisonment for the second and subsequent offences. In addition, the offender is required to return the waste to the country of origin at his own cost. We consider that the maximum penalties in the legislation have sufficient deterrent effect, but will review the situation from time to time as we do with all other legislations.
- (d) Since August 1996 when we were preparing for the implementation of the enhanced waste import/export control scheme, the EPD has publicized through various channels the need to manage any import/export of recyclable waste in an environmentally sound manner. A campaign was conducted in August to November 1996 to publicize the details of the legislative requirements and the appropriate measures to be adopted to prevent any illegal import/export of waste. The targets of the publicity campaign included, amongst others, shipping, transportation, waste trade and waste recycling companies and the relevant trade associations. In enforcing the legislative control, the EPD will continue to monitor the situation and initiate, whenever necessary, additional publicity measures.
- (e) Information can be related to the EPD through (i) the Pollution Complaint Hotlines operated by the six EPD Local Control Offices; or (ii) the dedicated hotline (telephone number: 2755 2244).

- (f) We have liaised with a number of competent authorities outside Hong Kong on the prevention, detection and prosecution of illegal waste import/export activities. Whenever we detect a case of suspected illegal waste import into Hong Kong, the EPD will communicate with the relevant competent authority and request them to take appropriate enforcement action at their end.

Improvement of Quality of Services by Bus Companies

11. **MR AMBROSE LAU** (in Chinese): *It is reported that the Kowloon Motor Bus Company Limited, the China Motor Bus Company Limited and the Citybus Limited have submitted fare increase applications to the Transport Department. In this connection, will the Government inform this Council whether:*

- (a) *the three bus companies have improved the quality of their services over the past three years; if so, what improvements in service have been made by each of them; and*
- (b) *the improvement of service quality has been cited by any of the above bus companies as one of the justifications for increasing the fares?*

SECRETARY FOR TRANSPORT (in Chinese): Madam President, during the past three years, the three bus companies have improved the quality of their services in a number of ways. Details are shown in the Annex.

In addition, the bus companies have made other improvements. These include the publication of bus route guide-books, improved information display at major stops and terminals, and strengthening communications with their passengers, through their passenger liaison groups and by attendance at meetings of the District Board Transport and Traffic Committees.

The three companies have cited improvements in service quality as one of the factors in support of their fare increase applications.

Annex

Service Improvements made
by Bus Franchises during the past three years

<i>Bus Company</i>	<i>Service Improvements</i>		
<i>Kowloon Motor Bus Company Limited</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>
Number of new routes introduced	17	13	8
Frequency improvements items	113	99	65
Percentage of air-conditioned buses in fleet	23.4	29.0	34.3
Percentage of lost trips	7.1	4.9	3.5
Number of passenger shelters constructed	0	43	262

<i>Bus Company</i>	<i>Service Improvements</i>		
<i>China Motor Bus Company Limited</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>
Number of new routes introduced	9	5	3
Frequency improvements items	16	11	7
Percentage of air-conditioned buses in fleet	13.4	17.2	19.9
Percentage of lost trips	6.8	7.4	4.6
Number of passenger shelters constructed	4	2	1

<i>Bus Company</i>	<i>Service Improvements</i>		
<i>Citybus Limited</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>
Number of new routes introduced	10	21	4
Frequency improvements items	10	8	15
Percentage of air-conditioned buses in fleet	56.7	71.7	90.2

fleet

Percentage of lost trips 3.4 1.8 2.5

Number of passenger shelters constructed 23 53 50

Aircrafts Flying Too Close to Each Other in Hong Kong Air Space

12. **MRS SELINA CHOW** (in Chinese): *Will the Government inform this Council:*

- (a) *whether, in the past three years, there were incidents involving aircrafts flying at too close a distance from each other within the territorial air space of Hong Kong, or incidents involving aircrafts climbing up again in the course of landing due to obstructions on the runway; if so, of the number, dates and course of events of such incidents;*
- (b) *whether such incidents are related to interference with frequency channels for radio communications; and*
- (c) *of the current situation regarding interference with radio communications between the Civil Aviation Department of Hong Kong and aircrafts in flight?*

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

- (a) In the past three years, there were seven incidents involving aircraft flying at a distance less than the standard separation within Hong Kong's air space, one in 1995, and three in both 1996 and 1997. Of the seven incidents, five were caused by human error, one was due to an aircraft deviating from flight path to avoid bad weather, and the remaining one was brought about by radio frequency interference to communications between the pilot and the air traffic control officer. The Civil Aviation Department (CAD) carried out in-depth investigation into each incident and would review and rectify the situation to prevent recurrence. As regards the incidents involving aircraft carrying out a missed approach in the course of landing owing to obstructions on the runway, 18 cases were recorded in the past three years, five in 1995, four in 1996 and nine in 1997. Objects of obstructions were mainly small fragments of tyre and metal coming off from aircraft, caused by the vibration and

friction during taking off and landing. To ensure flight safety, air traffic control officers would where necessary instruct aircraft to carry out a missed approach.

- (b) Of all the aforesaid incidents of aircraft flying at a distance less than the standard separation, only one incident was related to radio frequency interference.
- (c) The CAD has received reports from airline pilots that there were occasional radio frequency interference which would sometimes affect the communications between pilots and air traffic control officers. It mainly involved four channels. In case of interference, the CAD would use the reserve channels as a contingency measure. The CAD also followed up on investigating the sources of interference with the Office of the Telecommunications Authority (OFTA). According to the findings of the OFTA investigation, the interfering signals were mainly caused by the paging stations operating along the coastal areas of southern China. The OFTA and the CAD have liaised with the departments concerned in the Mainland for their assistance for the elimination of the sources of interference. The situation has improved recently and we understand that the departments concerned in the Mainland will soon step up actions for further improvements.

Safety of Lifts in Public Housing Estates

13. **DR TANG SIU-TONG** (in Chinese): *In some public housing estates in Hong Kong, the exits of their elevators are blocked with concrete on the floors on which the elevators do not stop, thus increasing the difficulties in rescue operations in case emergencies relating to the elevators occur. In this regard, will the Government inform this Council of:*

- (a) *the current number of public housing estates in Hong Kong which have the exits of their elevators blocked on the floors on which the elevators do not stop; and*
- (b) *the rescue methods used by the authorities in case of emergencies relating to these elevators?*

SECRETARY FOR HOUSING (in Chinese): Madam President, for operational efficiency, most of the lifts in public housing blocks are not designed to serve all floors. There is therefore no lift exit on those floors which the lift is not designed to stop.

If a lift breaks down and stops on a particular floor where there is no exit, the lift maintenance contractor will be called either to repair the lift immediately or to release the braking system of the lift so as to move it to the next nearest floor where there is an exit in order to release trapped passengers, whichever is quicker.

Use of Hong Kong International Airport by People's Liberation Army

14. **DR LAW CHEUNG-KWOK** (in Chinese): *Will the Government inform this Council whether the People's Liberation Army (including the Garrison in Hong Kong) have used the facilities of the Hong Kong International Airport; if so, whether they are required to pay any fees and the basis on which the fees are charged?*

SECRETARY FOR ECONOMIC SERVICES (in Chinese): Madam President, the People's Liberation Army (including the Garrison in the Hong Kong Special Administrative Region) has not used the facilities of the Hong Kong International Airport. The People's Liberation Army is not required to pay any landing or parking fees for its military aircraft which use the Hong Kong International Airport for taking off, landing and parking. This arrangement is no different from that before 1 July 1997 in relation to the military aircraft of the sovereign state.

Improvement of Facilities in the Court of Final Appeal

15. **MR CHIM PUI-CHUNG** (in Chinese): *It is reported that the acoustics and sound insulating installation in the Court of Final Appeal are in need of improvement and additional seats for staff are also required. As unsatisfactory*

facilities in the court will adversely affect the hearing process, will the Government inform this Council whether it will improve or replace those facilities?

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): Madam President, when the court began sitting in mid-September, the Judiciary Administrator identified a problem in the acoustic of the courtroom. To remedy the situation, the audio system for recording and amplifying purposes has been enhanced by installing additional speakers and upgrading the microphones. As regards sound insulation, the courtroom has already been installed with two layers of double glazing windows. The Judiciary Administrator will, in conjunction with the Architectural Services Department and the Electrical and Mechanical Services Department, continue to monitor the situation closely and make further improvements if necessary.

The Judiciary Administrator considers that there is already adequate seating for court staff inside the courtroom of the Court of Final Appeal, and the number of seats provided is comparable to that in the High Court.

Hoisting of the National Flag in Government Schools on National Day

16. **MR YEUNG YIU-CHUNG** (in Chinese): *It is reported that the Education Department has indicated that schools have the discretion to hoist or not to hoist the national flag on National Day, yet the internal guidelines it issued to government schools stipulated that they should make an application before hoisting the national flag. However, the principals of many government schools have said that they are not aware of the contents of the guidelines. In this connection, will the Government inform this Council:*

- (a) *whether the Education Department has issued any relevant internal guidelines and what their contents are;*
- (b) *if such guidelines were issued, why the principals of many government schools claimed they were not aware of them and their contents; and*
- (c) *how many government schools hoisted the national flag on National Day this year and how many did not, and the reasons for not hoisting the national flag?*

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

- (a) On 3 July 1997, the Director of Administration issued the "Administrative Guidelines for the Display of the National and Regional Flags and the National and Regional Emblems" (the Guidelines) to all government organizations and departments. The Guidelines specify, among other things, that the Chief Executive has stipulated, under the National Flag and National Emblem Ordinance, certain government organizations which should hoist the national flag on National Day. Other government organizations including government schools which wish to do so may seek prior approval from the Director of Administration. On 15 July 1997, the Education Department (ED) distributed the Guidelines to the principals of all government schools.

To enable secondary and primary school students to know more about the national flag, national emblem, national anthem, regional flag and regional emblem, the ED will release a special education television programme in the next few weeks. The programme will cover, among other things, matters such as the points to note on the hoisting of national flag, the proper manner and rituals. The ED will also distribute the resource materials relating to the programme to schools.

- (b) After the distribution of the Guidelines, the ED has not received any enquiries from government schools. Schools can approach the ED if they have any enquiries regarding the Guidelines.
- (c) Only one government secondary school hoisted the national flag on National Day this year. The ED did not make detailed enquiry on the reasons why other schools did not do likewise.

Allocating Public Housing Units to Estate Assistants

17. **MISS CHAN YUEN-HAN** (in Chinese): *It is learnt that since August last year the Housing Department has suspended the arrangement under which Estate Assistants are entitled to redeem letters of assurance for re-allocation of public rental flats. In this connection, will the Government inform this Council:*

- (a) of the number of public rental flats reserved in each of the past five years by the Housing Department for such officers; and whether this arrangement has affected the waiting time for allocation of public rental flats to the general public; if not, what the reasons are;*
- (b) of the reasons for suspending the arrangement; and*
- (c) of the Housing Department's future policy on the allocation of public rental flats to such officers?*

SECRETARY FOR HOUSING (in Chinese): Madam President, the arrangement under which Estate Assistant grade staff of the Housing Department are entitled to redeem letters of assurance for allocation of public rental flats started in 1993-94. The number of public rental flats reserved for this purpose is given below:

<i>Year</i>	<i>Flats</i>
1993-94	100
1994-95	100
1995-96	200
1996-97	200

Given the small number of flats reserved for Estate Assistant grade staff, the impact of this arrangement on public rental housing waiting time for low income

families in Hong Kong is minimal.

In view of the need to implement a new system of management of public rental estates, the Housing Department commenced in August 1996 a review of the duties of Estate Assistant grade staff and the need to provide housing for them on the estates. Meanwhile it has suspended the letters of assurance arrangement. The review will be concluded soon. Any proposed change in policy will be submitted to the Housing Authority for consideration.

Provision of More Graduate Teaching Posts in Primary Schools

18. **MR YEUNG YIU-CHUNG** (in Chinese): *Regarding the provision of more graduate teaching posts in primary schools, will the Government inform this Council:*

- (a) *as at end of August 1997, how many graduate teaching posts are distributed in primary schools, and the total number of primary school teachers with such qualification;*
- (b) *of the estimated number of primary school teachers who will obtain such qualification within each of the next three years; and*
- (c) *of the specific measures in place for achieving the revised target of providing a 35% graduate teaching posts in all the primary teaching posts by the year 2001?*

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

- (a) The Government started to provide primary graduate posts in 1994. As at the end of August 1997, 665 teaching posts in government and aided primary schools (including special schools) have been upgraded to graduate posts. We will further upgrade 350 posts in the 1997-98 school year, bringing the total to 1 015 by the end of

August 1998.

There are two aspects to the distribution of posts. First, insofar as distribution according to the types of school is concerned, 37 posts were assigned to government schools and 628 posts to aided primary schools (including special schools). A second aspect concerns the distribution of posts among new entrants and in-service teachers. As from the 1996-97 school year, 20% of the total number of graduate posts created in a year are set aside for new entrants holding Bachelor Degree in Primary Education. So far, 605 posts were created for regrading serving teachers and 60 for appointing new entrants holding Bachelor Degrees in Primary Education.

According to information provided by the teachers themselves in the 1996 Teacher Survey, it is estimated that about 3 200 serving teachers holding non-graduate posts in government and aided primary schools are degree holders. The Survey, however, does not contain information on how many of these teachers are holding degrees which are locally recognized and which make them eligible to apply for graduate teaching posts.

- (b) Other than conducting a survey on an annual basis, we are unable to estimate the number of primary school teachers who will also be degree holders in each of the next three years. However, it is reasonable to assume that the number of such teachers is likely to increase following the Government's decision to accelerate the provision of graduate teaching posts in the next few years. It should also be noted that various local teacher education institutions are offering full-time and part-time Bachelor of Primary Education programmes which will produce about 700 graduates in each of the next three years.
- (c) During the four years commencing 1998-99, the Government will provide about 1 400 additional graduate teaching posts each year to meet the target of upgrading 35% primary teaching posts to graduate level by 2001-2002 (about 6 500 posts in total). To achieve this target, the Government will be spending \$304 million over the four-year period. We are working out specific arrangements to

ensure that these posts will be used to raise the quality of education.

Contaminated Ice-cream

19. **MR HOWARD YOUNG:** *With regard to the recent incident of contaminated ice-cream bars, will the Government inform this Council:*

- (a) of the success rate of recalling the product from the market;*
- (b) whether the product was packaged in Hong Kong after importation or at source; and*
- (c) whether ice-cream and fresh milk products are particularly susceptible to bacteria contamination; and if so, whether a review of the existing procedures for inspecting such products is called for?*

SECRETARY FOR HEALTH AND WELFARE: Madam President,

- (a) The products in question are Cookies'N Cream Ice Cream Bar and Vanilla and Almond Ice Cream Bar under the same brandname. Upon the discovery of the bacteria *Listeria monocytogenes* in two samples of the first product, recall action was immediately taken. The first recall commenced on 3 October 1997 for Cookies'N Cream Ice Cream Bars and was completed within 48 hours. Later, the company also decided to recall all Vanilla and Almond Ice Cream Bars on sale in the local market and the second recall was completed within 24 hours.

In both recalls, all the retail outlets, around 1 600 in total, were visited and some 40 000 bars, which represented all the stock found in those outlets, were collected. In other words, the recall success rate was 100%.

- (b) The products were packaged at source, and no further re-processing had taken place afterwards.
- (c) Ice-cream and fresh milk products are generally regarded as

high-risk items insofar as bacterial contamination of foods is concerned. Thus, these products are subject to stringent safety control measures compatible with international standards. Before a new food product is approved for import into Hong Kong, the importer has to submit information on the relevant health legislation in force in the country of origin, the manufacturing plant, and the operations. The importer is also required to submit the exporting countries' health certificate for the products with each consignment. End-product inspections are conducted at the import and retail levels, and samples are taken for regular bacteriological and chemical testings. The system has functioned well in Hong Kong, since inspection and testing is considered one of the most effective methods in safeguarding food hygiene worldwide. We will continue to review and update the surveillance procedures as necessary.

Number of CSSA Recipients in the Past Seven Years

20. **MR HUI YIN-FAT** (in Chinese): *Will the Government inform this Council of the number of recipients of Comprehensive Social Security Assistance in each of the past seven financial years?*

SECRETARY FOR HEALTH AND WELFARE (in Chinese): Madam President, the social security system was revamped in 1993 when assistance provided under the then Public Assistance Scheme was expanded and the Scheme re-titled the Comprehensive Social Security Assistance Scheme. The number of recipients receiving assistance under these Schemes as at end of the past seven financial years is as follows:

<i>Financial Year</i>	<i>No. of Recipients</i>
1990-91	96 400
1991-92	104 300
1992-93	107 800
1993-94	125 800
1994-95	140 400
1995-96	185 100

1996-97

234 100

MEMBER'S MOTION

PRESIDENT (in Cantonese): Members' Motion. Motion of Thanks. Before I call on Dr LEONG Che-hung to move his motion, I would like to briefly explain the procedure. In accordance with Rule 12(4) of the Rules of Procedure, amendments to the Motion of Thanks may be moved without notice. Members may move amendments to the motion when speaking on it. Mr Frederick FUNG has informed us that he will move an amendment to the motion.

The Clerk issued a circular to you yesterday about the detailed procedure in respect of the debate. I only wish to repeat three points:

First, to enable Members to know the content of any proposed amendments, I hope that any Member who intends to move an amendment will pass the amendment to the Clerk as soon as possible, so that the Secretariat can prepare and print the proposed amendment for Members' consideration.

Second, when an amendment has been moved, a Member speaking on the amendment may not move an amendment to it, unless it is of a purely technical nature.

Third, after a vote has been taken on an amendment, depending on the result, the Council will continue with the debate on the original motion or on the motion as amended. Members who have not spoken on the original motion, or the motion as has been amended, may speak, even if they spoke earlier on an amendment. I now call upon Dr LEONG Che-hung to move his motion.

MOTION OF THANKS

DR LEONG CHE-HUNG: Madam President, I rise to move that this Council thanks the Chief Executive for his address. In moving this motion on behalf of the House, I am acutely aware that it may not reflect the sentiment of all Honourable Members, I am given to understand that some Honourable Members

are preparing to make amendments to it. I welcome them although I do not necessarily subscribe to them, for they show that the society of ours is still very much an open society and freedom of speech is completely tolerated.

It also signifies that this Council is in no way a controlled body, a Council where there is still free flow of ideas. Yet if Honourable Members were to take note of the wordings of the motion, then any amendment is superfluous. The motion in question calls for thanking the Chief Executive for delivering the policy address. In no way are we asked to agree with it, let alone even accept it. In short, within the framework of the motion, anything under the sun relating to the policies of the Hong Kong Special Administrative Region (SAR) Government can be discussed and aired.

Madam President, the policy address before us is a very special one indeed. It is the first address after Hong Kong has returned to Chinese sovereignty. It is the first address in which Hong Kong has delinked from colonial control. It must be an address that will project a new image that not only are we masters of our own house but take on board the ownership of being part of a great Chinese nation. It must be an address that every citizen of Hong Kong must find in it his/her future. Hong Kong is no more a "borrowed time on a borrowed place". Instead it is "our permanent home, a place in perpetuity".

Madam President, there is more. On this address will base how the international world will judge the future of Hong Kong; on this address will base how Hong Kong citizens will plan their tomorrow for themselves and their families. Needless to say, the international community will look for assurance of an open and democratic society, the unshakable rule of law and the continual policy to promote economic development. Hong Kong people will look for governmental leadership, strong political commitment, yet an open administration accountable to and taking into consideration the views of the populace at large.

Address Visionary but not Bold Enough

How do I rank this policy address in such light? If I could be so bold, Madam President, I would coin the address as "visionary" yet not "bold" enough; sincere yet lacking in-depth details; "human" yet not extending adequate care!

Let me elaborate. Few would disagree that the policy address was

delivered with complete sincerity in marked contrast to the diplomatic if not political style of the previous colonial policy addresses. Few would not applaud that our Chief Executive has shown that he is human, letting in a breath of fresh air for Hong Kong after years of political bickering. But has the care gone far enough?

Insufficient Care for the Elderly

Even in the early days of Mr TUNG's election campaign, he has put elderly care as one of his top priorities. Yet many would find a mere \$380 increase in Comprehensive Social Security Assistance (CSSA) belie the whole concept of providing the elderly "a sense of security" (老有所養), especially in the presence of mounting fiscal reserve. Yes, the Chief Executive has stressed that we should not depend on handouts but to rely on savings that would be forthcoming when the Mandatory Provident Fund (MPF) scheme is in full swing. Yet, with the best intention, this MPF, as Mr TUNG has rightly pointed out, will take 20 to 30 years' time before all workforce will have provisions for their retirement.

Some may argue that in the address, there are other means to help the elderly. For example, there will be 12 revamped elderly care centres which will not only deal with health promotion but also actual treatment. I applaud this. Yet let me remind the Administration that the former government has promised a total of 18 of these centres, one in each district, though perhaps less well-equipped. Looking at it from a sinister angle, the move could be construed as a retrograde step, and nothing for the grannies to be jubilant about!

Lacking Education on Core Values

Much emphasis has been given to education. Few would not applaud, in particular, the implementation of a five-year information technology education strategy, the input into upgrading English and Putonghua language skills, and the setting up of a \$5 billion Quality Education Development Fund. But what about education on core values?

For decades, Hong Kong people have been criticized for the lack of identity. Most do not even have the sense of belonging. Many came here with a refugee sentiment, found this once a barren rock worth their while and overstayed.

Perhaps the uncertainty of the change of sovereignty left them no sense of

confidence to take root. This is more obvious in the last few years where making a "fast buck", or a "quick fortune", has been the order of the day. Young professionals are inert to improve their professional standards. At a drop of the hat, white collars and blue collars alike are willing to give up their jobs because it is so easy to make a quick one through the overheated speculative market. Secondary and tertiary students are not uncommonly seen with radio pagers or even portable telephones to get in touch with the stock market.

Surely the uncertainty should now be all over. Hong Kong is no more a borrowed place. Mr TUNG has repeatedly stressed the importance of Chinese culture. This is essential. Yet it is the education on core values that the policy address has failed to give adequate emphasis. It is important that education on core values, education into the thousands of years of respected Chinese culture, must be promoted and take root amongst the very young. Our next generation must not only be armed with the most advanced management concept and scientific knowhow, but also conversant with the time-honoured Chinese culture which we all revere.

People's Wishes in Democratization

Madam President, the policy address is entitled "Building Hong Kong for a New Era". Whilst many would agree that improving our economy, architecting our social and societal issues are essential; no territory can advance with a political stalemate. It is in the area of democratization that I feel the policy address has not been bold enough.

Yes, the Basic Law has already set the pace of democracy, which will ultimately lead to total, universal suffrage. Yet, the Basic Law was drafted in the mid-80s and promulgated in 1990, some seven years ago. Much has changed in the maturity and understanding of politics in Hong Kong. Much has also changed in the political development of the Central Chinese Government. Whilst the pace of democratization as outlined in the Basic Law might well be the mainstream preference of Hong Kong people then, it could be different today.

If the concept of "Hong Kong people ruling Hong Kong" is anything to go by, if the promise that Hong Kong people can be the master of their own destiny is to be realized, then it is up to this Government to sound out the populace on the way ahead, and to seek changes, if needed, of the Basic Law.

Relationship between Legislative Council and Executive Administration

Madam President, on constitutional development, I would like to draw the Administration's attention that one area seemed to be conveniently forgotten and that is the relationship between the Executive Administration and this legislature. The Administration and, I am sure, veteran legislators would know that in particular during the twilight years of colonial rule, the absence of a machinery has hampered the working relationship between these two sides. Yes, this Government is an executive-led government. Yet no government could run smoothly without a good rapport between its executive administration and the legislature. Furthermore, the Basic Law has provisions for the very much needed relationship.

In his wisdom, the Chief Executive has appointed three Members of this Council into his inner cabinet. But has this functioned well? Has such an arrangement delivered the role it is expected to play? Will similar arrangement be extended into the first SAR legislature? Regrettably, this is not found in the policy address.

Review of Health Care Funding Policy

For the time left, I like to say a few words on health care.

To the health care professional and those concerned about health care, this policy address is perhaps a special bonus — a promise of an overall health care system review, something seriously wanting for almost a quarter of a century, as the last health care policy paper was published in 1974. Regrettably, there was no timeframe. The only reference is, to quote the Chief Executive, "I will address this subject further in my 1998 policy address." Let us hope that this is not yet another lip service. Let us hope that this is not another attempt at procrastination.

Amongst the remit of the review would be a look into health care funding, in particular, "how patients and the community can best share our health care costs". Hopefully, it is a sign of the Government acknowledging that whilst it should assure nobody being denied of proper health care due to lack of means, the uncurbed next to total subvention for all public medical service users irrespective of financial status will not go a long way. It simply cannot work to have a limited health care budget, irrespective of size, to cope with insatiable unlimited needs and demand.

Let us hope that this signifies the Government's political determination to move into realizing the principle of "those who can pay, pay"; and "those who can pay more, pay more". Through such a policy, those affordable could be channelled back to the private sector. At the same time, those who genuinely need heavily subsidized public health care can have a much reduced waiting time, and public hospitals can have decreased workload, concentrating therefore on quality services.

Madam President, in a very recent Member's motion debate in this Council on medical blunders, much emphasis has been placed on the overload of work imposed on the public hospitals' frontline staff and pressurized by the insatiable demands of the public. Yet instead of the usual call for a further increase of staff from the public coffers, for the first time, legislators have spoken of the need for a review of the role of public health services, an improvement and partnership of public and private medical sectors, and so on. The environment is therefore right, the opportunity is at hand, and it would be foolhardy for the Government not to take the bull by its horn to initiate a total revamp of health care funding, to which patients and society must contribute their shares.

Honourable colleagues were given to understand that a consultant would be engaged to advise on the funding policy and to recommend which modality is suitable to Hong Kong. I have no intention to argue the need or otherwise of such exercise, suffice it to say that such consultation must be properly guided by a effective steering committee hopefully with participation of the private sector. Needless to say, the public must be consulted and their views seriously digested.

Role of Primary Health Care

It is also most welcomed that the policy address heavily backed the development of primary health care, in particular disease prevention and control. Yet, further steps should be taken to establish a "disease control centre" in Hong Kong — something which most advanced countries cannot do without. Through such a centre, epidemiology of various diseases, data collection, health promotion and disease prevention can be carried out in a more co-ordinated way under one roof. The fact that a new strain of influenza virus, H5N1, was isolated with such speed in Hong Kong indicated that we have the people and the brain. They should be further nurtured through this "hardware" to attain international excellency.

Partnership between Government, Legislators and Public

Madam President, I would like to end by emphasizing to this House that the document before us is the first policy address and Hong Kong has just passed its 100th day into our new era. Much needs to be done through candid partnership between the Executive Administration and the legislators and the Hong Kong people at large. Today and tomorrow, no doubt Honourable Members will air many heartfelt grumble. Let us hope that these are constructive criticisms with no sinister intent. Let us hope too that the Administration could respond to these suggestions with sincerity, for I have no doubt that they also reflect the feelings and views of the Hong Kong public. I so move.

Dr LEONG Che-hung moved the following motion:

"That this Council thanks the Chief Executive for his address."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That this Council thanks the Chief Executive for his address. We will now proceed to a debate. Does any Member wish to speak? Dr David LI.

DR DAVID LI: Madam President, unlike my fellow Members of this Council, I was in bed when our Chief Executive delivered his policy address.

This was not, I hasten to add, out of choice. I did not want to be in hospital.

However, my confinement gave me an opportunity that is often denied us in this busy city. I had the chance to rest in silence and calm, and to think deeply about those things that are most important to us.

We honour those who bring us into the world — and, of course, he who takes us from it. Yet, in between, it seems that we take everything else for granted.

We take it for granted that Hong Kong has exceptional and dedicated

medical personnel. We take it for granted that we have outstanding teachers, police officers, fire fighters and other public servants.

While I was watching our most senior public servant who gave his policy address on television, it occurred to me what an awesome responsibility rests on Mr TUNG's shoulders.

The people of Hong Kong now look to Mr TUNG to ensure that we can continue taking our well-being for granted. Listening to the Chief Executive's words, I felt more convinced than ever that Mr TUNG will succeed in this.

His address displayed great vision — a vision of a more bountiful future. Yet he was also highly realistic. He reminded us — quite rightly — that a vision would become reality only with great effort.

As the first Chief Executive of the Hong Kong Special Administrative Region, Mr TUNG has to devote much efforts to the difficult and thankless tasks of envisioning, preparing and also planning.

I realize that some members of our community believe that the Administration should move faster. They would prefer our Chief Executive to take immediate action in every possible instance. I do not agree with this line of argument.

First, like many others, I still have fresh memories of what happened when Hong Kong was led by someone who did not think things through. Caution and prudence are virtues for those of us for whom Hong Kong is our permanent home. We must, after all, live with the long-term results of policy decisions.

Second, the Administration's plans do in fact indicate a great deal of well-considered and well-targeted action.

Mr TUNG assured the community that he understood its concerns. His plans in respect of livelihood issues — welfare, health care, housing, transport and education — indicated his clear intention to serve our 6.5 million citizens well.

My recent period in hospital reminded me of the importance of caring. It is our duty as civilized people to look after the less fortunate. Yet, of course, it is the duty of the Government to use public resources effectively and efficiently.

Mr TUNG's plans for increased assistance to the elderly, the sick and the disadvantaged showed that he recognized the importance of balancing these two duties. No one can doubt his dedication to building a compassionate society.

Similarly, no one can doubt his intention to improve our education system, notably — as I have long urged — where computer education and information technology are concerned. This is critical to our future. It is an area of concern to every family and every business.

He should be commended for planning a review of health care financing. Public hospitals are under great pressure. One day, they will have to charge higher fees for the better-off. The sooner we look into this, the easier it will be to make changes.

Mr TUNG was also correct in raising the issues of air, sea and noise pollutions. These hurt our tourism industry, our enjoyment of life and, not least, our health.

And he deserves our support for pursuing warm and productive relations with the authorities in Guangdong Province, and with our sovereign power.

These are all vital issues. No one can doubt that Mr TUNG still faces his most crucial test. He knows that we cannot improve our public services and facilities unless we improve our ability to create wealth.

It is a test for us all. To some, the competitiveness of Hong Kong as a business location is coming under increasing doubt.

The cost of renting or buying property feeds into every other cost. Our inflation rate — though lower than it has been — is higher than in much of the region and elsewhere.

Meanwhile, the devaluation of several currencies in East Asia has further widened the gap between us and other locations.

We must reduce our costs wherever we can, yet avoid sudden disruption to markets. And we must find ways to add more value to the services and goods

we produce.

In this context, I would ask the Government to consider very seriously the reduction of individual and corporate tax levels.

I would urge the Administration to encourage companies to upgrade their information systems, perhaps by reviewing and revising initial and annual tax allowances for such equipment.

I would ask it to provide equitable tax relief on mortgage interest — rather than proposed "Home Starter" loans — for first-time property buyers. And, of course, to think in terms of property supply, as much as demand.

I would also urge the Administration to allow the importation of labour wherever the lack of local skills threatens our economic growth or competitiveness.

The business community must, of course, play its part. I trust that my friends from other businesses will explain how their respective sectors can raise the value of their activities.

Speaking for the financial services community, I must say that we were greatly heartened when we heard Mr TUNG singled out our industry.

He pointed out that the financial services industry has increased its contribution to the Hong Kong economy more than 500% in the last decade. He also stressed that the financial sector has excellent prospects for the future, especially as reform continues on the Mainland.

Our Chief Executive announced a number of plans to help improve Hong Kong's position as a premier financial centre. He showed great insight by placing the maintenance of a world class supervisory regime at the top of the list.

We are most fortunate to have a highly professional and dedicated regulatory authority in the form of the Hong Kong Monetary Authority.

The Authority is even-handed and strikes the right balance between decisiveness and discretion. In recent months, it has shown itself to be second

to none.

The handover, the annual meeting of the World Bank and International Monetary Fund, the recent collapse of currencies and markets in Southeast Asia — these events made highly varied demands on the Authority. And all were handled with the utmost professionalism under our able Financial Secretary.

Bankers from around the world praised Hong Kong for hosting the best organized Word Bank/IMF meeting ever. This professionalism made a valuable and lasting impression on them all.

We in the financial community are confident that the Monetary Authority's commitment, skill and vigilance will continue.

In particular, I hope that we will see them succeed in moves to establish a central credit agency. No one can disagree with the Monetary Authority that this would improve asset quality in our industry. I believe it would also improve privacy for the consumer.

In this and all areas, we hope that the Administration will renew its efforts to ensure and enhance the openness, transparency and accountability of our financial system.

We hope that our Government will take every possible step to encourage free, fair and totally clean competition — a level playing field, free of the dangers of monopoly or favouritism.

That is the way to strengthen Hong Kong as an attractive financial centre. It is the way to encourage the creation of higher value services.

Madam President, the financial services industry is in a powerful position to create greater prosperity for our community in the years ahead. We look forward to doing so, assisted by the enlightened and dedicated leadership of our Chief Executive and his capable and talented team.

I congratulate him for the vision and wisdom he displayed in his policy address two weeks ago. I look forward to seeing his vision become a reality for everyone in Hong Kong.

Madam President, I support the motion wholeheartedly.

PRESIDENT (in Cantonese): Mr Allen LEE.

MR ALLEN LEE (in Cantonese): Madam President, millions of Hong Kong citizens have been looking forward to this important official document — the first policy address of the Chief Executive Mr TUNG Chee-hwa. With Hong Kong reuniting with China and the elimination of British influences, we have been earnestly hoping that the Administration would draw up a new blueprint for the administration of Hong Kong and formulate a new set of practical policies with the best interests of Hong Kong people in mind. This set of new policies will be the cornerstone of the Hong Kong Special Administrative Region (SAR) Government and serve to guide our way into the next decade. In this respect, this first policy speech of Mr TUNG's has succeeded in stating the main theme right from the outset. In general, the basic philosophy of the first policy address coincides with what the Liberal Party has been promoting all these years — an economy-led society with due regard to people's livelihood. The future job of the SAR Government shall be focused on ways to enhance the competitiveness of Hong Kong in order to recover the economic superiority which Hong Kong lost over the past five years while the last Hong Kong Governor focused on government system reforms. Moreover, the SAR Government shall also devote much of its efforts in addressing a whole range of people's livelihood issues, such as housing, education, social services, and so on, in order to foster a sense of belonging among the public as well as social stability. The Liberal Party agrees that these are the first and foremost tasks of the present Administration.

The Chief Executive announced in his policy address that a number of special committees, including a commission on strategic development under his personal leadership shall be set up. Members of the commission will include government officials, academics, and members from industrial, commercial, financial and grassroots sectors. The Liberal Party has always been of the opinion that for the Government to implement its policies effectively, it should fully utilize the talents and wisdom of the private sector. Much as we welcome the formation of a high-level committee comprising the elite of society to solicit views from all sectors of the community on the overall development of Hong Kong, I still want to put forward two pieces of advice.

First, I hope that this high-level commission would really be given the

opportunity to offer its expertise. The former Governor Sir Murray MacLEHOSE had once set up a Governor's Business Council in 1992 with representatives from the commercial sector under his own leadership soon after he took office, but this Business Council was only just a showpiece which never operated actively. The Hong Kong public might not even have any idea on what this council was all about.

Second, I think that the Government should adopt a proactive approach in promoting local industries and the economic development of other sectors.

From a negative point of view, this policy address may cause worries among some people that the Administration has abandoned its active non-intervention policy for a "greater government intervention policy" in order to direct the economic development of Hong Kong. I believe that a market-led economy is the golden rule for Hong Kong's success and must not be altered in any way. It is perfectly all right for the Administration to play a more active role in the economic affairs of Hong Kong but, it must not turn around telling the industrial and commercial sectors how to run their businesses. High-level committees are set up by the Government with a view to soliciting opinions from the private sector in an effective manner so that it can react promptly and adjust to the market conditions, and to increase the vitality and competitiveness of the local economy. These committees should not become tools for the Government in directing the economic development of Hong Kong. I earnestly hope that the Chief Executive can do away with the past bureaucrat-led practices and open up a new era when the private sector with its wisdom given play will be allowed to co-operate with the Government in the administration of Hong Kong.

In respect of specific policies, the Liberal Party welcomes and agrees with the policy address that high value-added activities and high technology shall be the future direction for the development of Hong Kong industries. Moreover, the Administration should not overlook the needs of small and medium enterprises which compose a large percentage of Hong Kong's businesses. The fact that whether small and medium enterprises can continue to operate successfully will, to a large extent, affect the overall foreign exchange creating ability of Hong Kong. We hope that, apart from establishing a Venture Board, the Administration will do a lot more in helping small and medium enterprises to raise capital.

Furthermore, the Liberal Party is also very pleased that the Administration has finally acted upon our repeated requests, and renders support and assistance

to the local creative industry. For a long time, the Administration has failed to accord the local film industry the attention it deserves. Though the local film industry is left to operate under adverse conditions with neither support nor assistance from the Government, it still manages to secure a place in Hollywood and carries away a number of awards at international film exhibitions, thanks to the dedication of those working behind the scenes. Though the affirmation for local creative industries, including the film industry has been very slow in coming, this is still a good beginning. I hope that the newly established Film Services Advisory Committee can serve as an effective conduit to assist the local film industry in its growth.

On the issue of people's livelihood, the Administration has finally given us a clear and definite answer today regarding the proposal we made four years ago on selling public housing units. But, we are still worried that the conditions of sale will not be attractive enough to the public. The Liberal Party urges the Administration to exercise caution in setting the prices of the housing units, so that it can be in line with the affordability of the public housing residents. We think that the price level for public housing units of ten years or less should best be set at the construction costs of the units plus interests.

On the issue of education, the Liberal Party is also in support of the Administration's decision to press forward with mother tongue teaching, and to improve the English proficiency of our students. We welcome the objective of quality education. But this objective can only be achieved through enhancement of teachers training and establishment of quality schools. For example, quality schools with good performance should be given more freedom so that they can take in students with better academic results, this means that students with better academic results are also allowed more freedom in choosing their own schools according to their own expectations and those of their parents. I believe that a sound education system should place equal emphasis on both quality and quantity. It is a pity that both the standards of our students and quality of our teachers are on the decline. The Liberal Party hopes that the Administration will introduce changes to the existing school places allocation system.

Looking at the policy address, the Liberal Party is dissatisfied with three aspects and thinks that improvements should be made. First, it is on social services for the elderly. The Chief Executive indicated his concern for the quality of the elderly's livelihood on many occasions with the promises on

"security", "belonging" and "health and worthiness" for the elderly, but so far he has only increased the monthly payment to elderly Comprehensive Social Security Assistance (CSSA) recipients by \$380, and not before cutting the \$500 of the annual Chinese New Year Grant and the Social and Recreational Activities Grant. Furthermore the increase will not be effective until the next financial year. It is totally unreasonable for a government with such a huge fiscal reserve to be so mean to the elderly. The Liberal Party urges the Administration to reconsider raising the CSSA monthly payment for the elderly to \$3,100 and at an earlier date, and to implement the scheme to support the elderly who choose to retire in the Mainland.

Second, the Liberal Party is disappointed at the way that the SAR Government is handling the question of Vietnamese boat people. Hong Kong has unwillingly taken up the heavy burden of Vietnamese boat people for over twenty years. In the past, the British Government declared Hong Kong as the first port of asylum at the expense of Hong Kong people, and Hong Kong was forced to assume a responsibility which no western countries wished to assume. However, after the handover, there is no reason for us to allow this situation to continue. But, unfortunately the policy address has not put forward any decisive solution to this problem. The Liberal Party hereby urges the Government to abolish the first port of asylum policy with immediate effect so as to bring the Vietnamese boat people issue to a close.

Third, we are also disappointed at the way with which the Chief Executive handles the environmental pollution problem. The environment of Hong Kong, including water and air quality, is getting worse and worse every day, but the Stonecutters Island Sewage Treatment Plant will only have a 25% daily treatment capacity upon completion of Phase I of its construction work. In order to increase the sewage treatment capacity of the Plant, all phases of the construction work should be completed as soon as possible. However, as a result of some contract problems, we still do not see a completion date for the sewage treatment system. I hope that the Government would monitor the situation closely and try to expedite the construction work. As for the air pollution problem, we support the Government's recent pilot scheme for Liquefied Petroleum Gas (LPG) powered taxis. However, the Government has not yet come up with a feasible long-term policy to look into the development of the necessary infrastructure, such as safety measures for transportation and storage of LPG, to facilitate the use of LPG as a source of fuel.

Madam President, we are of the view that the first policy address of the

Chief Executive has already pointed out the direction and laid down a plan on the development of Hong Kong for the next decade. Now we have to see how the Government will carry out the plan. The Liberal Party will closely monitor the work and progress of the Administration in this aspect.

With these remarks, the Liberal Party supports the motion.

PRESIDENT (in Cantonese): Mr TSANG Yok-sing.

MR TSANG YOK-SING (in Cantonese): Madam President, today this Council is having a debate on the first policy address of the Hong Kong Special Administrative Region (SAR) Government, the first policy address of the Hong Kong Government set up by Hong Kong people, the Chinese people of Hong Kong.

The fact that we are debating the policy address today is an embodiment of the principle of "Hong Kong people ruling Hong Kong" and it is an opportunity for all of us to participate in the important task of "building Hong Kong for a new era". In the course of this debate, we shall fully appreciate the huge significance of the solemn moment on 1 July 1997.

Since we have the highest hopes and the most ardent expectations for the policy address, the most stringent criteria will be applied in the course of our deliberations. We shall warmly applaud those good and well-written points without any reservations, and we shall be equally frank and unreserved in criticizing those parts which we found unsatisfactory, in the hope that the SAR Government can do better. We have high hopes for a better SAR Government.

The Democratic Alliance for Betterment of Hong Kong (DAB) thinks that the policy address has set out a number of realistic and progressive policies.

We say that this policy address is realistic because much of it was based on public opinions and an analysis of the present conditions, with practicable policies proposed to directly respond to the demands of the community.

We say that the policy address is progressive because it has laid down a clear and definite objective, with a commitment to build a new era by adopting a

positive attitude in face of challenges ahead.

However, this does not mean that the DAB is satisfied with each and every part of the policy address. In fact, the policy address has failed to attach equal importance to various areas of public concern. It is true that the policy address has devoted much space to topics such as housing, education, welfare for the elderly, information technology and so on, which the Chief Executive, Mr TUNG Chee-hwa, has been most concerned about, with objectives and specific measures being laid down. But some of the policies are still far from meeting the public expectations.

On other areas such as transportation, environmental protection, anti-corruption, construction, and so on, it seems that the policy address has only managed to set out plans formulated a long time ago and has not put forward any new initiatives. Some areas like health care services still remain at the stage of "review" without any new proposals for further development. The policy address has also failed to address issues such as development of democracy, upholding the rule of law, safeguarding freedom and so on, which a lot of Hong Kong people are concerned about.

This imbalance is undoubtedly due to the fact that the SAR has only been established for 100 days. I do not think that it is reasonable to expect the SAR Government to set aside past modes of thought and draw up plans to "build a new era" in every aspect in such a short time. On the other hand, this imbalance also reflects the priorities of Mr TUNG Chee-hwa on his agenda and also reveals his fundamental principles in setting the future direction for the SAR.

Mr TUNG pointed out right at the beginning of the policy address that the SAR Government's "Outlook on Development" is: "to promote the well being of the people is the most fundamental task of a responsible government. In the increasingly open and competitive world market, all governments will have to maintain the economic vitality of the community as a whole to create rising prosperity."

Based on such a outlook on development, the Chief Executive has decided to set up a "commission on strategic development" under his own leadership to concentrate on planning for the economic development of Hong Kong. He also mentioned that he would like to give first priority to providing "a better business environment", and to maintain the competitiveness of Hong Kong has been the

main theme throughout his discussion on education, labour, technology and environmental protection. But he failed to look in any depth into the pace of democratization, freedom and human rights in his speech.

Economic development, creation of wealth and improvement of livelihood issues are placed on the top of the agenda of the SAR Government. We believe this is in line with the general aspirations of the public. However, if the Administration's only concern is for maintaining Hong Kong's economic competitiveness when it formulates its long-term social policies, then its outlook is rather too narrow. This is also inconsistent with the lofty goals and broad visions set out in the introduction of the policy address.

Take for instance, the economic development of Hong Kong should not be the sole objective of education in the new era. Apart from possessing "high value-added skills", the younger generation of the SAR should also be able to lead a richer life, and be willing to contribute their efforts to building a better society. The policy address has pointed out that the education system of Hong Kong should be "firmly rooted in the needs of Hong Kong; it must enable us to contribute to the development of our country; it must give us an international outlook". I hope that this is not restricted to economic aspects.

Further development of information technology will have a great impact on our society and bring about profound changes in the mode of our everyday communications. To "enter the information age" means that apart from mastering the application of the different new technologies, we also have to prepare ourselves for the changes in our morals, culture and the law. It is obvious that the policy address has not made a macroscopic analysis of all these aspects while envisaging Hong Kong to take the lead in the new information age.

Madam President, the DAB hopes that in addition to implementing his great plans on developing Hong Kong's economy and endeavouring to create wealth, the Chief Executive will listen to the different voices of various sectors of the community, and understand the needs of Hong Kong citizens for a fair society, democratic rule, freedom, human rights and so on, so as to respond suitably and in time to the demands of the public, and thus securing widespread and strong support for the SAR Government.

My colleagues of the DAB will comment on different parts of the policy address during today and tomorrow's debate. On the whole, the policy address

has laid down a number of policies which are welcome to the public. We hope that the Administration will live up to its promises in implementing these policies. We will also point out a number of areas which fall short of the public expectation and urge the Chief Executive and the SAR Government to implement changes as soon as possible, so as to achieve the objective of "building a Hong Kong that is civilized, prosperous, stable, democratic, and filled with a new vitality."

Madam President, I so submit on behalf of the DAB.

PRESIDENT (in Cantonese): Mr LAU Wong-fat.

MR LAU WONG-FAT (in Cantonese): Madam President, apart from being a document of great historical significance, the policy address of the Chief Executive, Mr TUNG Chee-hwa, is also characterized by the fact that little is said about politics, while a large part of the content is devoted to improving people's livelihood and promoting economic development. This approach fits the practical situation that Hong Kong has become a settled case after its reunification with China, and the fact that the Hong Kong Special Administrative Region (SAR) Government is keen on pursuing the policies of "one country, two systems" and "Hong Kong people ruling Hong Kong". During the past few years, not only was the public tired of arguments provoked by the British on the political system, but the Hong Kong Government was also spent in the process, with civil servants being subjected to a lot of political pressures. Now that the confrontation is over and Hong Kong smoothly reunited with the Mainland, it is opportune for us to consolidate our efforts in, as the title of the policy address said, "Building Hong Kong For a New Era".

Some political parties criticised the policy address for failing to put forward any recommendations on speeding up democratization in Hong Kong. I do not think there is any new idea in such criticisms. I think those people are merely repeating the arguments on whether the pace of democratization is too fast or too slow and whether amendments to the Basic Law should be made. The Chief Executive pointed out in his policy address that he asked himself this question: "Have we ensured the development of democracy by proceeding in an orderly fashion and in accordance with the principle of steady progress?" I think this question has already summarized the criteria applied by the Government in implementing the provisions on the political system in the Basic

Law and this is also the spirit of these provisions. Of course, some political parties and certain people may want to amend the Basic Law without any delay because of their established political position and political views. They will not be happy unless the Chief Executive and Members of the Legislative Council are now elected by universal suffrage. My position on this question has always been to oppose to any radical changes. The Basic Law is a solemn constitutional document, and its provisions were formulated in accordance to the principles of practical and prudent approach as well as gradual and orderly progress. Therefore, it is beyond reason to introduce any hasty amendments to the provisions on political development without first putting them into practice. The SAR Government is only acting in a responsible manner as it should when it plans its political development in accordance to the provisions of the Basic Law.

Madam President, the most important tasks for both the Administration and the political parties are to improve people's livelihood and work for the well being of the community. The policy address has put forward a number of policies on improving the livelihood of the community. On the housing front which is an area which most people are concerned about, the Chief Executive has set three main targets for his Administration in relation to the supply of housing: to build at least 85 000 flats a year in the public and private sectors; to achieve a home ownership rate of 70% in 10 years, and to reduce the average waiting time for public rental housing to three years. If we are able to achieve all these targets, then the housing problem of Hong Kong will be greatly relieved and there will be adequate accommodation for many of us.

If the plans on "Homes for Hong Kong" are to be successful, the Government should maintain a bold vision and strong determination, to ensure that all the efforts of the community are properly coordinated to this end. The Chief Executive has proposed a number of recommendations in relation to this question and I am particularly glad that he has explicitly indicated that, in order to ensure that all suitable land can be used for housing development, it is necessary to introduce major improvements to the transport infrastructure. Secretary for Planning, Environment and Lands, Mr Bowen LEUNG further elaborated on this point by saying that in the future, the model of development will be such that a complete transportation network will first be laid down, to attract people to move into new towns. The previous way of building new towns before the transportation network will not be repeated. The Chief Executive points out that the main emphasis of the transportation improvement

works is to develop a mass transit railway system, including the completion of the West Rail passenger system from Tsuen Wan to Yuen Long by 2002. The Northwest New Territories with its extensive plains will undoubtedly be chosen as a site for major housing developments, and in order to achieve this goal, the Administration must first build a railway system.

Whether the mega-scale West Rail project can complete on schedule will have two serious implications. It determines not only whether the traffic congestion problem plaguing daily the one million residents of the Northwest New Territories will be alleviated, but also whether people will be willing to move there, and affects the decision and progress of the developers in developing housing projects in that area. This will also eventually determine whether the Administration will be successful in its goal to provide "Homes for Hong Kong". It is common knowledge that the West Rail project will necessitate the resumption of a vast area of private lands in Yuen Long and Tuen Mun areas, and the resumption of land involves the knotty problems of compensation and rehousing. It was reported that the Government would retain consultants to assist its work on land resumption. If the report is true, then this move is very puzzling. First, it reminds us of the former Hong Kong British Government's practice of wasting public funds in retaining consultants unnecessarily. Second, the retaining of consultants may not guarantee that the problems in land resumption can be more easily resolved. This is especially true for the New Territories area because land resumption not only involves professional knowledge, but also the skills to solve other problems such as graveyards, feng shui and village removal. At present, not even one of the consultancy firms in Hong Kong has the track record or the necessary experiences to deal with the land resumption problems of the New Territories.

Madam President, one of the most fundamental and crucial aspect of land resumption is to give the affected land owner reasonable compensations. To achieve this end, consultation and negotiation work are very important. The New Territories Heung Yee Kuk (HYK), a statutory Government consultative body, is knowledgeable of New Territories affairs, and has accumulated invaluable experiences on the compensation problems of land resumption in the New Territories. It has always played an important co-ordinating role in these matters. In the course of new towns development, several thousand hectares of land was resumed in the New Territories and the HYK's significant role in settling the related problems was obvious to all. Mr C.M. MO, the Principal

Government Land Agent of Lands Department, who has recently retired, praised the HYK for its assistance to the Government over the past 30-odd years in land resumption and clearance matters. He also said that HYK acted as a bridge between the Government and the New Territories people. On the issue of the West Rail project, the position of HYK is the same as the Government and the general public of Hong Kong in that we all hope the project can be completed on time. In order to expedite the process of land resumption, HYK proposed that the Government should set up a special task force with members from the HYK and the Government to look into the West Rail project compensation issues. It is regrettable that the Administration has turned down our proposal on the ground that an acquisition subcommittee has already been established within the Planning, Environment and Lands Bureau. This is not a very sound reason for turning us down because the existing body only meets once every few months to deal with general acquisition matters and can hardly be compared with a special task force in respect of its terms of reference and efficiency. We hope that the Administration can realize the urgency of the matter and reconsider our proposal.

Madam President, the Chief Executive indicated in his policy address that there is a need to review the regional organizations. As the district boards and the two Municipal Councils have already been set up for a long time, it is natural for the Government to consider conducting a review and evaluation on these organizations. In fact, members of the public and even members of the two-tier system have put forward a lot of suggestions and comments on its structure, terms of reference and mode of operation. Some people are of the view that the two Municipal Councils should be combined into one, in order to simplify the structure, save on resources and streamline administration. In fact, before the Regional Council was set up, there had been a lot of arguments on whether it would be better to have one Municipal Council or two Municipal Councils. The mainstream opinion was that the establishment of a Regional Council could cater for the unique situation of the New Territories in a better way and provide better services. I think this view is still valid in the present condition.

Though the two Municipal Councils may not be operating in the most satisfactory manner now, their problems can be improved through specific reform measures. For example, new rules and regulations can be drawn up to improve the work of the two Councils, to build a better relationship between the Councils and their respective executive departments, and to strengthen communications and co-operation between the two Municipal Councils. I think there is no

reason to rule out the prospect that the two Municipal Councils will be able to achieve through policy reforms the objective set in the policy address: "the present structure of local representative government will continue to ensure the efficient and responsive delivery of services to our evolving community". At least, the two Municipal Councils should be given a chance to reform and we should watch for the results. If we fail to do so, then we would be too arbitrary and biased. Moreover, I have to point out that, even if the two Municipal Councils are combined into one Council, there is still no guarantee that there will be a panacea for all the existing problems of the two Municipal Councils, especially when new variables will come into play after the integration. In view of the far-reaching consequences, the Administration must carefully consider all the problems before making a move, for it is possible that the integration of the two Municipals may do more harm than good, and in that case the Administration may have to separate the combined Municipal Council into two Councils again.

As regards the district boards, it is generally agreed that the district boards should emerge from their purely advisory role and be given greater decision-making and monitoring powers. More resources should also be allocated to the district boards so as to attract more capable people to serve at the district level so that the district board can function in a more effective manner.

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

PRESIDENT (in Cantonese): Mr Ambrose LAU.

MR AMBROSE LAU (in Cantonese): Madam President, the first policy address of the Chief Executive, Mr TUNG Chee-hwa, represents the administrative plans drawn up by the people of Hong Kong under a new historic condition. Under this historical condition, the policy address is expected not only to be broad in outlook but also forward looking, comprehensive and pragmatic, with concrete policies and measures. Measured against this yardstick, the Hong Kong Progressive Alliance (HKPA) finds this policy address acceptable and satisfactory.

It is always said that a good start is half the success. The future direction

of Hong Kong, as well as various economic and social policies, as set out in the policy address, are going to affect the way in which we shall develop in the coming five to 10 years, or may be even 50 years. Since every step prescribed in the policy address with regard to the administration of Hong Kong will be of significant historical value, we must be prudent in evaluating whether measures proposed in the policy address are pragmatic and forward looking.

Madam President, the Hong Kong Special Administrative Region (SAR) Government will be administered in accordance with the "one country, two systems" concept. I agree with the policy address that this is a well thought out concept. It is from now on that Hong Kong people will be writing their own history. Mr TUNG has time and again emphasized that "if Hong Kong is in good shape, so will be our country; and the better our country is, the better Hong Kong will be". This is plain language, and it is plain truth. However, the plainer the truth is, the less readily recognizable it will be. In fact, the implementation of "one country, two systems" deepens the close and interdependent relationship between Hong Kong and China. What is damaging to "one country" will also be damaging to "two systems"; it is also true that if the concept of "two systems" fails, it will also affect the prosperity and strength of "one country". I am in total agreement with the view put forward in the policy address on the relationship between "one country" and "two systems".

Some people are of the view that the policy address said too little about political development, and there is not adequate elucidation on the development of democracy and protection of human rights. However, I think that strictly adhering to the concept of "one country, two systems" is the most important basis for political development as the concept is the embodiment of far-reaching political wisdoms. The Basic Law has provided solemn legal safeguard for the implementation of the "one country, two systems" concept. The policy address promises that we will develop a political framework under which people will rule Hong Kong according to the Basic Law, and I think that is the broad outline for and apt summary of the political development in the SAR. The Basic Law has safeguarded gradual democratic development in Hong Kong which is in line with the practical situation of Hong Kong. On human rights, the policy address states that "to promote the well being of the people is the most fundamental task of a responsible government", this, I think, is the most pragmatic promise with

regard to protecting human rights. If economic and livelihood issues are not well dealt with, the quality of life of the people will deteriorate and that is damaging to the basic human rights of most people.

Madam President, in paragraph 154 of the policy address Mr TUNG asked himself whether his thinking "reflected the feelings and aspirations of our citizens". The HKPA's response to this question is that the policy address has to different extent accommodated the aspirations of the public. The HKPA consulted the public over a long period of time and, based on public opinions, put forward a number of concrete proposals on various major economic and livelihood issues to Mr TUNG and the SAR Government, including for example assisting the development of high value-added industries in Hong Kong so as to enhance competitiveness of Hong Kong and to bring to a smooth conclusion the economic transformation of Hong Kong; encouraging the development of information technology and promoting the use of information technology in education; enhancing fundamental education so as to raise the language proficiency of the students and increasing their knowledge of the Chinese culture; consolidating the development of tertiary education and nurturing talents; providing more land for housing development through a simplified vetting procedure; laying down infrastructures for the development of major construction projects to enable the production of more land for housing; providing better care for the elderly; considering to establish a Venture Board to finance small and medium enterprises, and assist their development; strengthening the monitoring machinery on Hong Kong's financial industry; and improving the cross-border arrangements, both freight and passengers, between Hong Kong and China to facilitate and promote economic and trade development between Hong Kong and China. The HKPA has forwarded a number of detailed submissions to Mr TUNG and the relevant bureaus on all these issues. It is indeed heartening to find that the Administration is open-minded and accepting good advice, has incorporated a number of our proposals in different manners in the policy address. The policy address promoted the spirit of "building Hong Kong for a new era". This is sincere and meaningful. A harmonious society full of vitality can only be built through the concerted efforts of all Hong Kong people, including the whole of the civil service and all political bodies, working with the Chief Executive in an interactive manner.

Although the policy address has mapped out the direction for the future development of Hong Kong and has formulated policies and measures on a series of knotty problems such as housing, social welfare, education, development on

high value-added industries and so on, the successful implementation of these policies and measures is still a strenuous process which requires tremendous efforts. The success of the "Hong Kong people ruling Hong Kong" concept will depend on whether the community of Hong Kong can be united in giving whole-hearted support to the Chief Executive. Therefore, I am calling upon the community and various political bodies to put aside their major differences and arrive at a broad consensus on issues which affect the long-term well being of Hong Kong. As stated in the policy address, we should all work together to "build for ourselves and our future generations, a Hong Kong that is civilized, prosperous, stable and democratic, filled with a new vitality".

Madam President, though Hong Kong has a lot of advantages, including a high degree of autonomy, a mature and free economic system, a comprehensive, strict and impartial rule of law, abundant fiscal reserves, and is in a advantageous position to act as a bridge between our Motherland and other parts of the world, we still have to face rigorous challenges ahead and dealt with the numerous problems left behind by the previous Government. We also have to face pressures as a result of the rapid development of our neighboring countries, and the challenges in implementing the "one country, two systems" concept. Therefore, we must be alert to crisis and have a pioneering spirit. And all this, will hinge upon the successful establishment of a pluralistic and harmonious society. We must also make full use of the collective wisdom and strength of the community in order to achieve the objectives outlined in the policy address. The HKPA fully supports the first policy address of the SAR Government, and as in the past, we shall continue to offer constructive ideas to the SAR Government.

Later on, other members of the HKPA will be speaking on other aspects of the policy address.

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

PRESIDENT (in Cantonese): Mr CHENG Yiu-tong.

MR CHENG YIU-TONG (in Cantonese): Madam President, before the policy address was delivered, the Hong Kong Federation of Trade Unions put forward to the Chief Executive, Mr TUNG Chee-hwa, some opinions on labour issues, among which our main concerns are naturally the importation of labour as it affects the employment of local labour, as well as the problem of suppressed

wages. Although the Chief Executive did not announced in the policy address the immediate importation of labour, he clearly pointed out that, if necessary, labour would be imported. However, in view of the recent trend of development and various signs, the importation of labour is bound to go ahead. Our understanding of the various trades, the opinions of our work force as well as the data we have, all tell us that Hong Kong has no longer any need to expand the labour importation scheme.

I would like to first talk about the problem of unemployment rate. The day before yesterday, the Government announced that the latest unemployment rate was 2.2%, a record low in recent years. But we are very sceptical about this figure. In the past few years, the unemployment rate has remained at a high level, which shows us clearly that this is a structural unemployment problem induced by the economic restructuring of Hong Kong. Within this period, how many of the several hundred thousand manufacturing workers displaced have been able to successfully find jobs in other industries? If we simply look at the unemployment figure announced by the Government, it seems that most of them already found new jobs and are out of the straits of unemployment, but is this the fact?

Let us take a look at the data provided by the Census and Statistics Department. In 1992, there were only 39 900 persons not engaged in economic activities, however, the number jumped to 161 100 in 1995. The Administration regards these 160 000-odd unemployed workers forced out of the manufacturing industries as people not engaged in economic activities and do not include them in the labour force. As a result, these people who are willing to work are not counted in the unemployment survey. The unemployment figure announced by the Government then naturally shows that the unemployment rate is falling gradually and employment is becoming steady, but we think that the Government is just burying its head in the sand and using this as a pretext to import labour, the announced rate does not reflect the actual situation of unemployment.

Another indication showing the gradual lowering of workers' living standard is the increase in number of people receiving Comprehensive Social Security Assistance (CSSA). It is a general belief in the community that the reason for this increase is the relaxed eligibility for CSSA and the rise in CSSA rate. However, we have to note that, among the CSSA recipients, those who

receive CSSA due to unemployment have also greatly increased in recent years. In 1994, only 4 900 persons received CSSA because of unemployment, but the figure grew to 8 800 in 1995 and 14 200 in 1996, whereas it soared to 15 600 in June this year. Since the number of people receiving CSSA due to unemployment grows incessantly, it proves that some of the people unemployed for a long time have already been abandoned by the market and are unable to find appropriate jobs anymore, and they are thus forced to rely on CSSA. Therefore, many workers are actually leading a difficult life and are deeply disturbed by the problem of unemployment. We believe that, if society can provide them with appropriate working opportunities, they will definitely not sit at home to wait for relief.

Other people point out that the number of CSSA recipients increases because of the arrival of new immigrants. As the new immigrants are in financial straits, they have to apply for CSSA. However, if we look back at the 70s when there were also a lot of new immigrants arriving in Hong Kong, they were not worried about employment because vacancies abounded in the manufacturing and service industries then. The present vacancies available in these two industries are far less than those at that time. It is already not easy for new immigrants to find jobs, how will they be able to get employments if a large number of non-technical foreign labour is further imported?

On the other hand, Hong Kong employees' wages have been suppressed lately. A feature article in the February 1997 issue of the *Hong Kong Monthly Digest of Statistics* reveals that, from 1996 to 1997, the average increase rate of the real wage index in Hong Kong's major trades and industries was merely 0.93%, whereas from 1992 to 1996 the increase was only 0.56%. Among these industries, the real wage in the manufacturing, wholesale, retail, import and export, catering and hotel industries even experienced a negative growth in recent years. Wages of Hong Kong workers, especially those in the middle and lower levels, are not "increased too much" as alleged by employer organizations, on the contrary, they have bogged down. In certain industries, the wages have even been reduced instead of increased. If the Government further imports foreign labour, the wages of local workers will be further suppressed and their living standard will keep on falling.

Some people say that, in Singapore, the importation of labour not only has assisted the upgrading and restructuring of its industries, but has also helped economic development, so they think that Hong Kong can learn from the

Singaporean's experience. However, I want to point out that the importation of labour in Singapore is very different from what is practised in Hong Kong. The labour importation policy of the Singapore Government is restrictive, selective and is supported by other measures, but that of Hong Kong is just the opposite: Hong Kong's labour importation policy is not restrictive, not selective and is not supported by other measures.

First of all, Singapore restricts the population of foreign labour by means of visa, employment permit and work permit, but Hong Kong basically does not have an upper limit on the importation of foreign professionals and domestic helpers. From 1991 to 1995, 270 000 foreign workers came to Hong Kong, among them 150 000 were domestic helpers and 70 000 were of foreign nationalities, the figure does not even include the 140 000 overseas immigrants holding residence visas. In fact, the Government has never restricted the number of imported labour. While Singapore imposes a restriction on the importation of non-technical labour, Hong Kong has not set any quota for the importation of labour in individual industries ever since the implementation of Supplementary Labour Scheme in 1996. As long as a local employer claims that he has real difficulty in recruiting local workers, he may apply for the importation of workers from outside. It can therefore be said that the Government has no criteria of selection at all regarding the importation of labour. Moreover, Singapore imported foreign labour in time of economic restructuring only to cope with the temporary insufficiency in the labour force, and while importing foreign labour training was actively provided to local labour to improve their quality of work so that they could later join the high value-added industries. Those workers who are still incompetent after training are placed with the labour-intensive reserve industries to make sure that nobody will lose his job due to the importation of labour.

Although Hong Kong has an Employees Retraining Board which will in name provide retraining for unemployed workers, the retraining programmes lack long-term planning and represent only a relief-type retraining policy. As a result, the successful employment rate is unsatisfactory. If foreign labour are further imported without limit, the opportunities for local labour to rejoin the market will be further reduced. With regard to the importation of labour, Hong Kong does not have any supporting measures at all.

In the aspect of wages, Singapore has a national federation of labour unions to effectively fight for reasonable wage level for the workers. In the

aspect of living, the Singapore Government also provides them with retirement and housing protection. However, Hong Kong labour's wages and living are not protected, if they stop working they may go hungry. How can we ignore these differences in the background and just apply indiscriminately Singapore's experience of importing labour? Without restriction, without selection and without support of corresponding measures, the importation of labour in Hong Kong has only served to help lower the costs in the industrial and commercial sectors, it has never benefited local labour. If this condition remains unchanged, the further importation of labour will deal another heavy blow at local labour.

There have been a lot of vigorous discussions in the community lately as to whether foreign construction and textile labour should be imported, and we are also extremely sceptical about the Government's rationale. Firstly, in the past, the Administration estimated that there would be a severe shortage of construction labour in 1986, but the result was, as more people were attracted to the construction industry when it prospered, the Administration's estimation erred seriously. Secondly, the textile industry has always been one of the pillars of Hong Kong's manufacturing industry. Although the textile industry has been moving northwards in recent years, the skilled labour who were originally engaged in the industry still remain in Hong Kong. In the light of this, we cannot help but query the Government if it is essential to import labour for this industry.

The Chief Executive stresses in the policy address the development of high value-added industries. Such act will certainly serve to upgrade and restructure the local manufacturing industry. But the present human resources position in Hong Kong cannot support this change, and society is bound to have non-technical labour who may not be able to join the new high-tech industries. Therefore, in the course of developing high value-added industries, we think that the Government must, on one hand, train people for the new jobs and, on the other hand, provide employment opportunities to non-technical labour in order to take care of the interests of different strata.

Madam President, the Government of the Hong Kong Special Administrative Region (SAR) should work for a better life for the people, for the grass roots, and it should give priority to protecting their employment opportunities, wages and general living standard. Foreign labour should not be

further imported to exploit the local grass roots labour force and drive them to the wall. On the contrary, the SAR Government should help them lead a better and steadily life improving life under the new government.

Madam President, I so submit.

PRESIDENT (in Cantonese): Mr Frederick FUNG.

MR FREDERICK FUNG (in Cantonese): Madam President, before moving the amendment, I would like to seek your approval to add two words to the amendment proposal as circularized to Members because I am afraid that I shall not be able to do so after the amendment is moved. I want to add the words, "expand the" and "of" to point 3 which will then read: "fails to safeguard the employment right of local workers, but intends to expand the import of foreign workers".

PRESIDENT (in Cantonese): Please read point 3 again.

MR FREDERICK FUNG (in Cantonese): "fails to safeguard the employment right of local workers, but intends to expand the import of foreign workers".

PRESIDENT (in Cantonese): Since those three words will not affect the original intention of your motion, you have my approval. Please carry on with your speech.

MR FREDERICK FUNG (in Cantonese): Madam President, on 1 July 1997, Hong Kong was reunified with China. Politically, this signifies the first step towards the reunification of China, and this was also an important day for the people of Hong Kong for this is the day when Hong Kong was reunified with the big family of the People's Republic of China. Hong Kong people do have high hopes on the Hong Kong Special Administrative Region (SAR) Government

established after its reunification with China. We hope that the concept of "one country, two systems" can be implemented. We hope that the problems of people's livelihood which were long neglected by the colonial government can be solved. What is the most important is that we, Hong Kong people, hope that we can still call "Hong Kong our home" after its reunification with China. Our older generation spent their whole life building a prosperous Hong Kong, and our younger generation will continue to work for the prosperity of Hong Kong just because Hong Kong is our home.

The Chief Executive, Mr TUNG Chee-hwa delivered his first policy address on 8 October 1997. He outlined the direction for long-term economic development by saying in paragraph 12 that "to promote the well being of the people is the most fundamental task of a responsible government. In the increasingly open and competitive world market, all governments will have to maintain the economic vitality of the community as a whole to create rising prosperity."

In paragraph 14 of the policy address, Mr TUNG said "the SAR Government encourages enterprises to develop into higher value-added activities. Hong Kong's ability to reach this goal depends mainly on the number of our citizens who have the ability to enter these fields. We must, therefore, provide every citizen with the opportunity to receive quality education so that they master the skills needed to participate in the new economy, to create wealth for themselves and for Hong Kong."

Mr TUNG further devoted 10 pages of the policy address on "the Programme" of various sectors and eight pages on how the education system should be restructured in order to cope with the needs of this trend of "high value-added" long-term economic development. In total, 40% of the policy address was used to elaborate on this concept of "high value-added" activities.

I believe no Hong Kong citizen will disagree that the future development of Hong Kong should be in the direction of developing "high value-added activities". But if the Government only concentrates its efforts on developing high value-added industries so as to create a favourable environment for economic development, then it will have a negative impact on the employment

market. When we talk about high value-added economic activities, we mean technology-intensive and knowledge-intensive activities; and those are the activities which members of the low income group and poor people will not be able to join. What is more, these activities may further aggravate the unemployment situation by forcing workers of the manufacturing industries, women and middle-aged people out of their jobs more quickly, thus further widening the gap between the rich and the poor, and making it all the more difficult for the grassroots people to "get out of poverty".

Mr TUNG should be aware that recent polls find that the gap between the rich and the poor people in Hong Kong is steadily widening. The Social Security Institute pointed out that for every seven families in Hong Kong, there is one which is in poverty, meaning its household income is below \$4,000. The number is three times more than that of 25 years ago; whereas the income of the top 20% high income families accounts for 50% of the total income of the whole population. On 26 August 1997, a World Bank report pointed out that the most important task of the world is to reduce the gap between the rich and the poor. Since Hong Kong is now no longer under colonial rule, the SAR Government which now rules Hong Kong on a long term basis has the responsibility to narrow the gap between the rich and the poor so as to get members of the low income group out of poverty. Therefore, in addition to encouraging the development of high technologies and high value-added activities, the Government should also develop trades and industries requiring an appropriate level of technology and skills that will help create employment. In the long run, the Chief Executive should formulate and implement effective policies to eliminate poverty, and to narrow the unhealthy gap between the rich and the poor so that the public at large can share the fruits of prosperity.

Madam President, Chinese citizens of Hong Kong naturally wish to feel that "they have returned home" after Hong Kong is reunified with China. Therefore, the Government should strive to provide a "home" for every family in Hong Kong within the coming 10 years. The Hong Kong Association For Democracy and People's Livelihood (HKADPL) agrees with Mr TUNG who used seven pages of the policy address to talk about how to provide an annual average of 85 000 housing units in the coming decade. However, to think that

"by ensuring an even annual supply and a high degree of predictability that supply will be sustained" can "ensure moderate prices" will be like treating the volume of housing supply as a panacea.

Madam President, I believe you are also aware that between 1984 and 1996, the local property prices increased by more than 800%, representing a real increase of 11% per year. For the year 1996-97 alone, the increase was as high as 40%, and the public have to spend 40% of their income on housing. A report of Standard and Poor has warned that the Hong Kong property market was seeing the characteristics of the bubble economy preceding the property market crash in Tokyo. Since the Chief Executive stressed on several occasions that he wished to control property prices to achieve a "soft landing" for the property market, the public expected to see how the Chief Executive would deal with the runaway property prices in his policy address. But to our disappointment, he only said that he had a "secret weapon" to "monitor the signs of excessive speculation in the residential property market", and the so-called "secret weapon" would only be used if the need arose. Right now he is not going to tell us what the "secret weapon" is all about. If even property developers and speculators refuse to believe that speculation on properties can be combated simply through the increase of land supply, property prices will certainly rise. In fact, on the day after Mr TUNG delivered his policy address, the property prices went up 3% with speculators taking their properties off the market or increasing the asking prices. Not very long ago, the Chief Executive apologized to the public for causing them losses by telling them not to purchase properties so hastily. With properties prices increasing excessively, I am worried that in the future Hong Kong people will not be able to purchase a single flat and own their own homes even though they work very hard all their lives. I am afraid that the Chief Executive may have to apologize to Hong Kong people again.

Madam President, it is necessary for a person to have a sense of security in order to feel at home. And, in addition to a roof over our heads, we also need jobs to put meals on our tables.

At present, the economy of Hong Kong is undergoing transformation, and a lot of people have lost their jobs or are underemployed. It is becoming more and more common for workers to be underemployed for a long time. For the period between 1993 and 1996, the real overall pay increase was only 1.7%, with wages of the average worker actually decreased by 3% to 12%. This reflects

that for workers earning less than \$8,500 a month, their quality of life has been on the decline.

In 1993, a fast food shop offered a meal seller \$8,000 a month in a job advertisement, but today the figure stands at \$4,500. The high inflation rate of Hong Kong further pushes down the quality of life for those who earn less than \$8,500 a month. On the other hand, the cost of living in Hong Kong has surpassed Paris and Zurich, and moved up from the 12th place of last year to the 5th place of this year. But, regrettably paragraph 37 of the policy address gave a "green light" to the import of foreign labour, and this is a severe blow to the already suffering wage-earners. Moreover, the expansion of the labour importation scheme will turn the so-called policy of "giving priority in employment to our own citizens" into nothing but empty promises, dealing an even greater blow to the wages of local workers, and we can forget letting them share the fruits of Hong Kong's prosperity.

Madam President, after Mr TUNG was elected Chief Executive, he set up a special task force to look into the problem of care for the elderly. However, judging from the policies on elderly care services in the policy address, we can see that more has been said than done. The policy address only talked about programmes which were on the "agenda of the colonial government", but not yet implemented. This is really very disappointing to the elderly and the general public of Hong Kong. Madam President, you will remember that this Council passed a motion on 9 July 1997 to urge the SAR Government to increase as soon as possible the Comprehensive Social Security Assistance (CSSA) payment to the elderly by not less than \$300 a month. This is almost the consensus of all Members and all political parties. We all thought that it was only the previous colonial government that was so stingy as to refuse to grant the increase of CSSA payment, and that the SAR Government and the Chief Executive would accord the elderly who contributed to the success of Hong Kong a little more respect and offer those in financial difficulties a little more support after Hong Kong reunified with China.

However, the policy address announced that we would have to wait until April next year before CSSA payment for the elderly will be increased by \$380. And the SAR Government is also rather mean in incorporating the annual Chinese New Year Grant and the Social and Recreational Activities Grant into CSSA payment. That will mean an increase of only \$11.1 per day for our senior

citizens. The SAR Government, on the other hand, has plans to help families with a monthly income of \$70,000 to purchase their homes by offering them an interest-free loan of \$600,000, and is also willing to offer a non-means tested loan scheme to full-time tertiary students. By comparison, I think the SAR Government is being too harsh on the elderly. I also think it is a joke for the SAR Government to cheekily say that it is "caring" and "compassionate" to the elderly.

Madam President, the policy address stated that the development of democracy in Hong Kong should be in accordance with the timetable laid down in the Basic Law. It seems to me that it is the responsibility of the Chief Executive to stick rigidly to the Basic Law. This and the Chief Executive's confession that "he is a conservative person" at a question and answer session of this Council some days ago show us that he is an obstacle to the development of democracy in Hong Kong. In fact, it is laid down in the Basic Law that the Chief Executive and Legislature of Hong Kong can be elected by universal suffrage. Article 159 of the Basic Law provides that the SAR Government may put up a bill for amendment to the Basic Law on the agenda of the National People's Congress. Therefore the Basic Law should not be used as an impregnable tool to contain the development of democracy, and the conservative nature of the Chief Executive should have nothing to do with the development of democracy in Hong Kong. The development of democracy in Hong Kong should only hinge upon the condition of our community and the aspirations of the Hong Kong people.

When we compare our free economy system, the multi-media communications tools and the knowledge of Hong Kong people to those of other countries with a free economy system, Hong Kong is on a par with those countries. Hong Kong is fully able to elect our second term Chief Executive and Members of the Legislative Council by universal suffrage. However, the policy address has not laid down any plans for such development and it is regrettable that the SAR Government should totally ignore the public demand for democracy.

Madam President, after the reunification of Hong Kong with China, I believe that Hong Kong people will like to see Hong Kong as a home for the Chinese people of Hong Kong. We would like to see a community that is just and compassionate. The SAR Government should not only accord priority to

the businessmen or the industrialists. It should not subject itself to the command of the businessmen and industrialists, and turn a blind eye to the welfare of our workers.

I hereby move the amendment to add the following to the original motion:

"but deeply regrets that the address fails:

1. to formulate and implement an effective policy to eliminate poverty;
2. to increase with immediate effect the CSSA payment to the elderly by not less than \$300 a month;
3. to safeguard the employment right of local workers, but intends to expand the import of foreign workers;
4. to provide effective measures to combat speculation on private properties; and
5. to propose specific arrangements to put into effect the election of the Chief Executive and all Members of the Legislative Council by direct election."

With these remarks, I beg to move.

PRESIDENT (in Cantonese): On 9 July this year, this Council debated in detail the motion moved by Mr CHAN Choi-hi on Comprehensive Social Security Assistance payment to the elderly. At the meeting last week, this Council debated the motion moved by Mr CHAN Choi-hi on speeding up the pace of democratization in Hong Kong. I hope that, in debating Mr Frederick FUNG's amendment, Members will avoid, as far as possible, repeating the speeches they made at the two said motions debates since their speeches have already been placed on record.

Although the amendment by Mr FUNG relates to the subject matters of the

respective motion debates I just mentioned, the subject matter of Mr FUNG's amendment is to convey that he deeply regrets the policy address because, in his opinion, it is failing in five aspects. I therefore rule it in order because I regard this amendment as not seeking to ask this Council to repeat debating the subject matters of the two previous motions.

I now propose the question to you and that is: That the amendment moved by Mr Frederick FUNG be made to Dr LEONG's motion.

Does any Member wish to speak on the amendment? Mr TSANG Yok-sing.

MR TSANG YOK-SING (in Cantonese): Madam President, I mentioned in my speech earlier this afternoon that the Democratic Alliance for Betterment of Hong Kong (DAB) was not totally satisfied with each and every part of the policy address, and fellow Members of the DAB would speak on the parts of the policy address which we find to be inadequate. I have no intention to comment on the specific content of the Honourable Mr Frederick FUNG's amendment. However, we think that there is already a proper channel for views expressed in this Council to reach the Chief Executive, Mr TUNG Chee-hwa, and responsible officials of the government departments. We hope that the Hong Kong Special Administrative Region (SAR) Government can make the necessary amendments when implementing the policies in future in accordance with Members' demands after listening to our views.

To express regrets may be becoming. I respect Mr Frederick FUNG for choosing to express his views on the policy address in this manner, but the DAB will not support his amendment.

Thank you, Madam President.

PRESIDENT (in Cantonese): Does any other Member wish to speak? Dr LEONG Che-hung.

DR LEONG CHE-HUNG: Madam President, I rise to speak to oppose the amendment. As I am the mover of the original motion, I think I have the right to speak against it. In opposing the amendment, I have to say that I am opposing the style that this is put forward and not the actual content of the amendment, some of which I do agree with Mr FUNG and on which I actually have delivered my opinions in my opening remarks.

Madam President, the motion of thanks to the Chief Executive is a means for Members of this Council, either representing themselves or the public, to express their views on how the Government delivered its policy or implement its policy. It is a very general motion under which Members can comment, criticize, advise or oppose any areas of government policy and its implementation. And I would like to quote what I have said just now that the motion in question calls for thanking the Chief Executive for delivering the policy address. In no way are we asked to agree with it, let alone accept it. In short, within the framework of this motion, anything under the sun relating to the policy of the Hong Kong SAR Government can be discussed and aired. According to our Rules of Procedure, Members are allowed to move amendments to this motion without prior notice, just by adding words at the end of the words of the original motion. Now, such a concept is carried to the letter for every hobbyhorse, every angle of social democratic frustration, and any disappointment can be tacked onto the motion as an amendment for debate until *ad nauseam*. Worse still, once any amendment is moved, it would limit the focus of the debate into the area as contained in the amendment, taking away therefore the chances of legislators to comment on other areas that could well be Hong Kong citizens' concern. The whole action of introducing an amendment therefore makes a mockery of the spirit of this motion debate.

On that basis, Madam President, I would oppose any amendment so as to give all Members a chance to express their views in areas which they are interested rather than limiting their scope of discussion. Thank you.

PRESIDENT (in Cantonese): Mr Frederick FUNG. Do you have a point of order?

MR FREDERICK FUNG (in Cantonese): Yes, Madam President. It seems that Dr LEONG has just raised a point of order which requires elucidation. I

wish to ask you, Madam President, whether this is a point of order which requires elucidation. Dr LEONG said that my amendment is contrary to the spirit of the original motion, but the Rules of Procedure allow such amendments. Will you, Madam President, please rule whether this is contrary to the spirit of the original motion?

PRESIDENT (in Cantonese): Mr Frederick FUNG, you would not have the chance to move this amendment today if the Rules of Procedure did not allow such amendments. However, if other Members do not agree with your amendment, especially if the mover of the original motion finds that your amendment is contrary to the objective of his original motion, he has the absolute right to put forward his views.

MR RONALD ARCULLI: Madam President, I wonder whether the Honourable Frederick FUNG could tell us whether he has done this before. I certainly cannot remember he has done it before. If not, why not?

PRESIDENT (in Cantonese): Mr Ronald ARCULLI, I have to instruct Mr Frederick not to answer your question, because many other Members may also ask Mr FUNG why he has done so. You may express your views in your speech but I do not think Mr FUNG should answer each and every Member on this question. Mr Andrew WONG.

MR ANDREW WONG (in Cantonese): Madam President, a point of order. Before the motion was moved, the President had said that if an amendment was moved without notice, the debate was confined to the content of the amendment. But Members who have not spoken, that is, not spoken on the original motion, and those who have spoken on the original motion may speak on the amendment. Afterwards, they may speak on the amended motion; or, if the amendment is negated and they may debate anything about the policy address in the debate on the unamended original motion. I would like to seek a clarification. Dr LEONG Che-hung seemed to say that the amendment has confined the things that Members can speak on, that is, the debate on the amendment has set a restriction to the things that Members can speak on, but the original motion or the amended motion has not set any restrictions on the contents of Members'

speech. I would like the President to rule on this.

PRESIDENT (in Cantonese): Members, my ruling is as follows: Dr LEONG Che-hung only spoke his personal views. In accordance with the Rules of Procedure, if this amendment is passed, other Members will have to speak on the amended motion. However, since the amended motion does include the original motion, it should not stop Members from speaking on the original motion.

Does any other Member wish to speak? Mr Bruce LIU.

MR BRUCE LIU (in Cantonese): Madam President, I wish to elaborate on the amendment to the motion.

First of all, it seems to me that the Chief Executive is trying to warn the grassroots people in his policy address that their life will get tough and the days ahead of them will be increasingly harder, therefore they had better be prepared to fend for themselves. I got that impression because the whole rationale of the policy address is to develop high value-added industries so as to make Hong Kong more competitive. Therefore, we have to overcome all the hurdles before we can reach the target of becoming a high value-added and competitive society.

PRESIDENT (in Cantonese): Mr Bruce LIU, I am sorry I have to interrupt you. We are now debating Mr Frederick FUNG's amendment to the motion, but so far it seems that you are just speaking on the original motion. Probably you are moving onto that as well, but please come to the point quickly.

MR BRUCE LIU (in Cantonese): Yes, Madam President. Maybe my preamble is too long, and I shall make it brief.

In the future, the Government will certainly try to focus all its efforts to achieve this target, but it seems to me that the Government has overlooked quite a large number of areas. Those are the five areas which the Honourable Frederick FUNG has already listed and I am not going to repeat them. I just want to raise my doubt and questions concerning each of the areas.

First of all, apart from emphasizing the future development of Hong Kong, the Government has made the serious mistake of failing to formulate a policy on getting the poor out of poverty. I want to ask the SAR Government that if we are to adopt the direction of development as outlined in the policy address, will the poverty condition of Hong Kong be getting worse and worse in 10 or 20 years down the road? In fact, the Gini coefficient of Hong Kong was 0.518 as of 1996, what will it be in 10 or 20 years' time? At the moment, about 600 000 Hong Kong people are living below the poverty line. Of course, we do not have a generally accepted definition for the poverty line, but according to the findings of many surveys, the number of people living below the poverty line is close to the above figure. What will happen in Hong Kong in 10 or 20 years' time? Will there be more people living below the poverty line? Maybe one day, Hong Kong will become a very affluent city with high value-added industries, but there will still be a large number of poor people. At the moment, there are 40 000-odd people living on Comprehensive Social Security Assistance (CSSA) payments. How many CSSA recipients will there be in 10 years' time? This is the first question which the SAR Government has failed to answer.

As a responsible government, the SAR Government should not just turned a blind eye to this problem, it has to formulate a policy on eliminating poverty. However, at the moment we can see that the policy address has not done any homework in this respect and failed to make any commitments.

Secondly, regarding CSSA payments for the elderly, I have to point out that, the previous Legislative Council and the Provisional Legislative Council both passed similar motions to the effect that CSSA payment to the elderly be increased immediately by not less than \$300 a month. The timeframe for the increase was "immediate". However, in the policy address, the SAR Government turned "a deaf ear" to our consensus. The Government will do whatever it wants with no regard at all to whatever motions we passed, and it has totally ignored our request for an immediate increase. Many members of the public are really disappointed.

PRESIDENT (in Cantonese): In fact, the wording used in the motion moved by Mr CHAN Choi-hi, amended by Mr Frederick FUNG, and endorsed by this Council was "as soon as possible" and "not immediately"

MR BRUCE LIU (in Cantonese): Yes, Madam President. However, many Members really meant that the payments should be increased immediately when they said "as soon as possible", but of course, we may have different interpretations.

Regarding our amendment to the motion, I want to add two points. First of all, there is of course a channel for views expressed in our debates to reach the Government, but if we can make our position more direction-oriented, we may be able to exert more pressure on the Government in respect of the areas we are dissatisfied, so that it would come up with improvements on such areas. We also hope that the Government will come up with some remedies in addition to what has been laid down in the policy address. That is the spirit behind our amendment.

Secondly, this amendment is also moved as a form of protest because we find it alarming that there are so many major areas of omission in the policy address, we have to protest. This is our reason for moving this amendment.

These are my remarks.

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

(No Member indicated to speak)

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr Frederick FUNG be made to Dr LEONG's motion. Will those in favour of the amendment please say "aye"?

(Members responded)

PRESIDENT (in Cantonese): Those against please say "no"?

(Members responded)

Mr Bruce LIU rose to claim a division.

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

PRESIDENT (in Cantonese): The question now put is: That the amendment moved by Mr Frederick FUNG be made to Dr LEONG's motion. Will Members please proceed to vote.

PRESIDENT (in Cantonese): Are there any queries? If not, the result will be displayed.

Mr MOK Ying-fan, Mr CHAN Choi-hi, Mr Frederick FUNG, Mr Bruce LIU and Dr LAW Cheung-kwok voted for the amendment.

Mr HO Sai-chu, Dr Raymond HO, Mr NG Leung-sing, Prof NG Ching-fai, Mr Eric LI, Mr LEE Kai-ming, Mr Allen LEE, Mrs Elsie TU, Mrs Selina CHOW, Mrs Peggy LAM, Mr Henry WU, Mr NGAI Shiu-kit, Mr Henry TANG, Mr Ronald ARCULLI, Mr YUEN Mo, Mr MA Fung-kwok, Dr TSO WONG Man-yin, Mr LEUNG Chun-ying, Dr LEONG Che-hung, Mrs Sophie LEUNG, Miss CHAN Yuen-han, Mr CHAN Wing-chan, Mr CHAN Kam-lam, Mr TSANG Yok-sing, Mr CHENG Kai-nam, Mr Andrew WONG, Mr Howard YOUNG, Dr Charles YEUNG, Mr YEUNG Yiu-chung, Mr IP Kwok-him, Mr LAU Kong-wah, Mr LAU Wong-fat, Mrs Miriam LAU, Mr CHENG Yiu-tong, Dr TANG Siu-tong, Mr KAN Fook-ye, Mr NGAN Kam-chuen, Mr LO Suk-ching, Mr TAM Yiu-chung and Miss CHOY So-yuk voted against the amendment.

Mr Kennedy WONG and Mr CHIM Pui-chung abstained.

THE PRESIDENT announced that there were five Members in favour of the amendment, 40 against and two abstaining. She therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Henry TANG.

MR HENRY TANG (in Cantonese): Madam President, after China decided to resume sovereignty over Hong Kong on 1 July 1997, it drew up the innovative policy of "one country, two systems", a high degree of autonomy for Hong Kong, and Hong Kong people ruling Hong Kong" and the Sino-British Joint Declaration was signed in 1984. Hong Kong people have been very much concerned whether this policy will be respected and implemented, the *status quo* in the Hong Kong Special Administrative Region (SAR) will be maintained for 50 years, whether Hong Kong will remain stable, free and prosperous.

Today, Hong Kong has been reunified with the Motherland for more than three months. I believe that all of us can see for ourselves how things are in Hong Kong right now, and it is not necessary for me to go into details. The Chief Executive further affirmed the full implementation of the above policy and upheld the Hong Kong spirit in his first policy address. Entitled "Building Hong Kong For a New Era", the policy address of Mr TUNG outlined his blueprint for the administration of Hong Kong to the 6.5 million Hong Kong citizens. His bold vision and great ambition on promoting a "economy oriented society with due regard for people's livelihood" has formally launched a new era of "Hong Kong people ruling Hong Kong"

I personally think that this policy address has incorporated short-term measures, medium-term plans and long-term objectives, with clear and definite ideas regarding the administration of Hong Kong. It has made clear commitments and progressive policies which are forward looking, yet pragmatic and nothing too glamorous, and are in line with the always pragmatic attitude of Hong Kong people. This is especially true for the parts on economic development. The various new initiatives will be beneficial to the long-term development of Hong Kong as an international, financial, trade, industrial and service centre, and can also serve as a solid foundation for the SAR Government to develop into the 21st century. If we compare this policy address to the policy addresses of the previous colonial government, we can see that it is much more enterprising.

Madam President, some people criticized this policy address for "paying too much attention to economic development while neglecting the development of democracy", and also described it as "conservative". I think this comment is rather unfair, because economy is the lifeblood and supporting pillar of a country, a city, as well as a SAR. Although Hong Kong has abundant fiscal reserve, we cannot afford to be complacent. Externally, we have to face strong competition from Southeast Asian countries; and internally, the SAR has to strive hard to improve our people's livelihood. If we do not work hard to find ways to enhance our competitiveness and create a more favourable environment for business investments, then how are we going to have the money to improve social welfare and increase Comprehensive Social Security Assistance (CSSA) payment to the elderly? If we are not just being too naive to think that we can eat our cake and have it at the same time, then this must just be an empty slogan of the politicians.

In fact, the economy of Hong Kong is not totally without its problems. For example, the recent currency crisis of the Southeast Asian countries has to a certain extent affected the economy of Hong Kong. Our tourism business is dealt a heavy blow and the competitive power of our exports is also weakened. Recently, the stock market in Hong Kong is very volatile and the Heng Seng index fluctuates wildly. There are also criticisms against the Chief Executive for failing to put into place administrative measures to contain property prices, and that his policy of increasing land supply is not sufficient to help most of the citizens who wish to purchase property. However, if we look at the results of recent land auctions and the condition of the property market, there are signs that the "soft landing" policy of the Chief Executive is working quite well. Some people are even worried that the sudden turn of the property market will lead to a drastic fall in property prices, and this may in turn have a grave effect on our economy. Therefore, we have to be cautious in dealing with all these problems, there is no room for rashness.

As a matter of fact, there is sufficient reason for us to examine our own competitiveness simply in view of the rapid development of the Southeast Asian and new industrial countries. At present, Taiwan is actively building itself into an "Asian Pacific Finance Centre", Singapore is working hard to promote the concept of "Wisdom Island 2000" and Malaysia is onto the road of developing a "multi-media super corridor" and so on. All these external competitions mean that we cannot stay satisfied with our early stage of industrialization or only

focus our efforts on developing Hong Kong as a financial service centre. Hong Kong has now reached a point where we should seek breakthroughs, should try to transform into a knowledge- and technology-intensive economy. It is necessary for us to develop high value-added and high technology industries to enhance the productivity and competitiveness of Hong Kong. I believe this is the only way we can compete effectively with Asian Pacific countries.

Madam President, it is obvious that the policy address has pointed us in the correct direction on economic development. On one hand, the underlying principle of a free market economy is upheld, with the Government not directly subsidizing any one trade or industry; on the other hand, it will try to create a more favourable investment environment, for example there will be studies on establishing a secondary stock market in the form of a Venture Board, and to streamline the existing licensing procedures so as to increase competitiveness by cutting the costs arising from regulatory requirements. All this is a manifestation of the determination to maintain Hong Kong as an economy-oriented city.

Moreover, the Government has plans to inject up to \$500 million into the Applied Research Fund, to support the commercialization of research by the business sector; to appoint a Bureau Secretary to lead and co-ordinate the overall information technology development in Hong Kong; and to conduct a feasibility study on the establishment of a business park. All these measures are made in response to market demand on further improving the investment environment, on upgrading industries, and moving onto a road of high value-added industries and high-technologies. But, we will only be successful in such development if we have the necessary talents, capital and sufficient supply of land. I think we should support the Administration in achieving these goals.

Madam President, some people made fun of high-technology by saying that High-Tech means "getting into trouble" and Low-Tech means "getting good money". Hong Kong people are pragmatic, fond of speculation, and have an eye for quick profit, and in view of the feverish property market and Heng Seng Index trading, it is said that Hong Kong will not be successful in the development of high-technology. But, I can tell you that high-technology may not necessarily be too high for us to reach. In fact, a lot of newly developed industries in Hong Kong, like telecommunications, multi-medias, computer chips and computer software, product design, and so on, are actually necessary components for the development of tertiary industries, and it is necessary to continue to increase the values of these products. Actually, high value-added is

not equivalent to high-technology. And the importance of the development of high-technology to our economy depends on whether we can successfully applied the high-technologies. The Chief Executive hopes to establish Hong Kong as an innovation centre, and has invited Professor C. N. YANG to head a high-level commission on information technology development. I think by appointing Professor YANG as the chairman of the commission, the Chief Executive is trying to make use of Professor YANG's scientific knowledge and his excellent connections within the field to pool talents from top research units in the Mainland and outstanding members of the Hong Kong industrial and commercial sectors, to work together for the application of scientific research. I think this opens up a new era for the further co-operation between Hong Kong and the Mainland in economic development. We should have confidence in ourselves. If we remain stubborn to changes and just concentrate all our efforts in developing low-cost industries, or are only interested in speculation and making quick money, then we are only pushing Hong Kong into a blind alley.

The policy address also pointed out that in order to step up co-operation with the Guangdong Province, the SAR Government will set up a high level organization together with the Central and Provincial authorities, to conduct researches and co-ordinate efforts in major projects. I think that this is a very constructive proposal. Actually, economic relationship between Hong Kong and China will in the future only get closer. At the moment, commodities going into and out of China are subjected to four levels of cross-border inspections. These complicated procedures have caused a lot of inconveniences to those concerned. To quote an example, the United States and Canada have passed a set of new measures on 15 October this year to streamline their customs procedures. I suggest that, in order to facilitate trade activities, the Chinese and SAR Government may also consider to take a step further by reducing the number of cross-border inspections by half, so as to consolidate the spirit of economic co-operation between Hong Kong and China.

Madam President, Hong Kong has entered a new era and we shall soon step into the 21st century. We should look ahead and work together in urging the SAR Government to implement as soon as possible the policies laid down in the policy address.

With these remarks, I support this policy address which strives to reduce our cost of operation, increase competitiveness, improve the business

environment and which also has commitments in the areas of community welfare, manpower, and education.

PRESIDENT (in Cantonese): Mr CHIM Pui-chung.

MR CHIM PUI-CHUNG (in Cantonese): Madam President, I believe that the first policy address of the Chief Executive, Mr TUNG Chee-hwa, will absolutely be different from the policy address of last year in that it will get our support. In the end, there may only be five or six Members abstaining from voting. We may have different views on the policy address, but since we can express our views in our speeches, it is not necessary to move amendments to the original motion. It was only by mistake that I pressed the abstain button a moment ago. *(Laughter)*

Madam President, the most controversial issue in the policy address is the part on the Comprehensive Social Security Assistance (CSSA) payment to the elderly. In fact, we debated this issue in the past years on a number of occasions. I wish to take this opportunity to ask the elderly this: who is responsible for making it necessary for you to collect CSSA payment? Let me be so bold as to say that this is because, in the past decades, the British colonial government did not encourage them to save up for their retirement. The colonial government only encouraged them to "bet on horses", and so they ended up spending everything they earned on "horse racing and dancing", and did not have any savings for their old age. The elderly should really ask themselves how they have come to such a state. If the community is to be blamed, then the community will have the responsibility to look after them now. However, I hope that the elderly will understand that we must look at the community as a whole. Some of the elderly people should also do some soul searching. Those who have children should try to communicate better with their children so that there will be more warmth in the family. They must not think that since they can receive CSSA payment, they can ignore their children and live alone. That is not the proper mentality.

I absolutely agree that the community should care more for the elderly. For example, there should be more venues for elderly people to get together and talk to each other. This should make their lives happier. However, sons and

daughters should also bear in mind that it is their responsibility to support their own parents, and should not pass all the responsibilities onto the community. In Singapore, there is legislation dealing with elderly affairs, but in Hong Kong, our attitude is more lax and free in this aspect. I wish to take this opportunity to call upon all those who are children themselves to be more caring towards their parents. Though they may not be able to take very good care of their parents, at least they should give their parents some financial support, for example, by saving money through eating out less frequently every month, and give it to their parents. They should not shift all their responsibilities onto the community. Of course, a lot of people may tell me that I am offending the elderly people. But I am not. In fact, I respect elderly people very much, and I also hope that people will respect me when I am old. I just hope that the elderly will understand the structure of this society. A lot of politicians are trying to make use of this opportunity to gain votes, and this is something which should be condemned. I hope that the elderly can understand and appreciate the situation of the whole community.

This policy address has made some references to financial issues. I understand that the SAR Government is very concerned about this subject, particularly now that we are reunited with China. The Government has repeatedly said that it is important that we remain a major financial centre. It also hopes to surpass Singapore and develop Hong Kong into the top financial centre of the Asian region. To achieve this goal, the SAR Government has extended a very warm welcome to some world class funds and brokers. We can appreciate its reason for doing so. Technologies have been introduced with regard to derivatives and futures products. I meant to criticize these activities severely, the reason being if the Government is to introduce these kinds of products, at least it should let the investors, those in the trade, and the public at large understand the operation, so that they will not be cheated as a result of their ignorance. Of course, you could say "only those who are willing to be deceived will succumb to deception". However, if that is the case, then we might as well ask the Government to run a casino. At least, casinos have a set of established rules, and the gamblers will know under what conditions they will win or lose. But, when we come to financial derivatives, futures and arbitrages, I would say that most people do not know what they are. Therefore, I hope that the Government would help increase the knowledge of those in the trade and the investors about these new financial products.

Madam President, it is true that in the past, the Government did not show enough concern for the development of high-technologies. The so-called positive non-intervention policy is but a gross deception in reality. There were times when the Government had actually intervened, for example, when the Overseas Trust Bank and the Hang Lung Bank collapsed, and also during the crisis of the futures market in 1987. Although the Government was forced to do so, it indicated that it did intervene at times. And since it is going to intervene, it should do a better job.

In the past, there was not enough emphasis on the development of high-technologies. Now we have to understand where our strength lies, and in what areas we have a competitive edge over other Asian countries. The government which moved to Taiwan in 1949 after the liberation of China by the Chinese Communist Party has done very well in the past few decades in developing industries in Taiwan. Now they can proudly say that components made in Taiwan can be found in computers all over the world. The Hong Kong Government should really review our own position in the light of Taiwan's success. I hope that the Government could allocate \$6.5 billion to set up a fund for the development of high-technology as a start. Though I am worried that intellectuals and people involved will be the only beneficiaries of this Fund, and it may not do much towards the high-technology policy of the Government, I still encourage the Government to establish such a department to promote future development. Though it is rather late for us to voice our concern and start to do something in this aspect, but it is still better late than never, as Hong Kong has not only got 50 years, but several hundred years ahead.

Madam President, retraining is another programme area of the Government. At present, the job market of Hong Kong is such that there is a serious mismatch of jobs and labour. However, the Government has failed to formulate any specific retraining programme to address this situation in a serious manner. I think we should set up an employment fund to encourage people on CSSA, who have no jobs because they think the pay is too low, to return to work, with the fund making up the difference between their actual salary and CSSA payments. If we can encourage these people to take up employment, there will be a day when these people will get promoted or become skilled workers, then they will no longer need any assistance from this fund, and the fund will cease giving them subsidy when their wages reach a certain level.

The retraining programme should be targeted at the needs of the community. For example, we should see which trades have vacancies and whether those vacancies warrant a retraining programme. If retraining is required, then retraining programmes should be so conducted that the people who have completed the programme will get the job. This is unlike what is happening right now. At present people who attend retraining programmes, collect two or three thousand dollars and learn something which cannot help them find a job. The department concerned should find solutions to this problem.

Madam President, we fully appreciate the fact that Hong Kong is now reunified with China, and things will be different from what they had been under the past colonial government. Although most Bureau Secretaries have stayed, it is crucial that they fully realize that Hong Kong is now stepping into a new era, and they should not retain any colonial government mentality. Although we stress the concept of "one country, two systems" and everything should remain unchanged, but we can still see a lot of changes, for example, in the location of the Chief Executive's office, and the fact that Mr TUNG is not residing in the Government House. We hope that all these changes are for the better. We also hope that the whole civil service, under the leadership of different Bureau Secretaries, will have a deep understanding. In the past, some government departments accorded Chinese patriots special treatment. This issue has not been addressed in this policy address, but I hope that it shall be dealt with some other time.

Madam President, I would like to make a digression, but it still abides by the spirit of the subject. In the past, a lot of government departments took legal actions against certain individuals. Madam President, before I move on, I have to declare my interest. I am a defendant in a current case that has something to do with Government administration. If the Government has to resort to using "fraud or cheating government departments" as a charge or a means, then serious reviews are called for. As the Government is an entity, there is a risk in saying that someone is cheating a government department. Why is it that? For example, a policeman may arrest a suspect and take a statement, and the suspect may be found guilty after telling the whole truth. But if the suspect makes a defence that does not please the government department and the department then accuses him of deceiving it, then the government would always have the upper hand. I, therefore, hope that the Government will review the present judicial

system, so as to avoid discrimination against certain groups of people. I am not doing this for my own benefit for I firmly believe that the truth will eventually be found, unless the present SAR Government wants to resort to means adopted by the past colonial government against political dissidents. However, I firmly believe that this is neither the mentality of the SAR Government nor the way it is going to operate in the future. I also firmly believe that it will make proper use of its powers. Even if there are amendments to Article 23 of the Basic Law or restrictions are imposed in the future, the SAR Government will not resort to such means to crack down on political dissidents as a disguised form of political persecution. We fully appreciate that many things have survived the handover, but if we want to do better, then it is necessary to carry out reviews.

Madam President, finally I want to talk about elections. I have to reiterate that all future elections in Hong Kong should be conducted in accordance to the Basic Law. Of course, amendments to the Basic Law can be made at an appropriate time in the interests of our country and in the interests of Hong Kong. However, we can see that, in the foreseeable future, the provisions of the Basic Law are beneficial to the prosperity of Hong Kong. If the 1998 Legislative Council election of Hong Kong are queried by the international community, we can say that this is purely an internal matter for Hong Kong. Though Hong Kong does not have diplomatic autonomy, we do have autonomy in our internal affairs.

Madam President, I firmly believe that under the leadership of the Chief Executive and with the co-operation of his Secretaries, with clear objectives identified, the SAR Government will be able to do a better job in meeting the demands of the public in the coming year, no matter who are elected to the Legislative Council.

I still have 20-odd seconds, and I would like to talk about the housing problem. Housing is an area of concern for many people in Hong Kong. I would like to make one point, although Mr TUNG promised a 70% home ownership target, it is, in fact, not necessary to make such a promise. I think that the most important thing is to let people have decent living environment, but it is not really necessary that everyone should become a homeowner.

These are my remarks.

PRESIDENT (in Cantonese): As more than 30 Members have raised their hands to indicate their wish to speak, I believe I cannot allow all of them to speak today. Some of them will have to speak tomorrow. Mr CHENG Kai-nam.

MR CHENG KAI-NAM (in Cantonese): Madam President, there are four areas which I would like to talk about today, they are: housing, security, the Basic Law and government system. Since Mr TUNG Chee-hwa stood as a candidate for the Chief Executive of the Hong Kong Special Administrative Region (SAR), the biggest issue among the multitude of issues on his mind has always been housing. In fact, it is the same on all Hong Kong people's minds. I believe that nobody will query the importance of housing on the minds of Hong Kong people, and nobody will query the commitment Mr TUNG in respect of housing and his sincerity and determination to solve the problem. In the policy address, the housing problem indeed takes up the largest space, covering all aspects from macroscopic issues to technical details. However, sincerity and determination notwithstanding, to really dispel the doubts of the citizens, the most important thing to do is to make them believe the proposed targets and prospects.

After the policy address was delivered, the public are obviously not convinced of the commitment that an average of 85 000 units will be built every year. The citizens are also disappointed that effective mechanism and policy to crack down on speculation have not been put forward in the policy address. As for the Sale of Flats to Sitting Tenants Scheme (SFSTS) which is the focus of the community's attention, the citizens are still taking a wait-and-see attitude. Although the policy address has already made concrete planning for simplifying land disposal vetting procedures, rezoning and monitoring the progress of projects, and the government officials concerned have also pledged in all sincerity and seriousness that they will achieve the goal, I believe the crux of all these lies in the actual results the Government will show us in the near future.

Mr TUNG also proposes that, from the year 2000 onwards, among the 85 000 newly built residential units, 36 000 should be built by private sector. However, in order to meet the needs of the people and families who have to purchase properties in the face of the present highly-priced private housing, the Democratic Alliance for Betterment of Hong Kong (DAB) thinks that the ratio of rental public housing unit to Home Ownership Scheme (HOS) unit to private housing unit should be 1:1:1. With regard to cracking down on property

speculation, the Chief Executive says in the policy address that, "We have put in place a more effective system for monitoring the residential property market and have drawn up a package of measures to introduce at short notice should signs of excessive speculation emerge at any time." By saying so, does Mr TUNG "have arrows in his hand but is refraining from shooting", or does he only "have arrows in heart but not in hand"?

Just now some Honourable colleagues mentioned that "soft landing" seems to have been achieved. We greatly believe that the stabilization of residential property prices depends ultimately on supply and demand in the market, but certain government measures are definitely essential. While I understand the Government's worry that the decline of residential property prices will have an impact on the economy, I still have to remind everybody not to forget that speculation will make the dreams of the people who really have the need to buy properties vanish into thin air. The SFSTS is likely to be regarded by the Government as an important measure to attain the goal of achieving 70% home ownership, and it is naturally of great concern to the public housing tenants who make up half of Hong Kong's population. Although the policy address proposes to sell about 25 000 public housing units by early next year, as long as the particulars and conditions of sale are not drawn up, whether the sitting tenants are participating in the SFSTS or whether it can be successful is still an unknown, not to mention the plans to sell 250 000 units in the coming 10 years. The Government should give full consideration to people's views on and intention in this issue. The DAB believes that low and affordable pricing, reasonable conditions of resale, as well as good maintenance and management mechanism are the crux of successfully selling public housing.

I would like to raise a question for deliberation: if all the targets about housing set in the policy address are achieved, does it mean that Hong Kong people's housing problem will be solved once and for all? At most the hardware will be ready, how about the software? In fact, people who are familiar with district affairs will know that all the existing HOS estates have a certain degree of management problems, these are not problems of system, but of software. I would like to cite an example. According to the targets set in the policy address, in the coming 10 years, hundreds of thousands or even millions of tenants will become landlords, their mentality, social status and financial condition will all change a lot. Just now I said that many of the existing HOS estates have problems, one of them is that the tenants may not be able to get accustomed to

being landlords. When the Government boasts how many tens of thousands of units will be built, does it have any follow-up planning to deal with the problems of software I mentioned earlier? Unfortunately, nothing about this is mentioned in the policy address, I hope we can hear them in the policy address of next year.

With regard to the issue of security, Mr TUNG stresses very much on the importance of "a safer home" in the policy address. The DAB appreciates that the Government can learn a lesson from the catastrophic fires of the Garley Building and the Top One Karaoke and thus promulgates a series of measures to improve the fire service installation and equipment in commercial buildings. We welcome the Government's determination and think that it brooks no delay to demand and assist the old commercial buildings to install and increase their fire service equipment. However, a more difficult task would be to arrange for safety training courses for estate management staff and to enhance the fire consciousness and education of the public.

We are a bit surprised it is not mentioned in the policy address that the policy of first asylum will be revoked. The problem of Vietnamese boat people has been vexing Hong Kong for over 10 years and we have tried our best to solve it. It is now time to put a period to the status of Hong Kong as first asylum and to the problem of Vietnamese boat people. The DAB has been insisting to urge the SAR Government to revoke the policy of first asylum as soon as possible, to press the United Nations High Commission for Refugees to repay the debt of \$1 billion owed to Hong Kong, and to further expedite the negotiation with the Vietnamese Government so as to thoroughly solve the remaining problems.

Regarding the Basic Law, I think that a comprehensive, well-planned and long-term promotion and education programme on the Basic Law is something we have long been waiting for. In the past, due to historical and political restrictions, the Hong Kong Government could not do so on a grand scale justifiably. However, with extremely limited resources, organizations in the community have been persisting in organizing promotional and introductory activities for 10 years ever since the drafting and consultation of the Basic Law. It is proposed to set up a Basic Law steering committee in the policy address, I hope that this steering committee can be set up and start working as soon as possible.

Lastly, I would like to talk about the government system. Many people

are discussing whether the present Hong Kong is too politicized or whether the politicization has actually been fading away. In my opinion, at this very moment, the issue of people's livelihood is the biggest political issue for Hong Kong people. However, in the past 10-odd years, both before and after the handover of Hong Kong's sovereignty, the pace of democratization has all along been the focus of people's concern and discussion. I am very disappointed that this issue is only briefly mentioned in the policy address, and I would like to put forward DAB's proposals here: firstly, before 2007, all Members of the Legislative Council should be returned by direct elections while the Chief Executive should be returned by universal suffrage; secondly, after the elections of the first Legislative Council, the SAR Government should start reviewing the pace of democratization and consult people from all walks of life.

Madam President, I so submit.

PRESIDENT (in Cantonese): Mrs Peggy LAM.

MRS PEGGY LAM (in Cantonese): Madam President, the first policy address of the Chief Executive, Mr TUNG Chee-hwa, on the whole shows a medium- and long-term insight into the overall development and planning of our society, and switches the Government's vision from politics which was the dominating theme in the past few years to the practical development of the economy and people's livelihood. This is also what Hong Kong people hope the Hong Kong Special Administrative Region (SAR) Government can achieve after Hong Kong's reunification with China. As Mr TUNG says in his policy address, "through our efforts, all the tasks set out in this address can be accomplished".

While there have been different comments on different aspects of the policy address, I would like to first make a generalized appraisal. With regard to education, I welcome the Chief Executive's strengthening of primary and secondary education, but I hope that the Government will not set an upper limit for the proportion of graduate teachers. Any teacher who has a degree should obtain due recognition. As for the elderly, I am happy to see that the Government is willing to listen to the people and increase the Comprehensive Social Security Assistance for the elderly. I think, however, that the Government should increase the rate immediately and maintain the practice of

giving special grant as money for laisee (red packets) to the elderly at Chinese New Year. I also mentioned this point last time.

In fact, I believe other colleagues will also express their views on different areas, so I do not intend to discuss such areas one by one here. On the contrary, I want to concentrate on a particular policy area which is covered in the policy address with only 51 Chinese characters, that is, the woman issue.

Madam President, I believe at least half of the population will thank the Chief Executive because he is the first highest leader in the Hong Kong Administration to acknowledge clearly in the policy address that the women of Hong Kong make a most significant contribution to the prosperity and progress of our community, and says that his Administration will always give consideration tot the interests of women.

Unfortunately, the Chief Executive has only used three sentences to elaborate the Government's principles regarding the issue of woman, in which there is no specific proposal, neither is there a "woman policy" which woman organizations have been anticipating.

I would like to talk a little about background first. As early as in 1995, to participate in the World Women Forum, a non-government body in Hong Kong drafted a "Programme of Action" to promote interests of women, with the hope that men and women would work hand in hand to cope with the challenge of the 20th century and to create a peaceful, just, humane and fair world.

I was then a representative of that body. The areas we were concerned about included: poverty of women, unequal and insufficient opportunities for women to receive good education and training, health of women, violence or persecution in any form, unequal opportunities for women to take part in formulating economic structure and social policies, unequal treatment received when sharing with men the authority and power to make decision, lack of mechanism to promote the status of women, as well as the infringement of the rights of living, protection and development of girls.

Last month, the Hong Kong Federation of Women sent the Chief Executive a very comprehensive submission on the direction and development of a woman policy, clearly listing out four areas to which we hoped that the Chief

Executive would pay attention: firstly, to assist women to break away from poverty; secondly, to help the women in crisis; thirdly, to provide health services for women; fourthly, to promote woman participation in politics.

Unfortunately, nothing about these has been mentioned in the policy address. In fact, both the United Kingdom and China are signatories to the Convention on the Elimination of All Forms of Discrimination Against Women, but Hong Kong has never had enough determination in promoting and implementing the Convention and so there is never a satisfactory result, both before and after the handover of sovereignty. The establishment of the Equal Opportunities Commission is of course an improvement, but we have to do much more than that in the days to come.

In the face of the transformation of the community's mentality, the change of moral and value concepts, assisting women in crisis as well as dealing with problems or illnesses peculiar only to women, are indeed the Government's unshirkable responsibilities.

A sad family tragedy happened the other day. A mother suffering from postnatal depression threw her baby out of the window and attempted to commit suicide by jumping off the building. This reflects exactly the Government's care for the interests of women is seriously insufficient.

The medical profession points out that the possibility of women suffering from postnatal depression after giving birth to babies is 10%, whereas the possibility of having postnatal dejection is as high as 50% to 80%. How much resources have the Government appropriated to take care of these women who suffer from diseases that affect only women?

Tragedies have happened, has the Government learned a lesson from them? I do not want to say tear-jerking things that there are still tens of thousands of women facing the same problem, but this is actually the fact. The only question is whether the Government acknowledges that it has the duty to help them.

At present, many voluntary agencies or woman organizations are providing direct or indirect supports to women. Unfortunately, most of these agencies or

organizations are not subsidized by the Government and they have to arduously raise their own funds. Such difficult way of operation is a punishment in disguise to the agencies and organizations providing services, and their opportunities to improve or expand services are also restricted.

I think these services are essential, but they are not necessarily to be provided by the Government because government departments are after all restricted by administrative procedures and often cannot respond in the fastest way. Therefore, I strongly urge the Government to subsidize these voluntary services in order that they are able to meet the needs of society both in terms of quality and quantity.

As to the services which are clearly in need and with well recognized mode of operation, I propose that the Government should consider providing such services directly by government departments so that voluntary agencies can explore new forms or targets of service. This proposal will make full use of government resources and the flexibility of voluntary services.

Take the Harmony House as an example. In the past, the Government did not provide subsidy to it and even thought that the problem of battered wife did not exist in Hong Kong. The Government did not realize the seriousness of this issue until the situation deteriorated so much that the whole community began to pay attention to it.

The Government's late recognition of the issue could be due to the sense of superiority of government officials who did not understand and sympathize with the hardships of the people, or it could be the result of the trivial division of labour. With the Government unaware of the seriousness of the issue, the problem was placed in the usual long line waiting for attention. Anyhow, late recognition is better than no recognition at all, so the Government is eventually willing to subsidize the Harmony House, and I am really pleased.

However, the Harmony House is only one of the more fortunate institutions of service that can receive subsidy from the Government. There are still many more less well known woman organizations working silently and struggling to survive in society. If the Government does not subsidize them, the women in crisis will only be deprived of immediate or deserved care and service.

Madam President, since the Chief Executive has affirmed in the policy

address the contribution of women to society, to be in line with what he has said, specific actions should be taken.

In order to lift the financial burdens of these woman organizations and to ensure that the subsidized bodies have definite procedures to follow, I propose that the Government sets up a woman service fund and use its income and interest to subsidize the services provided by these woman organizations. To assure actual effectiveness of subsidization, the fund should not be too small so as not to be utterly inadequate. But since this is just a one-off appropriation and the Government has an enormous fiscal surplus, I believe money is not a problem. The things we gain in return will be the early solution of the problems faced by the women, and it may even benefit the healthy growth of their children. As the whole community will benefit, it can well be said that we are making a big profit at a very small cost.

Some people may query that, if we are proposing to formulate a woman policy today, does it mean we should formulate a man policy some other day? Or do we need to set up a man service fund?

I think we should not look at the issue this way. We are not narrow-mindedly fighting for some extra care and services which women do not deserve. The way of life in Hong Kong has long been that, with men dominating, no due consideration has been given from the angle of women in the process of policy-making; so what we propose to do is just to restore to women the rights and interests to which they are originally entitled.

If postnatal depression, pregnancy, giving birth to babies as I mentioned, and even sexual assault or violent abuse are not problems faced only by women, they are still problems faced mainly by women. I do not rule out the possibility of battered husband, but the figure clearly shows that women are the principle victims. However, I believe if people have a fair mind, they can judge whether the Government has provided sufficient assistance and counselling to these women. What we actually long for is that the Government will think more about women when formulating policies.

Doubtlessly, the Government will probably say that there is no need for a woman policy because different departments can make different arrangements according to their own needs. This saying is true to a certain extent, but if each department does things in its own way, makes choices according to its own needs

and fails to co-operate with each other, will that not be wasting resources and getting half the result with twice the effort?

For example, if the Employees Retraining Board offers a course for women without the support of enough nurseries or part-time day nurseries in the community, women with children will not be able to take time off for the training. Even though they have received the training, they cannot leave their children at home and go out to work without leading to another social problem: leaving children at home alone.

I would like to point out that the woman policy I am talking about is a strategic guideline for the Government's policy, it should encompass all the development policies concerning the protection of the rights and interests women should enjoy, and should also centralize all the provisions and principles on the protection of women now found in different ordinances. In this way, the different government departments and the public will clearly know to what rights women are entitled.

In order to make it more convenient for the women to seek help or make inquiries, I suggest that the Government should set up a combined department for woman services, and centralize all the inquiry service and liaison work in respect of woman services provided by the Government in this single department. The actual work may naturally still have to be followed up and assisted by different departments, but I believe if the woman organizations are subsidized by the Government, they will definitely be able to help the Government in this aspect.

Madam President, I hope that the Chief Executive can demonstrate his determination of caring for the rights of women by concrete actions, so that the commitment made in the policy address will not become mere lip service. I believe and hope that my Honourable colleagues in the Provisional Legislative Council will, in their speeches, support that there is a need for the Government to provide and subsidize woman services.

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

PRESIDENT (in Cantonese): Mr LEE Kai-ming.

MR LEE KAI-MING (in Cantonese): Madam President, the policy address says, "Hong Kong is indeed fortunate. We have incomparable advantages" A look at the policy address tells us that much space is used on ways to build a bright future for Hong Kong, but there is not much reference to a sense of crisis. With regard to housing, education, welfare and medical services, a lot of promises have been made. In the policy address, there is also the following short comment on the labour force: "We owe a great deal to the hundreds and thousands who have built Hong Kong's prosperity through their labour." With regard to labour importation which is described in the policy address as a problem which "has vexed our community for a number of years", still, there is no solution.

As we all know, Hong Kong has a growing population. It is estimated that the annual population growth exceeds 100 000 people. By the year 2011, total population will be 8.1 million. In the face of a growing population, the general public are concerned about housing, education, medical services and transport issues. But little is spoken on employment difficulty. The Hong Kong economy has been undergoing structural transformation for years. Labour-intensive industries have moved out of Hong Kong. The number of employees in the manufacturing sector has dropped drastically from over 0.9 million to 0.3 million. This trend is not coming to a halt. Today, I have heard that a paging company is going to lay off 600 employees. The 21st century will be a new Information Technology Age. That means manpower will be replaced by technology. Undoubtedly, technological development will create wealth. But it will also reduce employment opportunities for people. Our grave concern is whether the growth of our workforce can keep in pace with the increase in vacancies due to economic development. Every day, there are 150 people from China coming to settle down in Hong Kong. Of these 150 people, almost 80 will join our workforce. In a year, there will be 29 000 additional workers joining the workforce. The policy address also stresses that "we will also pay particular attention to helping new arrivals of working age get into employment quickly." Besides, local people of suitable age and overseas returnees will join the workforce every year. So we have a large army of labour reserves. The Labour Department announced that in 1996-97, there were 117 114 registered job seekers, but only 26 847 people got jobs and 90 267 people were still unemployed. In view of this, the employment problem is a major issue which should not be ignored.

The policy address does not draw up concrete plans for creating new

employment opportunities. On the contrary, it proposes that "we may need to import labour to help meet our housing construction targets or to provide staff for new homes for the elderly". On the pretext that people are concerned with housing and care for the elderly, the Government resorts to importing more labour. This has led to discontent in the labour sector. Just now, the Honourable CHENG Yiu-tong spoke in detail on this. It is not that there is no labour importation scheme in place. Overseas professionals, technical experts and administrators can come to work in Hong Kong without any restriction. Last year, 14 384 people in this category came to work in Hong Kong. Besides, 600 people have come to Hong Kong under a mainland professional pilot scheme. What is more, the Government permits the importation of foreign nationals to work as domestic helpers in Hong Kong. By the end of last year, there were 164 299 foreign domestic helpers in Hong Kong. In addition, over 2 000 people have been imported under the Supplementary Labour Scheme.

As to whether there is shortage of labour for housing construction, a conclusion will come out when the manpower assessment for the industry is completed by the end of this year. Concerning whether we have to import labour now for housing construction, has the Government considered the 24 000 construction workers who may be without a job after the completion of the new airport? The Government has promised that there will be a manpower assessment and review in the construction sector, textile and garment sector and the Supplementary Labour Scheme. I believe that before the review is conducted, the labour importation scheme should not be expanded. Is there a shortage of manpower in care and attention homes? A conclusion can be drawn simply by looking at the number of job applications received by the public and subsidized homes. Obviously, only those which offer low wages and benefits find that there is a shortage of manpower. As we all know, there are many people queuing up for jobs, which include home helpers, in public and subsidized case and attention homes. There are now seven universities in Hong Kong and many fresh graduates look for jobs every year. Should we review the policies that allow overseas experts and professionals to work in Hong Kong without restrictions?

Unless local workers' wages, benefits, employment opportunities can be improved, people will doubt Mr TUNG's sincerity in his assurance of giving priority to local workers.

In Hong Kong there is no long-term human resources policy, and this is

different from advanced economies. Workers in Hong Kong have neither employment protection nor retirement protection. Nor do they have minimum wage or a collective bargaining mechanism. Wages and benefits of workers are entirely determined by supply and demand in the labour market. Undoubtedly, importation of labour will weaken the bargaining power of local workers and deprive the manufacturing workers of opportunities to change jobs. I hope the Government will think very, very carefully before the labour importation scheme is expanded.

The workers who have contributed to the prosperity of Hong Kong have not shared the fruits of prosperity. In recent years, there is negative growth of the wages in some trades. One of the main reasons is that workers have to eat dirt and accept lowly paid jobs in order to make a livelihood. As a result, unemployment rate decreased. The Chief Executive should sympathize with the difficulties of workers at the grass-root level. The Special Administrative Region Government should work out concrete plans and measures to solve the unemployment problem and to narrow the gap between the rich and the poor. To achieve a more reasonable distribution of wealth is an urgent objective for the Government.

The Government is prepared to establish the Mandatory Provident Fund (MPF) Schemes so that in 20 or 30 years the whole workforce will have provision for their retirement. However, it has been argued that these schemes cannot solve the retirement protection problem for the low-income workers, those who have already retired or those who are shortly to retire. The Government should explore the possibility of other social security schemes so as to make up the deficiency of the MPF Schemes.

I appreciate the first policy address of Mr TUNG Chee-hwa. There are lots of promises to improve people's livelihood, in particular, the welfare of the elderly. Concerning the workers, I hope more will be done than a praise to their contribution. The Government should map out a long-term policy and adopt more realistic and feasible measures so that the workers can share the fruits of prosperity. We believe that only when the interests of various sectors are taken care of will our society maintain constant stability and prosperity.

With these remarks, I support the motion.

PRESIDENT (in Cantonese): Mr KAN Fook-yee.

MR KAN FOOK-YEE (in Cantonese): Madam President, the Chief Executive, Mr TUNG Chee-hwa, delivered his first policy address of the first Government of the Hong Kong Special Administrative Region (SAR) here 100 days after he was sworn in. This policy address is the first blueprint in which the people of Hong Kong solemnly and proudly announce their aspiration to building the future of Hong Kong together after breaking away from the colonial rule.

The colonists are always too conceited to rightly appraise their subjects of their wisdom and creativity and that is also one of the main causes of their decline. In his last policy address, the Governor Mr Chris PATTEN affectingly listed out 16 benchmarks which, if not to signify his distrust of Hong Kong's future, represented his "last teachings" to us. Here, I whole-heartedly wish him good health so that he can make an assessment of the situation of Hong Kong every 10 years in 2007, 2017 and 2027 and see for himself that under their self-rule, the people of Hong Kong would achieve less in whatever way than he did in ruling Hong Kong.

Putting other things aside, let us just look at his doubt about election, regarding which he asked, "Are Hong Kong's legislators, at successive stages of this evolution, fairly and openly elected, and truly representative of the community?" In respect of this, I can guarantee to him that on this very day next year, he will definitely be able to hear many of his bosom friends then speak in this Chamber again after having got off the train. However, as to whether they will remain faithful and still consider him "a superb meteor, with every atom in magnificent glow", I cannot guarantee.

Colonialism is almost reduced to ashes although it is yet to vanish without a trace. Today, as Mr TUNG says, "We must work to build Hong Kong for ourselves and for future generations: a Hong Kong that is civilized, prosperous, stable and democratic, filled with a new vitality." After breaking free from the constraints of colonialism, the future Hong Kong will unite with our steadily strengthening Motherland in the 21st century as one body and together they will face the tests and challenges of the time in this keenly competitive international family and contribute their own shares to bringing about the rejuvenation of the Chinese nation.

Nonetheless, while we are contemplating the many opportunities and success ahead of us, we should also constantly remind ourselves that our present political situation is not yet absolutely stable and our economy is not free of hidden crises. The education system left behind by the colonial government still needs to be reformed step by step before it is capable of taking up the great responsibility of nurturing our next generation into fine and worthy citizens of our country. As regards the peoples' livelihood, the SAR Government has to solve such knotty problems as home ownership difficulties, and unemployment, under-employment and difficulties in changing jobs of workers in the manufacturing industries. Several service industries and even the leading ones of Hong Kong are also having rough times of their own. For example, tourism is suffering a downturn, the growth of re-exports is weakening and the financial service sector is also faced with the unfavourable economic environment brought about by the currency crisis in the South East Asian countries. These are problems that we cannot take lightly.

Despite all these, I still see a promising future in Hong Kong.

Madam President, with these remarks, I support the policy address of the Chief Executive.

PRESIDENT (in Cantonese): Dr TANG Siu-tong.

DR TANG SIU-TONG (in Cantonese): Madam President, on 1 July 1997, Hong Kong was reunited with China. The people of Hong Kong have begun to write our own history. The first policy address of Mr TUNG Chee-hwa, the Chief Executive, shows the way for Hong Kong people and plans Hong Kong's long-term future with a new vision. Long-term targets are laid down in areas like "A Better Business Environment", "A Committed Teaching Profession" as well as "Care for the Elderly" and "Homes for Hong Kong and Health Care" and so on. These show that Hong Kong has finally broken free from the psychological constraints brought about by the colonial era. Today, I would like to speak on our health care system and housing issue while other colleagues of the Hong Kong Progressive Alliance (HKPA) will express their views on areas that they are familiar with.

Health is a valuable asset. Today, Hong Kong already enjoys a standard of health care that compares well with any developed country according to

common international criteria. Unfortunately, the recent spate of medical blunders have fully reflected the policy errors of the Hospital Authority (HA) and the inadequacy of basic training of the medical staff. As a result, people are disturbed and worried.

What is more, as our community becomes more open and is more aware of patients' rights, there should be matching improvement in the complaint mechanism. The best way to boost public confidence is to enhance the transparency of medical complaint channels.

The Government published the first medical service policy paper in 1964 and the second related paper in 1974. But since then, there has been no comprehensive review of the medical system. The recent medical incidents reflect that the review that was done 23 years ago could no longer meet the needs of the present-day development. So I am really looking forward to the early completion of the comprehensive review of our existing health care system as promised in the policy address. On that basis, future development policies for our medical system can then be drawn up.

I hope that the Government can define the roles played by the public sector medical service and the private sector medical service and solve the problem of medical funding. I also hope that the Government can find a way in which the Chinese medicine and Western medicine can complement each other in our medical system.

In his policy address, the Chief Executive emphasized that there would be a sound regulatory system for the traditional Chinese medicine. A statutory framework will be established to assess the professional qualifications of Chinese medicine practitioners; to monitor the standards of practice; to regulate the use, manufacture and sale of Chinese medicine. Unfortunately there is no mention of the regulatory criteria and the timetable for implementing these measures.

Madam President, the HKPA is delighted to see that the Chief Executive is determined to improve the present medical and health care system in Hong Kong. We also agree that a balance should be struck between the public sector medical service and private sector medical service. However, we can see that there are a lot of inadequacy and a lot of room for improvement in our medical system. A

severe manpower shortage as revealed by the recent spate of medical blunders, the vaccination programme for children immigrants, as well as the long waiting time for specialist out-patient clinic services are all our major concerns.

According to available figures, 29 084 Mainland children came to Hong Kong in 1996. Among the daily quota of 150 people coming to Hong Kong, 45 are children. It is estimated that 66 000 children are still on the waiting list. Such a large number of people will impose an enormous pressure on our medical services.

Vaccination programmes now run by the Department of Health mainly target at students in secondary and primary schools. The schools will send letters to students' parents and after parents' approval has been obtained, staff of the Department will visit the schools on regular basis to vaccinate the students. However, the service programmes seem to have neglected kindergarten pupils and the children immigrants who have not yet enrolled in school. The Government should step up publicity about these vaccination programmes through the media so that Hong Kong citizens and new immigrants can make the best use of the Family Health Service Centres and the vaccination services provided by the Department of Health. This is to safeguard public health.

We have also noted that the waiting time for specialist out-patient service is too long. According to information, among various kinds of specialist out-patient services, the average waiting time for the first consultation in the ophthalmology department is 23 weeks. For the surgical department of Tuen Mun Hospital, the waiting time for the first consultation is as long as 33 weeks. Problem of excessive waiting time for specialist out-patient services is particularly serious in new towns. We are worried that the patients' medical conditions may deteriorate due to the long waiting time, and as a result, aggravate the burden of other medical departments like the accident and emergency department. I think the Government should attach importance to this problem. We suggest that the Government should attract more general practitioners to go through training in order to become specialists in disciplines in which doctors are insufficient. At present, there are only 86 registered eye doctors in Hong Kong and only about 50% of them are working in public hospitals. How can such a number of doctors meet the demand for public medical service that is increasing with our growing population? So, the Government should attract more specialist doctors to work in public hospitals. It should also work out a suitable training programme for this purpose.

After hearing opinions about the recent spate of medical blunders from all sectors, we conclude that these are caused by manpower shortage, poor training, insufficient monitoring and enormous work pressure on the front-line medical staff. With emphasis on cost effectiveness only, the HA has implemented the so-called "metabolism" concept and forced all hospitals to reduce front-line workers to meet the requirements. Previously, in each hospital there was a head nurse on each shift. But now, with three shifts in a day, there is a head nurse on duty on one or two shifts only. Last year, the Health and Welfare Bureau admitted that there was a shortage of 580 officers in the medical staff in public hospitals. But as training is needed, how can these posts be filled within one or two years? Furthermore, there is a lack of specialist nurses in hospitals. They must be trained before they can take up the posts. So, this problem cannot be solved by merely adding places in the nursing schools.

We are of the opinion that, apart from recruiting more nurses, the hospitals should also try to retain the serving nurses so as to avoid an aggravation of the problem. We propose that the authorities concerned should review the contents of the training courses and enhance training in clinical nursing skills such as blood transfusion and so on.

As for the doctors, the number of consultants increased by 14% during 1992-95. But the number of ordinary doctors saw a decrease of 2.6%. In view of this situation, why are there still supervisory problems and why can't medical blunders be minimized? We know that with population growing and services provided by the HA hospitals improving, more patients will be attracted to use the facilities in public hospitals. The work pressure on doctors will become heavier and heavier. Before the basic medical service is strengthened, the development of other medical services such as outreaching medical services and researches on specialist medical theories will add more burden to the front-line doctors. Mistakes are inevitable under heavy work pressure. We therefore suggest that the HA should pay attention to the work pressure of front-line medical workers and arrange an appropriate duty roster for them.

Medical and health care is not simply a business. Application of commercial principles in this field will result in a lack of human love and care. We should encourage better communication, more concern and more trust between doctors and patients. We should give full play to the spirit of Florence Nightingale. Apart from medical funding, these are the areas which we should

emphasize.

Madam President, even though we have good health, we cannot enhance our productivity if we do not have a comfortable home. That is why I am turning to the housing issue.

Compared with the previous Government, the housing policy revealed in the first policy address of the Hong Kong Special Administrative Region (SAR) Government is very impressive. Mr TUNG has laid down three main objectives: to build at least 85 000 flats a year; to achieve a home ownership rate of 70%; and to reduce the average waiting time for public rental housing. These show that Mr TUNG is immensely bold and resolute. Amongst these objectives, some are very innovative such as the "Home Starter" loan scheme, and a pilot scheme in which the developer will hand over at least 30% of the flats built to the Government for sale to eligible purchasers at designated prices.

But in the housing policy, there are no concrete measures to combat property prices or speculation. Some think that it is disappointing. Actually the Chief Executive is of the view that high property prices are due to shortage of housing supply. He is sincere and bold in facing up to the causes leading to shortage of supply such as problems related to land supply, planning and the bureaucratic structure. His policies have rightly targeted at the major problems.

However, the former Government set an objective in 1992 that home ownership rate would reach about 60% by the year 1997. But as at September 1997, the home ownership rate was only 52%. As the former Government failed to deliver its promise, I cannot but doubt whether the SAR Government can really do better. Previously, the HKPA suggested that 20% of the monthly mortgage repayment of first-time home buyers with total monthly family income not more than \$60,000 be tax deductible. The HKPA believes that this will encourage Hong Kong people to buy their own homes and help achieve the Government's objective of 70% home ownership rate. I hope the Administration will consider this point.

Concerning the annual production of 85 000 flats, the HKPA is delighted to see that the Financial Secretary has set up the Steering Committee on Land Supply for Housing, an inter-departmental task force, to help the Chief Executive achieve these targets. But this proposed system will only operate for one year which is too short. The HKPA opines that the flat production target can more easily be achieved if a permanent department is set up with sufficient

decision-making powers and directly accountable to the Chief Executive, to take charge of the planning of flat production and the strengthening of the co-ordination between various departments involved in housing projects.

Concerning the sale of public rental housing units, the Chief Executive promised that 250 000 units would be put on sale from early next year. But as there are 660 000 public rental housing units altogether, the Government has to sell all units under 10 years old in order to achieve the target of selling 250 000 units in 10 years. However, this is a very unlikely scenario because high maintenance cost is a deterrence to the tenants living in older public rental housing units. The Government has to revise and set a more feasible target.

If this programme is handled improperly by the Government, the low-income group who are unable to buy their own homes will be forced to move in older public rental housing units. As a result, there will be an apparent demarcation of the rich and poor. This will not help improve the living conditions of the low-income earners.

We, therefore, think that the public rental housing sale programme and the procedures should be handled prudently. Besides, the Government should also disclose how prices are determined as soon as possible.

Among the 830 commitments in last year's policy address, only 363 of them have been fulfilled. For the 430 items which are still on-going, it is still unknown whether they can adhere to the original timetable. The remaining 47 items are behind schedule, especially the planning for the Northwest New Territories, flood prevention, services for the elderly and urban renewal programme. This year, I hope the Government can deliver its promises. As a saying goes, "A good beginning is half the success."

Madam President, one of the special features of this policy address is vision. However, there is no plan concerning the development of the great plains in the Northwest New Territories so as to put the land into the best use. We hope that when the West Rail is completed on schedule, transportation in the New Territories can be improved. I hope that the Government will actively review the impact of land resumption on the residents, in particular, reasonable compensation should be given by taking into account the potential interest of land. Concerning the merging of the Regional Council and district boards, consideration should be given to the interests and feelings of the New Territories

residents.

Madam President, with these remarks, I support the policy address of the Chief Executive.

PRESIDENT (in Cantonese): Mr Eric LEE.

MR ERIC LEE (in Cantonese): Madam President,

Hong Kong-style Administration, Be Master of Our Own House

Amidst high hopes of the community, the first policy address of the Hong Kong Special Administrative Region (SAR) Government has outlined a clear blueprint for the development of Hong Kong in the new era.

The Chief Executive's patriotism and his willingness to build a partnership with Hong Kong people prevail in the policy address. With great determination, commitment and high morale, the SAR Government is going to face our future. The policy address also reveals that the now familiar Hong Kong-style administrative approach that extensively heeds public views will remain the basic mode of administration. This also indicates that the SAR Government is fully prepared to "run the affairs of the house as the master".

The policy address starts with the topic of better business environment, moves on to home ownership, the development of information technology and education, before coming to "a compassionate and caring society" in which the aged and the vulnerable are taken care of. Targets are clearly set out with full details. Opportunities are pointed out and hidden threats mentioned. While there is aggressiveness and vision, there is also an evasive attitude towards some important issues.

A Climatic Change, Not a Gust of Wind

Let me talk about our economy first. Taking a prudent and optimistic view of our economy, the policy address expects that we can maintain a medium-term economic growth rate of around 5% on average. But things are unpredictable. With the development of information technology and

convenience in travelling, globalization of the world economy, in particular, impacts resulting from regional interaction have become more and more apparent. It is just like a row of connected houses, as said by some economists, when one catches fire, the adjoining ones are bound to get ablaze regardless of their sound structure.

The recent financial turmoil and currency depreciation in Southeast Asian countries have already had an immediate impact on Hong Kong's economy. The tourism industry and consumer sector have borne the full brunt, and a downward adjustment of the stock market followed. It has dropped by more than 700 points again today. This shows that in days ahead our economy can hardly stay out of trouble amidst the unfavourable development in the region.

At the meeting of Panel on Financial Affairs on 11 October, three days after the delivery of the policy address, I queried the Government's forecast that the medium-term economic growth rate could remain unchanged and its assertion that currency depreciation in the region was a gust of cold wind rather than climatic change for the long term.

During the past 10 days, quite a number of international financial leaders who attended the World Economic Forum in Hong Kong unanimously said that this financial turmoil was a structural adjustment. In the past two days, the newspapers also conveyed a message that economic researchers of the local banking sector reached an initial consensus that the strong Hong Kong dollar would gradually weaken Hong Kong's competitiveness. The effect would become apparent next year although the degree of the impact was still uncertain.

In the shadow of the "suddenly strong" Hong Kong dollar and Renminbi, it is difficult for Hong Kong to shield itself from the adverse effect. At this moment, it will be easier said than done to promote a better business environment. In fact, the policy address has listed out a lot of incentives to encourage long-term business operation in Hong Kong. However, the environment has turned sour so dramatically that these measures have also become rather weak. I hope the Government will face up to the seriousness of the problem and do not just report the good news and not the bad ones.

What the financial sector and the commercial and industrial sector need most is not minor benefits or advantages. Rather, they need to obtain information and analysis on the latest international trend in a speedy and accurate way. With this information, they can co-operate with the Government and plan for the new direction to meet changes. I hope the commission on strategic development headed by the Chief Executive can be decisive and take action promptly so as to find the way out and the direction for our economy.

Crisis behind Layman-led Administration

Housing is another area to which the Chief Executive attaches importance. This is logical and reasonable. It is also welcome by the community. However, apart from fulfilling the citizens' wish of owning their homes, the Government should bear in mind that the property market now accounts for 40% of our GDP. This is an important component of our economy. In a flourishing property market, some artificial adjustment may well be a good thing, just like sending someone charcoal during a snowfall.

But when the timing is wrong, a planned housing production target laid down by a layman may add fuel to the fire, just making bad things even worse. This will send more unnecessary and confusing signals to the market, produce erratic price pattern and leave potential home buyers and developers in the lurch.

Even though the Government wants to implement some public policies in a free market economy, it should adhere to the principle that it should be selective in its actions. As land is a kind of public commodity, the Government should open up land expeditiously so as to provide the "raw material" to the property market regularly according to a definite schedule. The pace of infrastructure construction should tie in with the housing programme so that flats can be put on sale when they are completed.

If the Government can provide public housing to those who are unable to buy their own homes, it can also fulfil the public's wishes. However, any further intervention by the Government in other activities of the free market should call for more comprehensive planning and consideration. When the technical bureaucrats of the Government only have half-baked knowledge of the market mechanism and little actual experience, they should not, with a sense of inflated egoistic power, express opinions on market prices or other sensitive issues which have important influence on prices.

In fact, the free market economy is dynamic with unlimited variables. In order to survive, the businessmen are flexible and adaptable. Unless the Government determines to totally eliminate the chances of their survival, or to nationalize the whole real estate sector and incorporate it into a planned economy, otherwise, the ultimate victims of unjustified intervention are the general public who are entirely in the receiving end.

In the policy address, three main objectives have been laid down in the section "Home for Hong Kong". Two of them are, first, to build 85 000 flats a year and second, to achieve 70% home ownership rate in ten years. The former objective is reasonable, but the latter sounds like a target in a planned economy, this worries me. This target will add to the pressure of the officials who are responsible for the policies. Recently, the Secretary for Housing made some instant and, I think inappropriate, response to criticisms against the Government's market policy. This shows the heavy pressure on them.

I would try to explain briefly some variable factors in the market which may emerge in the process from the supply of land to the purchase of flats by the citizens, hopefully to prove that unjustified market intervention is a nuisance to people as well as an ineffective policy. I would also like to draw the conclusion that if the Government is to set an artificial target for the market, it will change the law of the market rather than strike a real balance between supply and demand. Incentive and support will be the more effective administrative means.

To begin with, let us assume that the internal operation of the Government is perfect. Land is supplied according to schedule and developers are willing to buy all the land on sale regardless of the risk. Then the first thing that the Government has to face is the speed of housing production. Everybody in the sector knows that there is a shortage of manpower within the Government. If the Government has yet to work out a timetable for importation of labour including details of the categories of workers to be imported and a clear application procedures, it is already too late.

However, the Government is still evasive towards such a key issue. Does the Government think that after a deadline for the sale of flats has been set, there will automatically be workers to build the flats and the shortage of labour will automatically be solved? The answer is certainly in the negative.

Suppose that the flats are completed on schedule, developers will still have to look at the market situation and the prices before they decide whether the flats

will be sold or retained as rental property. If the Government has set a deadline for the sale of flats, the flats may not be sold to the purchasers unless the Government has also set the prices or even force the vendors to sell the property at a discounted price regardless of the cost. Otherwise, developers will wait for the right price to sell. A few years later, if there is a sufficient supply of flats and the Government forces developers to sell their flats, they will set an unrealistic price. In that situation, the flats remain unsold and there will be a lot of vacant flats, and the citizens still own no property. That will lead to a waste of public resources.

Suppose again that this obstacle is surmounted and developers are willing to sell their flats regardless of the prices. Do the banks have sufficient lending capacity to provide mortgage loans at a reasonable interest rate for the people? In July 1997, the Monetary Authority issued a letter to all banks requesting them to limit their property mortgage loans to not more than 40% of their total lending business. Almost all local banks have reached this ceiling. To achieve another 20 percentage points of home ownership rate in the next 10 years, we need an astronomical mortgage loan amount in the short term. It is questionable whether the local savings growth rate can keep pace with that. In that situation, will the Government allow mortgage interest to soar or relax the 40% rule on mortgage loans regardless of the risk?

There are signs showing that our economy is slowing down. Under such circumstances, it may be too much and too late to attempt to achieve an ossified target with a high-handed approach. It will be a recurrence of the intervention in the property market. What the public want to see is a soft landing of property prices. Government officials should not appear to be menacing, at this stage because the property market can easily be turned into a stagnant pool of lifeless water.

It is more appropriate for the Government to achieve its targets by selling or building more public housing or Home Ownership Scheme flats. The private property market should play a complementary role and should not be made the scapegoat to which we vent our anger brought by results of the high land price policy. As we all know, flat production will take two or three years' time. During this period of time, the community and the Government should be patient and rational.

The Government should provide support and incentives so that developers will dance to its pipe. Deterrent in the short term will only dampen their desire to produce more flats.

Guide our Youth: Rights and Obligations of Equal Importance

As a saying goes, "It takes ten years to grow a tree, a hundred years to nurture a man". Under the ten-year home ownership scheme, there will be a lot of magnificent buildings under construction in Hong Kong. But to educate and nurture our younger generation, immense patience and suitable guidance are called for.

The youths' rights should be respected and recognized by society. But we must also let them know our expectations of them. They have their rights as well as their obligations. Experienced youth workers know that lecturing is not accepted by the young people. However, without a correct sense of value as a clear road sign to guide them along in their formative years, they may lose their direction in a maze of confusing messages. Eventually, they go their own ways.

Four years ago, the Commission on Youth established a set of well-received long-term development targets for the young people. The Commission has made a number of suggestions to the departments concerned on ways to encourage the young people to participate in community affairs. These include ways to support the development of some youth societies and ways to encourage positively the youths to take part in social affairs. At the moment, the Commission is working closely with the Government and having more discussion on well-defined work targets. It also helps co-ordinate resources invested by the Government in civil education and moral education. We hope that this Council and the Financial Secretary will support our request for more manpower and funding for research later on. The Commission will also enhance the link between the youth workers and the young people in order to make full use of its role as a bridge between the youth and the government departments. We hope these measures will encourage them to play a more active role in the SAR Government.

Education is an important investment in our young people. The policy address shows that various views of the education sector and the business sector on education have been taken into account. It has affirmed the importance of information technology and language skills to the success of our future economy.

However, if our young people, who are to benefit from education, have to face an increasingly overloaded curriculum, then our education system will become more "spoon-fed", not to mention that the students' school bags and the pressure of homework may become heavier and heavier. The Government has to work out an effective curriculum re-construction programme and provide relevant support to schools. There should be regular teaching appraisals to ensure that policy does not become a mere theoretical thing.

In the policy address, there are six pages about education policy. If all proposals are implemented, it is tantamount to an education revolution. With a funding of \$5 billion, about 50% of primary schools will provide whole-day schooling in five years' time and 40% of secondary schools will drastically switch to mother tongue teaching, and there is also information technology education. Although these are well-intended targets, the education sector is going to face enormous pressure.

Someone in the education sector told me: "We do not know what initiatives can be implement, and how much can be done." Once again, the policy address talks magnanimously about targets, but little is mentioned about what concrete support to be given to partners outside the government departments. This is a deficiency in an otherwise good plan. I hope further details can be given in the Government's response to our queries so as to dispel the community's misgivings over the feasibility of these policies.

Evading Political Reform, A Faded Blueprint

A beautiful economic blueprint will be just like a colourless picture if the component of political development is ignored. An Executive-led political model is accepted by the Hong Kong citizens. However, without the monitoring of a recognized and strong legislature on new policies implemented drastically by the technocrats, those who are outside the establishment but are seriously affected may feel that they do not have the least say nor protection by the establishment. The Executive should propose ways to implement reform on the Legislative Council according to the timetable enshrined in the Basic Law as soon as possible.

The review on political development will take a very long time before a mainstream opinion is formed and proposals are made. It will also take time to implement the measures step by step. When the Chief Executive consulted this

Council, I suggested that the work procedures, the timetable as well as the blueprint for political development should be worked out as soon as possible. This should be so particularly because the Chief Executive has promised international leaders that there will be a comprehensive review of Hong Kong's political system by the year 2007. That means we have less than ten years' time.

It took over 10 years' time from the drafting to the implementation of the Basic Law, and yet we all felt that the schedule was too tight. To deal with an issue which cannot be evaded in front of the international community and the Hong Kong citizens, the Government should have vision and courage. I hope the SAR Government can face a new era of political development with the same determination, commitment and high Civil Service morale as it faces various issues covered in this policy address.

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

PRESIDENT (in Cantonese): Mr TAM Yiu-chung.

MR TAM YIU-CHUNG (in Cantonese): Madam President, two weeks ago, the Chief Executive, Mr TUNG Chee-hwa, delivered his first policy address in this Council after he took office and the establishment of the Hong Kong Special Administrative Region (SAR) Government. Some people commented instantaneously, "Wow, the policy address even goes into minor details like "Keeping Hong Kong clean is everyone's responsibility". Should it be so detailed?" But I believe the environmentalists certainly disagree to such negative comment.

To most people in Hong Kong including my colleagues in this Council, this year's policy address is unique and innovative. We need no longer waste our time to listen to threatening remarks on the "smooth transition of Hong Kong" and "Hong Kong people ruling Hong Kong". Over the past 100 days after the handover, the facts show that pessimistic views expressed in the past were irresponsible. Now we can use our time and energy on pragmatic things.

Yes, we are willing to spend time to address issues concerning people's livelihood, whether they are major or minor. Major ones are the three issues in the policy address: housing, education, welfare for the elderly. Minor issues include keeping Hong Kong clean. There are commitments in respect of major as well as minor issues.

I believe anybody who regards Hong Kong as his home will welcome improvements and changes in policies.

A recent opinion poll shows that people have reservations about the effectiveness of the policy address. It is worth noting that many people support the policies laid down in the policy address and yet they are worried that the rosy picture painted may not come true. This worry is understandable because the former Government gave us a lot of disheartening experience. For example, when I first joined the former legislature in 1985, it was proposed that an old age pension scheme be set up to provide for the retirement days of the elderly. But the Mandatory Provident Fund Schemes Ordinance was passed hastily just two years before the colonial government withdrew. However, the Ordinance has not yet come into effect.

What is worth noting is that the Chief Executive has used "Building Hong Kong For a New Era" for the title of his first policy address. This represents the key to the success of the policy address. The implementation of this policy address needs the participation of the Hong Kong people. The word "building" embodies the principle of "Hong Kong people ruling Hong Kong" and "a high degree of autonomy". The policy address does not put a "period" to all problems that we are facing. The Chief Executive puts a colon there. I hope the community can supply excellent words and sentences after the colon. I am not asking Members to do what the Honourable Frederick FUNG did. I hope Hong Kong can enter a new era of vitality with pride and confidence.

Now I would like to comment on a few issues including housing, importation of labour and welfare for the elderly so as to contribute my share to our collective deliberation here.

Housing is a concern of everybody in Hong Kong. The SAR Government has promised to increase land supply as a measure to tackle the root of the problem. I totally agree to that. Some criticized the Chief Executive for failing to put forward concrete measures to curb property prices. But I believe it is not true to say that the Government does not have those measures in mind. It is just that those measures have not been announced. The Government should closely monitor the development at the property market. When there are intense speculations again, the Government should resort to those measures.

Over the past few years, there has been a continuous debate on the importation of labour. In the policy address, it is affirmed that priority in employment will be given to local people. This is the resolute policy principle of the SAR Government. Meanwhile, unlimited importation of labour is negated. The labour sector can heave a sigh of relief for the time being.

It is not difficult for the Government to limit importation of labour by adopting some measures. But it is not easy to give priority in employment to local workers. Our unemployment rate is very low. But it is a fact that there are many female workers aged over 30 and male workers aged over 40 to 50 who keep complaining that they cannot find a job. The Government must find some solution to this mis-match. As the Chairman of the Employees Retraining Board, I can say that we will try our best to provide tailor-made courses for the unemployed. But I would like to appeal to the employers to discard the outdated concept about age, and try to give those who want to re-join the workforce an opportunity to contribute their expertise to the community.

The Chief Executive shows more care and concern to the elderly welfare than any former governor did. In the policy address, care for the elderly is divided into three aspects: security, belonging, health and worthiness. As the Chairman of the Elderly Commission, I fully endorse this direction. In fact, since the establishment of the Commission at the end of July, other colleagues and I have been working very hard towards this objective.

However, during the past few months, the coverage of elderly welfare by the media was predominantly focused on the Comprehensive Social Security Assistance (CSSA). Every day when we read the newspapers, we could see that there were speculations whether there would be an increase of \$200, \$300, \$400 or \$500 in respect of the CSSA for the elderly. Even a remark of "not less than

\$300" could become a news headline. We all understand that the community are concerned about CSSA. The Chief Executive has responded to the public aspiration and the amount will be increased by \$380.

But I would like to stress that the elderly do have other needs. After their basic need in respect of money is met, we should not think that that is enough and feel complacent. We hope we will turn our attention to other issues which are of equal importance. I have been in contact with many elderly people and I am of the view that support services are of equal importance to them.

To the older generation who went through a lot of hardship in the past, saving up for a rainy day is of paramount importance. If they have \$10, they will spend only \$5. An increase of \$380 does not mean that their livelihood will be improved by \$380's worth. Apart from improving their living, they will save up part of the money in order to increase their sense of security.

The Elderly Commission is the first commission set up after the establishment of the SAR Government. So far, we held four meetings. We expressed unanimous support for the increase in CSSA payments for the elderly. Besides, we are now conducting two reviews:

- (1) in early 1998, there will be a proposal on the issuance and use of Senior Citizen's Card;
- (2) there will be a comprehensive review on the long-term demand for accommodation and institutional care by the elderly. We will formulate a strategy so that the public and the private institutions can work closely in order to satisfy the needs of the elderly. Recommendation will be put forward next year so that the Chief Executive can honour his promises and announce what further measures will be taken in the next policy address.

I would ask all who are concerned about the welfare for the elderly to actively express their views to the Commission.

In dealing with the elderly problem, we should tie in with the need of the times. For example, wishing others to have a long life of 100 years is no longer the best of congratulations. I visited an elderly centre earlier on and met an elderly person who celebrated his birthday that day. Fortunately, I did not wish him a hundred years because that was his 97th birthday.

No one will reject longevity. But we wish to have longevity and good health at the same time. As life expectancy increases, health has become more important. During the consultation exercise on the elderly welfare, quite a number organizations and professionals told me that the Government should be concerned about the health conditions and medical needs of the elderly. It is estimated that an average of 58% of those aged over 60 are suffering from senile dementia. The problems this has created must not be overlooked.

Although quite a number of answers are given in the policy address, I would like to quote some interesting figures. At present, there are 49 mother and child health centres. But according to the policy address, in the year 1998-99, the number of elderly health centres will increase to 12 only. I hope that while Members acknowledge the need to take care of our children, we should also be aware of the importance of caring for our elderly.

Our community is getting more concerned about the welfare of the sandwich class and proposing tax concession and housing benefits for them. But have you paid attention to the "sandwich elderly"? The so-called "sandwich elderly" are those between 60 to 64 years old. According to statistics, there were close to 260 000 of such sandwich elderly in 1996. They are unemployed but they are not in abject poverty. They are not entitled to benefits like the Old Age Allowance and Senior Citizen's Cards. It is also worth studying as what we can do to help these people so that they can spend their remaining years in happiness.

In the next two to three decades, because of the ageing population, increasing life expectancy, enforced premature retirement of many people, breaking up of large families and the concept of parents supporting their children and their children supporting only their own children, public expenditure on elderly welfare will keep rising. But I would like to point out that there may be problems if we rely on the Government or the community to provide welfare for the elderly. I think we should further promote and insist on our Chinese traditional virtue of filial obligation, with which people respect the elderly and are encouraged to support their own parents.

Since I was asked to study elderly welfare, I have got more white hair. I am often asked whether in the course I have learnt some means towards longevity and good health. Maybe my colleagues in this Chamber are also interested.

According to a survey in the United States, whether a person can live a hundred years in good health, the key is whether he has maintained good health when he turns 50. When a person is over 50, it is not suitable for him to have too many meetings, in particular, overnight meetings. For the benefit of Members, I will stop here.

With these remarks, I support the motion.

PRESIDENT (in Cantonese): Dr Philip WONG.

DR PHILIP WONG (in Cantonese): Madam President, in the past when I listened to the policy address from the British Governors, I felt quite helpless. This time, I found Mr TUNG Chee-hwa's policy address delighting to my ears and I share his views as well.

First of all, I found the policy address quite refreshing because this is the first policy address in the history of Hong Kong drafted by a Chief Executive who was elected by Hong Kong people. This policy address was delivered in a manner that Hong Kong people have taken their fate into their own hands. It is also the first policy address written in plain and appropriate Chinese to outline the blueprint for building Hong Kong for a new era. Throughout the policy address, we can feel the Chief Executive's love for China and Hong Kong. The spirit of "one country, two systems" and "Hong Kong people ruling Hong Kong with a high degree of autonomy" prevails in the policy address. It integrates ideals with reality, targets with measures, principles with flexibility. It is prudent and yet innovative. It makes breakthrough without compromising balance. It breaks free the constraints and mode of thinking in the colonial era. It shows the daring to explore the highly competitive international market. It also demonstrates the courage of a responsible government to make commitments. This touches our hearts and is encouraging.

Compared with the previous ones, this policy address is completely different. As we all know, in the colonial era, especially for the politicians of a sunset government, they usually took passive attitude towards their work because of their transients' mentality. They were short-sighted and could do nothing. Even if they managed to do something, it was flashy and had no substance. They were eager for quick success and instant benefit. Their purpose was

mostly to stage shows, there were not much real effect. Some of them even had ulterior motives and left outstanding problems to the Hong Kong Special Administrative Region (SAR) Government. Many of the thorny issues facing Hong Kong people, such as housing, education, social welfare, labour relations, employment, inflation and juvenile problems, all either our long-term or immediate worries, are left outstanding by the colonial government which did not have the determination nor the ability to solve them during the past 10 years or even 100-odd years. As a member of the Hong Kong community, I feel that Mr TUNG Chee-hwa is genuinely working for the interest of Hong Kong people. He has also taken a firm and successful first step to rectify the mistakes of the colonial government which over-emphasized political reform but ignored economic issues. I would like to express my sincere thanks to Mr TUNG.

Secondly, I think the approach of the policy address is down-to-earth because it addresses the pressing concerns of the Hong Kong people in a pragmatic way. For those pressing concerns of the public and the most acute problems of SAR, it has shown a determination to make long-term planning and provide radical solutions. Mr TUNG Chee-hwa consulted extensively all walks of life, all sectors, all political parties and all organizations before putting housing, education, elderly welfare and so on the top of the agenda of the new Government. There are three main objectives: first, there will be an increase in land supply to fulfil the target production of 85 000 residential units a year so as to stabilize property prices and to help people buy their homes. Secondly, the education system will be revamped to enhance education quality and to promote information technology education so as to nurture more talents for the implementation of the various policy programmes. Thirdly, there will be a comprehensive policy on elderly service for the elderly who had contributed to the rapid economic development of Hong Kong in the past as well as other genuine needy. Such philosophy and measures encourage Hong Kong people to be more enthusiastic in work and enable them to enjoy richer lives. This also helps consolidate Hong Kong's status as an international financial centre and a melting pot of Chinese culture and Western culture.

Some have criticized that this policy address while touching almost every aspect of Hong Kong, is very scanty in words about democracy and political system. Actually the SAR Government will govern Hong Kong according to the principles laid down in the Basic Law. Under the Basic Law, the Hong Kong people's way of life and freedom will remain unchanged and the pace of political development will be gradually quickened. This is an indisputable fact.

According to opinion polls, the Hong Kong community welcomes the implementation of the Basic Law. The general public has also turned its attention from political issues to economic and livelihood issues. With a pragmatic approach, the policy address highlights these key points to meet public aspirations and pool the collective wisdom of Hong Kong people by considering the majority views and suggestions. This in itself is the embodiment of democracy. No wonder it has won applause from all sectors of society.

The third feature of this policy address is its "breadth of vision". Since the day he stood as a candidate in the Chief Executive election, Mr TUNG has embarked on studying how to lead Hong Kong in a new era. He drafted and refined his strategy of his administration. He is far-sighted, clear-headed, down-to-earth and prudent. He is well-versed in the free market economics and upholds the rule of law, the principles of executive-led government and fiscal prudence. On this basis, he places great emphasis on infrastructure, the importance of creating a business-friendly environment as well as high value-added industries. He tries to establish a mechanism for mutual co-operation and co-ordination with our neighbouring countries. He also sets up advisory bodies like the commission on strategic development and asks for higher public accountability and efficiency on the part of the civil servants. All these far-sighted and daring ideas, programmes, policies and measures are formulated to protect the interest of local people, to upgrade their quality of life, and not the least to show the world that Hong Kong Chinese people, now the masters of their house, have the determination and the ability to embark on lofty undertakings which others can only dream of achieving.

In listening to the policy address, I noticed that though Mr TUNG could have used the robust fiscal reserves of Hong Kong generously on the public to win the applause of the beneficiaries, he has not done so. He instead draws the public's attention to the importance of emergence of China as a great country and the world trend of development. He regards the enhancement of Hong Kong's competitiveness as the fundamental way to secure further social development and prosperity. I also notice that his plans are not confined within his five year term of office. He has extended his vision beyond five years or even 10 years. He has time and again mentioned in the policy address what concrete measures will be taken next year or next few years. I think these are what we never heard of before in this Chamber. This shows that he is a very sincere and visionary person with a great passion for Hong Kong.

Madam President, now I would like to turn to individual issue and express my views on them.

Concerning the housing issue, the policy address does not prescribe an immediate and "heavy dose of medicine" to cure the property speculation problem. I think this is appropriate. Housing problem in Hong Kong has been a perennial problem and the property market is very sensitive. It should be handled in a prudent way. We should have two strings to our bow. Measures to combat speculation should be in hand like an arrow waiting to be released so as to avoid over-compensating. This is wise. However, when the Administration increases the supply of land, there should be appropriate measures to tie in with such a policy. For example, the Government should encourage developers to speed up the development of their land. It should allow re-development of some vacant industrial sites and old factory buildings for other uses, or re-zone some of them for residential development or put them on sale in the property market. With these measures, the housing policy as a whole will become more solid.

In the policy address, there are also proposals to rent out or to sell public rental housing units. By and large, public views have been incorporated, but some issues need to be further considered. Under the former Hong Kong British Government, the tenant of a public rental housing unit could stay in the unit on a permanent basis and to pass on such unit from one generation to another. But we have to review whether this is appropriate. For example, some tenants have become quite well-off and their children have grown up and make considerable income. They no longer need social subsidy but are still living there. Some government departments in the past just turned a blind eye to it and could do nothing about it. Should the Government now seriously consider what measure can be taken so as to accommodate those who are much worse off and much in need of housing in these public renting housing units?

As regards the labour policy, the policy address emphasizes that the employers should give priority to local workers. Only when they cannot recruit suitable local workers will they be allowed to import foreign labour so as to relieve labour shortage and meet the needs of the economy. This principle has responded to the labour sector's appeal and also addressed the concerns of the industrial and commercial sector. In particular, it has taken into account the recruitment difficulty faced by some trades and in respect of some categories of jobs. I think this is really impressive.

On the matter of taxation, there is no proposal to adjust the tax rates. Of course, this is not the time to announce any adjustment. It is remarkable that the Government is still able to increase public expenditures without increasing the taxes. As to whether taxes should be reduced, the Government should be prudent and consult the public before any action is taken. As we have a simple and well tried tax regime, no adjustment should be made lightly. Investors will continue to stay in Hong Kong even though the tax rates remain unchanged provided that we can further boost our role as a bridge between China and overseas countries, and provide good business opportunity and quality services to them. As lots of new measures and proposals have been pledged by the Government, public expenditures are expected to increase drastically. It is important for the Government to maintain a balanced budget. It is also important to consolidate the tax base in order to ensure stable revenue. On the matter of tax adjustment, whether it is an adjustment upwards or downwards, the Government must consider the long-term financial burden arising from local economic development and the actual operation of the SAR in order to avoid injurious impact. At this stage, I do not see any solid evidence to suggest the urgency of tax adjustment. Even if there is a need to adjust the tax rates, the Government should make sure that before any decision is made the adjusted rates will remain unchanged for a few years.

On the financial aspect, recently Hong Kong has joined hands with neighbouring countries in an agreement to extend financial aids to Thailand which has suffered serious losses in a currency turmoil created by the international speculators. There is no reason to have much criticism for this and it is important to help others. Nevertheless, the Government should work out an effective contingency measure without encroaching on other countries' sovereignty. If regular meetings can be held between the financial ministers of the countries and regions to exchange views on fiscal strategy, financial philosophy and management skills, they will be able to learn a valuable lesson from the recent incidents. That will be more meaningful. The recent currency crisis in the Southeast Asian countries tells us that in order to defend our pegged exchange rate system and to reduce the turmoil triggered off by such external factors, we need to adhere to prudent fiscal principle and maintain robust fiscal reserves. Furthermore, we have to maintain political, economic and social stability as well as a sound regulatory system so as to maintain the investors'

confidence.

Some said that since the SAR Government has robust fiscal reserves, it should provide more social welfare in order to return the wealth to the people. I think this is rather biased. I do not object to making use of the reserves or reasonable tax adjustment in order to improve people's livelihood. But a genuine return of wealth should involve the enhancement of Hong Kong's competitiveness in the international market by making the best use of our fiscal resources so that the general public can benefit as well. We should not purely draw our attention to handing out part or all our reserves.

All in all, the first policy address of Mr TUNG Chee-hwa has outlined an ambitious blueprint for Hong Kong in a new era. Its effect on Hong Kong's future development is far-reaching and should not be under-estimated. The smooth operation and social stability of SAR after the handover has won the commendation of the international community. This also proves that Chinese people can rule Hong Kong even better. I believe that all Hong Kong citizens and our civil servants will continue to give Hong Kong's unique advantages to full play. We will co-operate and work together in order to implement the targets laid down in the policy address. If China is very likely to emerge as the strongest country in the Eastern Hemisphere next century, then Hong Kong will be a cosmopolitan city with abundant material and spiritual wealth in the Eastern Hemisphere. Hong Kong will play a more active role in the rise to eminence of the Chinese nation and during the process of the unification of China.

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

RESIDENT (in Cantonese): Mrs Miriam LAU.

MRS MIRIAM LAU (in Cantonese): Madam President, right at the beginning of his first policy address for the Hong Kong Special Administrative Region (SAR) Government, the Chief Executive, Mr TUNG Chee-hwa, pointed out that "we should have the courage to set aside past modes of thought and plan Hong Kong's long term future with new vision." Time will show whether the Government has the courage to honour its commitments in various policy areas. But on the aspect of transport infrastructure, the Government's mode of thought seems to have changed completely.

In the past, the development of new towns followed a model whereby

population intake took place before the construction of transport infrastructure. This development model has been severely criticized. Now the Government stated that infrastructural facilities would be constructed first in order to attract people to move in. The Liberal Party welcomes the change because we have all along insisted that transport infrastructure should go before the development of a region, or at least the two should go hand in hand.

However, even though the Government has the courage to set aside past modes of thought, it must have the resolution to honour its pledges. In the past, the Government adopted a piecemeal approach in its development strategy whereby housing was followed by infrastructure. Furthermore, as public expenditure on infrastructure has long lagged behind the economic growth rate, the transport network cannot meet the needs. Now, the existing transport network will have to match the Government's large scale housing programme, the Government not only has to take remedial measures, but also has to speed up the infrastructural development. Otherwise, the infrastructure cannot meet the transport needs in the next century.

The Liberal Party proposes four development principles for the planning of transport infrastructure and public transport into the 21st century. These are: co-ordination, integration, balance and innovation. We hope by doing so we can perfect the blueprint for building Hong Kong into a new era.

Co-ordination

In order to fulfil the Chief Executive's housing project of providing 85 000 flats a year, there will be 10 strategic growth areas to accommodate 1.7 million people before 2011. This will undoubtedly add burden to the existing and proposed road networks and railways. Although the Government has proposed to improve the existing road network, and promised to formulate plans for building new railways and roads, most of these programmes do not have a timetable yet. The Government also admitted that some of these proposals would need to wait for the completion of the Third Comprehensive Transport Study before they could be finalized. But in fact, some of the road projects were confirmed some 10 years ago by the Second Comprehensive Transport Study as necessary by the end of the 1990s. These include the Central Kowloon

Route and the Route 7 from Kennedy Town to Aberdeen. However, none of these has materialized. Some important road projects such as the Central-Wan Chai bypass and the Eastern Corridor Road Link have entirely disappeared from the Transport Section of the Policy Programmes. The Government's attitude towards road development makes us worry that its ambitious plans are again idle theory. Even though these plans are eventually implemented, can they catch up in time to meet the needs of the regional development?

As regards the long term planning, the Government attaches importance to three strategic growth areas: the Northwest New Territories, the Northeast New Territories, the Southern district of Hong Kong Island and the Lamma Island. It is foreseeable that land earmarked for large-scale housing projects is mainly located in the Northwest New Territories and the Northeast New Territories. If we look at the present population distribution, we can see that 46% of Hong Kong's total population are now living in the New Territories. If more people move to the New Territories under the Government's housing project, the traffic volume between the New Territories and the urban areas will drastically increase. If the railway system in the New Territories fails to match the railway system in the urban areas, there will be a bottleneck in the railway systems. The Liberal Party is concerned that in 2004 when the housing supply reaches its peak, and the population density in the urban areas is also high due to urban redevelopment, traffic congestion in the urban areas will be more serious than it is now. Experience tells us that a rail work will take seven to eight years from planning to completion. So the Government should commence the construction of the North Hong Kong Island MTR Line, East Kowloon Line, West Hong Kong Island MTR Line as soon as possible. It should also expedite the fourth cross-harbour railway in order to link up with the West Rail, the MTR Tseung Kwan O Extension and the Ma On Shan Rail Link so that the whole railway system can provide the maximum carrying capacity.

Apart from the Northwest New Territories and the Northeast New Territories, the Government has also planned to develop the Southern District of Hong Kong Island and the outlying islands. In order to develop the Southern district of Hong Kong Island, the Liberal Party is of the opinion that we should expedite the construction of the South Hong Kong Island MTR Line and link it up with the North Hong Kong Island MTR Line and the fourth cross-harbour railway so as to fully resolve the transport needs of people living in Southern District. Turning to the development of outlying islands, the Government should first map out a long term ferry policy for marine transport. The direction

of present ferry policy is to bring in more competition. If there is a potential market, more competition will bring forth improvement. But for a declining industry, more competition will only bring about the downfall of the industry. The Liberal Party is of the opinion that the first and foremost task for the Government is to develop marine transport so as to match the development of the outlying islands. This will also give a glimpse of hope to the ferry industry.

Housing and transport must be well co-ordinated, without the supporting transport facilities, even if the housing problem is solved, the Chief Executive's housing programme is bound to be a failure because people have to suffer from traffic congestion or poor transport service every day.

Integration

Though we have the principle of "one country, two systems" after the return of Hong Kong to China, Hong Kong and the neighbouring Chinese cities cannot totally and independently mind their respective business. The future development of Hong Kong must more closely match that in the Pearl River Delta which therefore should be taken into consideration in our town planning. Our transport infrastructure must be compatible with theirs in order to facilitate the movement of people, vehicles and cargoes and further enhance the integration of the Hong Kong and the Mainland.

In the short term, the SAR Government should speed up the study of cross boundary passenger and freight traffic, so as to determine with the Mainland authorities the site selection for the West Rail's passengers station at Lok Ma Chau. Once this has been determined, the West Rail cross-border passenger and freight programme can commence at an earlier date. In the long term, the Government should speed up the feasibility study of various new routes linking with the Mainland. These new routes include the Eastern Highway and the Western Highway conceived by the SAR Government, and the Shenzhen Western Corridor and the Lingdingyang Bridge proposed by other Mainland provincial or municipal authorities. However, as the pressure of local transport is indeed very great, the SAR Government should ensure that local transport system and road networks are able to meet the demand before the transport infrastructure in Hong Kong and the Mainland are integrated.

Our objective is to integrate the road networks in Hong Kong with mainland cities. But due to the establishment of control points, if the time spent

on immigration and customs clearance is the same as before, the barrier between Hong Kong and the Mainland still exists. In order to enhance the integration of Hong Kong with the Mainland, the first step is to provide through traffic between Hong Kong and the Mainland at the three control points. The second step is a round-the-clock operation of the control points. The Liberal Party hopes that the high-level body formed by the SAR Government and the Guangdong Province can discuss and implement these plans as soon as possible.

The through traffic at the three control points is to facilitate freight traffic, while a round-the-clock operation of the control points is to facilitate those Hong Kong citizens who have their homes in Shenzhen. Of course, a round-the-clock operation will need additional resources. Some suggested that a fee be imposed on the travellers. The Liberal Party is of the view that the suggestion is not reasonable because it is unreasonable to charge a person for going home. For the same reason, the Government should consider abolishing the boarding fees imposed on passengers leaving Hong Kong for the Mainland by sea. In fact, passengers by train or by bus are not required to pay a departure fee. So it is really unreasonable to charge passengers leaving Hong Kong for Guangdong by sea.

Balance

The average total daily passenger volume carried by public light buses and taxis is 3 million rides, representing 30% of the total public transport passenger volume in Hong Kong. Although they have served the community well, their space of existence is getting smaller. In recent years, the bus fleet has been expanded, service quality improved, scope of service enlarged and service time extended, all to the benefit of the citizens. But the improvement of bus service has also indirectly led to a dwindling existence space for taxis and public light buses. The designation of bus-only lanes and prohibited zones has further weakened their competitiveness. While the Government's future emphasis is the construction of rail system for mass transit purpose, the existence space for taxis and public light buses will further dwindle if the government policy remains unchanged.

According to Article 119 of the Basic Law, the Government of the SAR will formulate policies to promote and co-ordinate the development of the transport trade. The Government has to co-ordinate the development of transport trade as stipulated in the Basic Law. Transport trade includes all

transport modes. The Government should not support the development of mass transit transport and deal a blow to the supplementary passenger transport sector. It should allow all transport modes to play their roles, to supplement each other and to compete fairly.

The Liberal Party, therefore, urges the Government to review how taxis and public light buses can give full play to their functions so that there is a balance within the public transport sector. For the taxis, although they provide personal transport service, the Government should not take taxis as equivalent to private cars because they have the capacity to carry 1.3 million passengers a day, far greater than that of the private cars. So we should give taxis more room for manoeuvre and reduce the prohibited zones as far as possible so that taxis can perform their functions such as "door-to-door" service. For the public light buses, as the Government's major emphasis is to construct rail system, it should have an overall route planning for different development areas so that public light buses can do their utmost providing a feeder service for the railways.

In solving the land shortage problem for open-air storage purpose and port back-up land, the Government still cannot break away from its mode of resorting to unrealistic thinking. Before planning for such land use, it did not consider whether the land could be used for the particular purpose as some parts are private land and some with fish ponds. Even though the land can be used for open-air storage purpose, there are no adequate road facilities for that purpose. As a result, there is a serious shortage of parking facilities for container trucks and storage space for containers. The freight transport sector has contributed a lot to the Hong Kong economy. But the basic facilities they need are often ignored. The Liberal Party is of the view that while the Government has to look for suitable sites for housing, it should also strike a balance between the demand for land for housing and that for economic activities so that the freight transport sector can have sufficient open-air storage space and port back-up land.

Innovation

Hong Kong is a major transport centre as well as the busiest container port in the world. However, Hong Kong is facing the challenges from Singapore and Taiwan as well as the competition from the Mainland ports. I believe the Chief Executive is clearer than I about the position of Hong Kong. Many people think that the construction of new container terminals can be slowed down in view of the declining growth rate in freight transport. The Liberal

Party does not insist to speed up the new container terminal project. But we have to consider how to enhance the competitiveness of our container terminals so that Hong Kong can continue to be a major port of China and a hub port of the region in the 21st century.

As regards competitiveness, Hong Kong's container terminals charge a higher container handling fee than other ports in the world. Therefore, during the question time of this Council, the Chief Executive suggested that the trade should try to do something about cost and pricing. Cost is certainly a factor to be considered. But being a businessman for decades with rich commercial experience, Mr TUNG will know very clear that cutting price is not the best way and should serve as the last resort only.

Hong Kong owes its past success to our infrastructure, efficiency and quality of service. In order to maintain Hong Kong's position as a leading container port, we must maintain and consolidate these factors of success and enhance our competitiveness. At the same time, the Government has to give up the mentality of "success as a matter of course". It should actively help the industry to reduce cost, especially the cost on land transport. Apart from that, the Government should also consider other port-related peripheral industries such as ship repairing so as to improve the service quality of our port. The Chief Executive mentioned that the rule of the game was very clear: low cost, innovation and good quality of service will bring the highest added value. In the face of the challenges from other ports, the Government must be innovative in improving the service quality and efficiency of our port apart from containing cost.

In order to attain the four principles I have set out, that is, co-ordination, integration, balance and innovation, we need two other things: money and expertise.

Having robust fiscal reserves, the Government should consider to inject funds into various railway projects so as to reduce the pressure of interest payment on the future railway company. This can maintain the fare at a low level and reduce pressure of fare increase. The Government should change its past policy of putting cost-effectiveness before actual need when considering fund injection into railway projects, otherwise it can never achieve the objective of relying on the development of transport infrastructure to lead the growth of population. In fact the Government can set a longer period of return so that the railway projects can still be financially viable during the initial stage when

patronage is low.

In the next five years, \$25 billion will be used to build new roads and improve existing road networks. Prima facie, \$25 billion is a huge sum. But if you spread \$25 billion over five years, it means we only get an average of \$5 billion a year, while over the past three years, we had on the average more than \$8 billion a year. Therefore, the proposed sum in fact represents a decrease in funding. I think the Government should increase the funding since we have to speed up transport infrastructure development.

The housing programme of the Chief Executive will need plenty of labour. If we are to expedite and expand transport infrastructure, the local labour resources will not be able to cope with the demand. The Mass Transit Railway Corporation revealed that with 11 000 workers employed for the Airport Railway project, among whom, 2 200 were foreign workers, it was still short of 2 000 workers in civil and mechanical engineering, resulting in many workers having to work overtime, and the slowing down of the progress of work. In Hong Kong, many major transport infrastructural projects will soon commence, if we cannot solve the labour shortage problem, we cannot guarantee that these projects can be completed on schedule so as to tie in with the regional development. In order to ensure that housing and transport can be co-ordinated with each other, the Liberal Party is in support of the labour importation scheme provided that local workers are given priority in employment.

To build Hong Kong for a new era and into the 21st Century, we do not just need immense courage, we also need immense drive, and more importantly, immense determination. Transport infrastructure takes time to plan and construct. The Government should try to bring all infrastructural projects to fruition and to make long term investment for Hong Kong's future as soon as possible.

Thank you, Madam President.

THE PRESIDENT'S DEPUTY, MR IP KWOK-HIM, took the Chair.

The buzzer sounded a continuous beep.

DEPUTY PRESIDENT (in Cantonese): Mrs Miriam LAU, time is up, please sit down.

DEPUTY PRESIDENT (in Cantonese): Dr LAW Cheung-kwok.

DR LAW CHEUNG-KWOK (in Cantonese): Mr Deputy, I am very much disturbed by the fact that far from protecting the employment rights of local workers, the Chief Executive talks about plans for increasing imported labour in his policy address. Hong Kong's economy is still in the process of transformation, not only have industrial jobs moved northwards, but white-collar jobs also show the tendency of doing so.

Excuse me, Mr Deputy, I wonder whether we have a quorum.

DEPUTY PRESIDENT (in Cantonese): Please be seated. We have to make a count. I now summon Members back to the Chamber.

A quorum was then formed.

DEPUTY PRESIDENT (in Cantonese): Since a quorum is now formed, Council will resume business. Dr LAW Cheung-kwok, please continue.

DR LAW CHEUNG-KWOK (in Cantonese): Thank you, Mr Deputy. To those Members who have just come in, my apologies. As I spent a lot of time to prepare my speech, I hope more people will be here to listen. Thank you.

Hong Kong's economy has continued its process of transformation in recent years, not only have industrial jobs moved northwards, but white-collar jobs also show the tendency of doing so. As a result, many employees have lost their jobs or are underemployed, or forced to take up low-paid jobs. While Hong Kong's unemployment rate has always seemed low, the overall real wage

increase from 1993 to now has failed to reach two percentage points. The real wage of the average low-paid employee has even seen a negative growth. The standard of living of many low-paid employees with a monthly income below \$8 500 has continuously declined

MR ANDREW WONG (in Cantonese): Point of order. Has the machine been switched off? Is the time correct?

DEPUTY PRESIDENT (in Cantonese): Yes. Please be seated. Please continue.

DR LAW CHEUNG-KWOK (in Cantonese):They cannot enjoy the fruits of economic growth. However, the Chief Executive's policy address only mentions the need to review the question of import of labour in relation to the textiles and clothing industry and the manufacturing industry. In my opinion, this is a prelude to and a plan of the Government's agreement to import labour. Recently, the Government has repeatedly hinted that the Chief Executive's target of housing production must be achieved, meaning that importation of labour seems inevitable. In my view, once the policy of importing labour is implemented, the policy of giving priority in employment to local workers would be only empty talk. After labour is imported, not only will the wages of local workers be kept down over a long time, underemployment will also increase.

Over the years, the Hong Kong Government has made serious mistakes in terms of its policy of importation of labour. Let me cite an example that everyone is familiar with. In order to build the new airport, the Government decided at the end of 1994 to increase the quota for imported construction workers substantially, from 5 000 to 27 000. This figure was derived from a simple but wrong method of calculation without adequate economic analysis. In 1994 when the forecast was made, the Government estimated that by 1996, Hong Kong would only have about 62 000 construction workers, of whom only 3 000 would be available for recruitment for the New Airport Core Programme. Therefore, there would be a need to import 27 000 workers to meet the demand for about 30 000 workers at the peak of the airport projects.

I did not agree with this estimation and published an article on this on

5 October, 1994. The conclusion that I came to was: the Government should assist contractors in establishing a reasonable system to recruit local construction workers, in order to attract the dropped out workers to re-enter this profession. If the Government succeeded in attracting the majority of dropped out and semi-unemployed construction workers in recent years, the number of construction workers to be imported should not exceed 5 000. As it turned out, at the peak of the airport's construction in 1996, the actual number of local construction workers was around 82 000, while the number of imported workers was only 5 300. This was of course a result that we were pleased to see. It is not just because it showed that my estimation seemed to be more accurate than that made by the Government's Economic Advisor, but because it showed that the Government had listened to our views and with the assistance of trade unions, successfully attracted 20 000 workers to re-enter or enter for the first time the construction industry, thus greatly reducing the need to import labour.

However, this highlights the fact that the Government's original economic analysis in terms of the need to import labour for the airport was too simple and mechanical, and neglected many important economic concepts, including the elasticity of demand for labour and the flexibility of substituting one production element by another. Since these factors were totally neglected, the analysis was inaccurate. However, the Government has not learned anything from that wrong economic analysis concerning the import of labour.

The Chief Executive's policy address again mentions the need to import construction workers in order to achieve the target of providing 85 000 flats. It also comes to the conclusion that the textiles and clothing industry might have to import labour. Let me talk about the state of the labour market of the textiles and clothing industry in the last decade or so. In the early 80s, around 400 000 local workers were employed in the textiles and clothing industry. In March 1997, only 100 000 workers were employed in that industry, while about 300 000 longtime workers in that industry have moved to a number of other low-paid trades or become unemployed. Therefore, Hong Kong is certainly not short of skilled textiles workers. But when the Government of the United States sends representatives to inspect garment factories in Hong Kong and starts cracking down on "submarine goods", factory owners unwilling to employ local workers at the wage levels of Hong Kong or at higher wages would make vociferous demands to import labour. Since they are used to employing cheap labour in China, they naturally do not want to come back to Hong Kong and employ local workers at local rates. If Members would go to the housing estates to have a

look, they will see many middle-aged women who were longtime workers in the clothing industry, and who are unable to find any work now.

At a recent briefing attended by government officials, officials from both the Trade Department and the Education and Manpower Bureau hinted that the textiles and clothing industry had a need to import labour due to export quotas and the issue of place of origin, as if the quota issue had just arisen today. Let me remind government officials that the quota for textiles and clothing was introduced in 1961 when the United States Government first forced us to sign an agreement. It has been with us for more than 35 years and is by no means a new issue, nor is it an excuse for importing labour.

If a certain trade really has a short labour supply, its real wages will certainly increase. Let us look at the wages of workers of the textiles and clothing industry. Unfortunately, I could not find any specific information on the textiles and clothing industry from the Government's published statistics. This suggests the figures are too embarrassing to be revealed. I could only find the figures of the real wages for the whole manufacturing industry from the Government's published statistics. I shall use the real wages of the manufacturing industry as a reference. In March 1990, the index was 101. Seven years later, in September 1996, it was still 101. In seven years, the wages of workers in the manufacturing industry had not seen any real increase. I estimate that the real wages of the textiles and clothing industry might even have dropped.

What about the labour productivity in the textiles and clothing industry? According to the answer of the Census and Statistics Department and Economic Advisor to my question on 17 January 1996, between 1982 and 1992, the labour productivity in the textiles and clothing industry rose by an average of 10% each year. But why were there no real wage increases? This is very abnormal. In recent years, local textiles and clothing production has generally been maintained at a stable level, while 300 000 workers have left the industry. While wages have not risen, the labour productivity has increased by 10%. Under these circumstances, the Government still considers there is a need to import labour for the textiles and clothing industry. This is an absolutely wrong economic analysis and will pose a serious threat to the livelihood of Hong Kong workers.

With these remarks, I support Mr Frederick FUNG's motion.

DEPUTY PRESIDENT (in Cantonese): Mr NGAI Shiu-kit.

MR NGAI SHIU-KIT (in Cantonese): Mr Deputy, the Hong Kong Special Administrative Region (SAR) has entered a new era with a high degree of autonomy. We should have the forward-looking strategic thoughts and views so as to work together for the future development of the SAR. From this perspective, the first policy address of the SAR Government prepared by a Chinese Chief Executive, which has both breadth and direction, has set specific targets in various aspects for the future development of the SAR. It shows that the SAR Government has the determination to move forward; this is praiseworthy. As a whole, in my opinions, the overall impression given by the policy address can be summarized in two points:

1. pointing a enterprising direction for economic development. It is mainly seen in the policy address taking as the theme the overall strengthening of the competitiveness of the economy of Hong Kong;
2. developing the political system step by step. It is mainly seen in the wholehearted compliance with the Basic Law by the SAR Government in developing democracy in the SAR in a gradual and orderly fashion.

The greatest merit of the policy address is that it can take into account the urgency of the various problems and set the priority for the policy objectives accordingly so that the management ability can be strengthened in an organized way, thereby laying a good foundation for enhancing the competitiveness of the overall economy of Hong Kong. One of the areas is the proposal for the increase of land and housing supply to improve people's livelihood by way of the basic approach of even distribution of social resources. Moreover, it will also be beneficial to the restructuring of the economy of the SAR. Among the targets set in the policy address, another important measure is to provide immediate assistance and service to solve the urgent problems involving the elderly in a way our society can afford. For the development of democracy, it will basically proceed in a gradual and orderly fashion as provided in the Basic Law. Besides, the biggest aspiration of the public for home ownership has also

been met.

In general, this is a policy blueprint with both offensive and defensive strategies. Being a representative of the industrial sector, apart from showing the support, I would like to urge all people in our society to unite together and, with the farsightedness and practical mind of an entrepreneur, to work hard and hand in hand with the officials of the SAR Government for the development of the SAR in the new era.

Mr Deputy, the most eye-catching part of the policy address of this year is that for some important programme areas, not only has the Government set the targets and time-frame, but officials of various ranks in the government have vowed to achieve the targets of the policies. It shows the staff of the SAR Government are united as one in a new atmosphere of harmonious co-operation. On the other hand, it also reminds us to consider whether the so-called "positive non-intervention" policy adopted by the former government has to be reviewed, appraised and appropriately amended so as to match the implementation of the SAR Government policies in the future. This is also a matter of strategic choice of economic policies by the Government that will ultimately affect the overall economic structure of Hong Kong and the policy objectives in quality upgrading and transformation of our industries.

Mr Deputy, the experience gained from the transformation of the manufacturing industry in Hong Kong in the past 10-odd years, for example, tells us that the relocation of the production procedures of the manufacturing industry to mainland China has at the same time brought a lot of value-added businesses and employment opportunities to the industrial and commercial sectors in Hong Kong, generating in the process an important momentum for the economic development in Hong Kong. The direction of the transformation of manufacturing industry was never guided or assisted by the Government. It is a typical achievement of the private sector that acted according to the market trend. It also reflects that the manufacturing industry in Hong Kong has adequate flexibility and a unique entrepreneurial spirit. Recently, some members in our society, including government officials, have proposed the theory of "train" to describe the direction of the future development of the manufacturing industry in Hong Kong. This theory compares the development of the manufacturing industry in Hong Kong to a moving three-carriage train: the first carriage is the co-operation opportunities between the Mainland and Hong Kong, and the third carriage is the flexible market skills and the entrepreneurial spirit of the

manufacturing industry in Hong Kong. However, no description has been given the second carriage. What should be the content of the second carriage? This is worth discussing and studying.

Mr Deputy, looking at the process and experience of the transformation of the manufacturing industry in the past 10-odd years in Hong Kong, the entrepreneurial spirit and the market skills of the industrial sector have never disappeared, on the contrary, they flourished gradually through self-adjustment. On the other hand, the "positive non-intervention" policy continuously encouraged by the former government had brought about a number of adverse economic reactions, leading to the prevailing speculative and get-rich-quick mentality in our society and the down-to-earth entrepreneurial spirit has been gradually eroded. As a result, the existence and the importance of the second carriage were ignored. Mr Deputy, we do have opportunities and we do have the entrepreneurial spirit and market skills. The problem is only that there lacks a driving force to link up the two. Mr Deputy, if the industrial and commercial environment shaped by the economic strategies of the Government, including the good infrastructure environment, has unexpectedly given rise to the popular concept in the industrial sector that "Hi-tech loses money; Low-tech gains money", that is the what was just mentioned by the Honourable Henry TANG, "Hi-tech means getting into trouble, Low-tech means getting good money". This short-sighted way of thinking is not there everywhere. In this case, how can we ever hope to see the "second carriage"? Ultimately, it is necessary for the SAR Government to have a thorough review of its economic strategies, so that the business structure of Hong Kong can be more balanced, industrial activities can have more manoeuvring room, and thus, the foundation for the long-term economic development in future can be further strengthened.

It is gratifying to note that in the paragraphs about "stimulating new technology industries" in the policy address, a concrete target is put forward. This target is "to turn technological development into commercial products". It is really a good idea! Rather than just talk about the various advantages of new technology, it is more practical to turn the new technology into commercial products. If the commercialization of technology can be achieved, there is no need to worry that the applications of high value-added products and scientific inventions cannot bring benefits to our society. However, we have to formulate the policies and it is pointless to have empty words. How to promote and encourage the new industrial activities should become a new topic for discussion.

Mr Deputy, the policy address uses a whole section to discuss the arrival

of the "new technological era". I would like to express my opinions on this issue, too. First of all, what the Government can do on this issue is really limitless, across sections and boundaries. It is not only restricted to the information technology (IT) education. Perhaps one day, the public can "browse" the policy address in the government internet homepage on their personal computer screens easily and no longer have to queue up at various district offices to get copies of policy address. By that time, the technological policies can be regarded as successful. In fact, the urge to obtain IT by the industrial and commercial sectors warrants serious concern and action of the Government. Apart from the "trading information internet plan" to help the expansion of the international trading activities, the small and medium enterprises also have a very keen demand for IT applications. The "small and medium enterprises internet", developed by the Chinese Manufacturers' Association under the "industries assistance and subsidies plan" launched by the Government, has got more than one hundred and fifty small and medium enterprises on the net on a trial basis in the first year. The target for the following year increased drastically by six times, showing that the demand is very keen. In this respect, the policy address has pointed out clearly that it will "develop a policy for accelerating the use of IT applications through common interface between public and private sectors". This is an accurate direction and is praiseworthy.

However, viewing the development targets of IT mentioned in policy address as a whole, I cannot help but express my worries. The various targets mentioned by the Government seem to emphasize quantity rather than quality. This is just like giving each of us a computer does not mean that we have mastered IT. Similarly, even the Government increases the number of computers in primary and secondary schools drastically, we may not necessarily have entered the IT era. Mr Deputy, technology is not equivalent to knowledge. A western economist, Mr Kenneth BOULDING, has pointed out the difference between the two is that we have to turn the limitless information into a systematic knowledge. Obviously, the IT strategies can only be complete when both quality and quantity are taken care of and when people can thus apply what they have learned.

Mr Deputy, as a whole, this is a good, forward-looking and strategic policy address. With these remarks, I support the original motion.

DEPUTY PRESIDENT (in Cantonese): Miss CHAN Yuen-han.

MISS CHAN YUEN-HAN (in Cantonese): Mr Deputy, the first policy address after the establishment of the Hong Kong Special Administrative Region has attracted attention from all sides. The grassroots did have expectations of this policy address and hoped that the Government would solve the various existing livelihood problems in a down-to-earth manner. Now that the Chief Executive has announced his policies, with respect to the livelihood problems that many are concerned about, he has put forward solutions to some, offered vague suggestions to some others, and mentioned no cure for the rest. In my speech on the policy address, I will concentrate on the housing problem which is of the major concern to the public and I will also touch the related labour problems.

Mr Deputy, the Chief Executive has devoted much of his address to the housing problem and has also given some undertakings such as the number of flats to be built each year, future land supply for housing and the waiting time for public rental housing, indicating that he does have the sincerity and determination to solve the problem. If we analyse all these carefully, however, we can see that there are many problems to which he has yet to work out solutions. One example is the high property prices. In that respect, the policy address has offered no suggestion on how to curb property speculations and I find it very disappointing. Hence, some criticize our Government as having the determination to increase the housing supply but not the guts to challenge the developers. This, I totally agree.

I would like to analyse and give my views on the three issues of housing for the grassroots, the sandwich class, and the private property market.

As regards housing for the grassroots, many wage-earners and elderly people still have to pay high rents today and they have great difficulties in making both ends meet. The former government had no policy to address the problems of these private property tenants who have little means, those who have little income but have to spend most of it on the rent. Although they can apply for public housing, it takes forever for them to really get a flat and some single elderly people have already waited for eight or nine years. Over the years, they are the most helpless and the least able to enjoy the fruit of our economic success.

They can be described as the destitute ones. In light of this, we, the Federation of Trade Unions (FTU), have striven for years to have the Government grant these households some rental allowance and expedite the allocation of public housing to them. The FTU welcomes the proposal in the present policy address about reducing the waiting time of the Waiting List applicants. However, we think that other than increasing the supply, the Government should also consider implementing a comprehensive rental subsidization policy to provide immediate rental assistance to the households and single elderly people mentioned above. As the Government is willing to assist those who aspire to own a home and the sandwich class in various ways, why can it not treat everyone equally and help these disadvantaged groups to improve their living gradually?

Besides, in order to raise the rate of home ownership in a short time, other than building more homes to encourage people to buy their own homes, it seems that the sale of public rental housing is another means that the Government can use to achieve this goal. The FTU does not object to the sale of public housing but many questions have been raised about it in regard of, say, the prices and maintenance costs. Concerning the sale of public housing, the policy address has suggested the introduction of maintenance funds to cover the costs of future maintenance. Nevertheless, although the money for the funds is to be included in the price of the flats, does it mean such cost is transferred to the buyers? The Government has to give us a clear answer. Moreover, since pricing is also a very important factor, the Government should inform the public how the prices are to be determined as soon as possible because to the public housing tenants, the money involved is huge and they should be given ample preparation.

Mr Deputy, I have to stress that the sale of public housing is only to assist people to buy their own homes but not to afford the Government an opportunity to make a large profit and the price should hence be set within the people's means. The FTU has always suggested that the price should base on the tenants' present rental level and "paying their mortgage payments with their present rent" is the method that we have insisted on using all along.

Mr Deputy, the Government has paid much attention to the sandwich class in the policy address. The FTU has also been very much concerned about this. The sandwich class is not benefited from the assistance provided under the existing housing policy but at the same time, they are faced with high property

prices. Therefore, we do agree to the Government's proposal that more sandwich housing should be built and the most important thing is that the housing must be affordable to them. Now in addition to building 20 000 extra sandwich class housing flats in future, the Government proposes to launch a "Home Starter" loan scheme. We find that both plans are necessary because when the mortgage payments they pay are at a reasonable level, it helps to boost the community's internal consumption power. Now, many people in the retail industry say that customers of shops in public housing estates have stronger consumption power than those of shops in the private housing area. Hence, the healthy development of the whole community's economy would indeed highly benefit from our help to the sandwich class to purchase their own homes. Therefore, we also feel that there is a need for such assistance. The problem is that under the present circumstances, many people in this class just cannot afford to buy a home!

As I have just said, the Government has two schemes in hand: one is the Sandwich Class loan scheme and the other is the Sandwich Class Housing Scheme (SCHS). After the latest policy address was delivered, we conducted a survey on the two schemes and found that 70% people welcome the SCHS but they can only afford a flat of between \$2.2 million and \$2.3 million. The \$3.6 million flats that have come onto the market recently are obviously beyond their means. Moreover, 85% of the interviewees opine that the loans provided by the Sandwich Class loan scheme should be raised from \$550,000 to \$800,000. In fact, when the scheme was proposed over two years ago, \$550,000 had a greater real value then. And of course, while raising the loan amount, the Government has to strive to bring the property prices down at the same time in order to really benefit them; otherwise, it will do them no good if the property prices keep on rising when they decide to buy a home.

Mr Deputy, the policy address has obviously given much less attention to the policy on private housing than to the public housing, Home Ownership Scheme (HOS) housing and sandwich class housing policies. In the policy address, little can we find about specific actions to be taken regarding private housing. It is quite frustrating that the Government is still reluctant to take any action to lower the property prices. We can see that on the very day the policy address was delivered, as no action about curbing the rise of property prices was mentioned, the property prices rose several percentage points. We can see that property prices can hike several percentage points — it can also hike over 10%, 20%, 30% and even 100%. If no measure is taken against such speculations, the economy of our whole community will end up in the same situation as what

we have now.

The Chief Executive repeatedly stresses on increasing the housing supply and considers that the property prices will go down as a result of that. But what we can see is that the goal of an annual supply of 85 000 housing units as stated in the policy address will not be achieved within one or two years' time. During these one or two years, property speculations would continue and many things could happen also. Therefore, if the Government does not take any measures to bring down the property prices, how can our heart be put at ease? Although we do agree that it is very important to increase the supply but the Government has to consider the transitional problem as I have just talked about too. I hope that the Government will, while planning on substantially increasing the housing supply, consider seriously the need to curb the rise in property prices. I estimate that should the Government keep refraining from bringing the property prices down, they will continue to rise in the next one or two years. Moreover, I would like to point out also that the Government seems very sincere in launching a series of home ownership subsidization schemes but without the measures taken to lower the property prices to go hand in hand with these schemes, in the end, the beneficiaries of these schemes are the developers instead of those in the relevant classes.

Mr Deputy, after talking about the grassroots, sandwich class and private housing, I would like to point out once again we do agree that it is very important to increase the housing and land supply, but only talking about building 85 000 units a year without taking the people's means into account will not put an end to housing problems. It seemed that a larger portion of the land put on the market earlier was for low-density development. If the Government mainly sells low-density land, it will not help solve the problem because these people just cannot afford expensive housing. Let us consider the 85 000 units of which over 50 000 are to be public rental housing and HOS housing units and over 30 000 private ones; if the Government fails to make on-going adjustments to this ratio, then as the years go by, I worry that problems will arise again with the grassroots housing in future. Why would I say so? That is because we can find from the government statistics that households with an income under \$30,000 make up over 75% of the total households in Hong Kong. By this calculation, what should be implemented is, instead of the ratio as suggested now, a policy of "giving public rental housing the top priority, followed by HOS housing and then supplemented by private housing" as the FTU has always insisted on. Therefore, I hope that the Government will give some

consideration to what kind of housing to build while talking about increasing the housing and land supply. This is very important.

Finally, I would like to talk about the construction manpower involved. The Honourable Mrs Miriam LAU touched on this issue earlier and mentioned the infrastructural construction works. This topic has greatly worried me recently. The Honourable CHENG Yiu-tong and such other Members from the labour sector as the Honourable LEE Kai-ming have also mentioned that the Government seems to be prepared to increase the labour importation quota. If this is really the case, we think that the Government has sided with the developers and construction contractors who have repeatedly advocated the need to increase the quota of imported workers to cope with the increased housing supply. We are immensely resentful at this state of affair. We support the Government's policy to build more homes but will building more homes strain our labour supply? I think that the Government has to study more about this and should not be influenced by the criticisms of the developers and contractors and bring in more foreign labourers.

I have conducted an extensive survey on this issue recently. I once heard someone in this Chamber say that a bar-fixer was paid \$3,000 a day and so I asked the bar-fixers how much their wage was and they told me they never got so much as \$3,000; instead, they would scramble for the work even for \$1,000. I later asked some contractors and sub-contractors and they told me that they did not lack bar-fixers but it was the formwork workers that were in short supply. Has the Government conducted any in-depth studies? I think that Members have to look squarely into this matter. As for me, I take time to talk to different people in the construction industry myself every Saturday during this period.

Recently, some hand-dug caisson operators have told us that they cannot find work because since the Government enacted the law in February last year banning the operation of hand-dug caissons on private work sites, many sites have stopped this operation even though it is still allowed on government sites, and now unemployment among these workers is very serious — over 3 000 out of work. Some building contractors have said something like these workers would earn \$500 doing nothing. But it is in fact not true. Even construction workers have such tremendous difficulties in securing a job in the construction industry, let alone those manufacture and retail workers who want to switch to construction work. They have wanted to take this great opportunity when so many infrastructural projects are underway and share the fruit of the

infrastructure development but the Government denies them of that. If the Government has accepted those opinions and decided to increase the number of imported workers, we, the FTU, will be greatly disappointed.

Mr Deputy, the Government talks about giving local workers the priority to work, but how does it do it? If it only chants about giving local workers the priority but fails to introduce comprehensive measures to deal with the serious mismatch between workers and work at present and fails to address the unemployment problem, how will it be able to give priority to local workers? We think that the Government has to conduct in-depth studies and do some practical work. I would also like to compliment the Government for a piece of good deed. The officials of the Manpower and Education Bureau, after listening to viewpoints of various sides in a committee on construction, offered many suggestions including the measures to rectify the mismatch between work and workers. I think that this is the required right attitude to solve the future infrastructural and housing problems. The Government cannot just talk about the serious mismatch between workers and work and then go ahead to import foreign workers into Hong Kong. If this is the case, it is an irresponsible government.

Mr Deputy, many workers, including the bar-fixers and hand-dug caisson operators, have repeatedly voiced their protests and their protests are another indication of their objection to labour importation and I am not exaggerating things just to scare people.

Thank you, Mr Deputy.

DEPUTY PRESIDENT (in Cantonese): Mr NGAN Kam-chuen.

MR NGAN KAM-CHUEN (in Cantonese): Mr Deputy, the Chief Executive, Mr TUNG Chee-hwa has delivered his first policy address and drawn up a blueprint for building Hong Kong for a new era and into the 21st century. The policy address has formulated the working plan on various policy fronts and has proposed a series of measures with an emphasis on the overall development of Hong Kong. Among the various measures, the two parts, namely, "A Better Business Environment" and "Connecting to the Information Age" have pointed out the direction to boost the economic development and enhance the

competitiveness of Hong Kong. The approach is, undoubtedly, very practical and enterprising.

Mr TUNG Chee-hwa said, "Hong Kong has finally broken free from the psychological constraints on time and space brought about by the colonial era." What we have broken free from are just the psychological constraints, we still have to work hard and long to clear the social problems completely. Therefore, as regards the improvement measures proposed in the policy address for some of the long-existing social problems, such as elderly welfare, inadequate retirement protection and infrastructure planning lagging behind community development and so on, the Democratic Alliance for Betterment of Hong Kong (DAB) considers that there are still some deficiencies. We, of course, appreciate the sincerity and determination of the Chief Executive in tackling the social problems. We also hope various government departments can work closely together to implement the commitments made by the Hong Kong Special Administrative Region (SAR) Government.

Elderly welfare

The policy address with "A Compassionate and Caring Society" as the theme has proposed a series of measures to take care of the elderly. The commitments of providing "a sense of security", "a sense of belonging" and "a feeling of health and worthiness" have, undoubtedly, brought some fresh air into the policies on elderly welfare which were stagnated in the past. However, these measures still cannot completely solve the problems of offering the elderly any protection for their livelihood. The DAB thinks that there are still inadequacies in some of the measures.

So far, the problems encountered by the elderly are mainly four fold, including (1) inadequate financial ability, leading to poor living; (2) incomprehensive medical care, therefore hidden hazards in daily life; (3) lack of community network support; and (4) difficulties in choosing to return to mainland China for retirement. The policy address suggests a lot of measures to provide community support to improve the living condition and medical services for the elderly, including introducing the Senior Citizen Residence Scheme, setting up visiting health teams and home help teams, establishing the elderly health centres and so on. These measures are more satisfactory.

However, in respect of improving the financial ability of the elderly and

assisting them to return to the Mainland for retirement, the DAB thinks that the SAR Government could have put it in an even better way. The DAB has urged that the Comprehensive Social Security Assistance (CSSA) for the elderly be increased by \$500 immediately. The policy address has just mentioned that with effect from the coming financial year, the CSSA for the elderly will be increased by \$380, but the original Lunar New Year Grant and Social and Recreational Activities Grant will be merged into the monthly payment. Therefore, the actual increase is only \$334, which is not even up to two-thirds of the amount advocated by the DAB. Moreover, the DAB has proposed to increase the old age allowance to \$800 but this has not been accepted by the Government yet. This is, undoubtedly, very disappointing.

For those elderly people who depend on the CSSA for a living, the best arrangement, of course, is to increase the CSSA immediately. In the long run, in order to relieve the burden of the increasing expenditure on welfare, the SAR Government should set up an "elderly living quality fund" as soon as possible. The DAB would like to take this opportunity to urge the SAR Government again to allocate \$15 billion to set up the seed trust fund. By a conservative estimation, the trust fund can generate interests and investment income of \$1.1 billion a year, which is sufficient to improve the living standard of the elderly, to raise the CSSA, to offer additional subsidies for medical expenses, to provide more residential places for the elderly immediately as well as to improve the social support network.

The SAR Government can break the old norm of educational strategies by allocating \$5 billion to set up the Quality Education Development Fund. Therefore, as regards the elderly welfare, the Government should also have the resolution to ensure that the elderly can spend their remaining days in comfort.

For helping the elderly to return to China for retirement, the DAB hopes the SAR government can offer assistance and policy support for those who choose to reside in the Mainland, for example, arrangements for domicile, medical treatment, residence and so on. The Government should consider to introduce an additional medical allowance so as to take care of the elderly who reside in the Mainland and may need to meet big medical expenses and hospital fee. The Government may also consider to get medical insurance in the Mainland for those who reside there. Moreover, the Government can also consider to co-operate with the welfare or home affairs units in the Mainland to build an "elderly village" to provide medical care, social and accommodation

services for the elderly. Perhaps, the Government can initiate the purchase of places in old age homes on the Mainland for these elderly people actively assist voluntary organizations to establish hostels on the Mainland so as to solve the accommodation problem for the elderly.

Retirement protection

With the ageing of the population in Hong Kong, the problem of inadequate protection after retirement has become more critical. A comprehensive retirement protection scheme has been the objective of our wage-earners for the past thirty years. However, the Hong Kong British Government just "talked a lot and did little" and had never taken any actions to really protect the living of the public after retirement. As a result, the Central Provident Fund Scheme which had been discussed for over ten years eventually came to nothing.

During his election campaign, the Chief Executive pledged that "we should support the Mandatory Provident Fund Scheme firmly and at the same time, study how to take care of those who are about to retire and cannot be benefited". However, apart from the commitment on reviewing the CSSA and doing his best to implement the Mandatory Provident Fund Scheme, no new direction for improving the social security system has been mentioned in the policy address. For this reason, the DAB considers that the Government should implement the "double social security plan" actively, that is, apart from the Mandatory Provident Fund Scheme, the Government should also introduce "old age pension" so as to take care of the retired, those who are about to retire, the disabled and so on.

Co-ordination between infrastructure development and housing plan

In order to achieve the housing target of the Chief Executive, the SAR Government plans to develop 10 strategic growth areas before 2011, half of which are situated in the New Territories. The DAB has kept on stressing that when developing new towns and building more flats, the matching development of the transportation network must not be overlooked.

When the Secretary for Planning, Environment and Lands, Mr Bowen

LEUNG, explained the policy address, he stressed that the Government would change the strategy for the development of new districts in that before people moved in, the Government would complete the transport infrastructure first and would never commit the previous mistake again. In view of the fact that the SAR Government has changed the strategy for the development of new districts, being the spokesman of the Lands Unit of the DAB, I wish to praise the Government for recognizing the previous mistake in development planning and for moving a big step forward.

In the policy address, the Chief Executive has pledged to develop a number of road networks in the Northwest New Territories, including the road connecting the North Lantau and the Northwest New Territories, the new Western Highway, the east-west route and so on. By the time of their completion, the outward transportation of the Northwest New Territories will be greatly improved and there will be no more suffering from traffic congestion.

Mr Deputy, this is, undoubtedly, a very fascinating rose-garden plan. However, up till now, the Secretary for Transport, Mr Nicholas NG, has not confirmed the dates of completion of these roads and railway networks and the priority of their development has not been announced yet. Whether the transport infrastructure mentioned in the policy address can eventually be built to match the housing development in the future is questionable. Are these just some "empty words" of the Government which tries to draw a post-dated cheque to appease public sentiments temporarily or does the Government really have the sincerity? I think we should not pass a hasty judgement at this moment. However, being a political party rooted in Hong Kong, the DAB will never tolerate any intention of the Government to cheat the public. The members of the DAB will monitor the progress of the Government's work, so as to ensure that the traffic problems as experienced in the new towns at present will not emerge again.

Development in the New Territories

Commenting on last year's policy address, I already pointed out that facing the challenges in the 21st century, Hong Kong should focus its development in the New Territories. However, in the past, the Hong Kong British Government adopted unenthusiastic attitudes toward the development in the New Territories and just kept on finding excuses to explain away its inadequacies in planning. The review on the development strategy of the sub-districts in the Northwest and

Southern New Territories which had been deferred for years was eventually dropped. According to the explanation given by the Secretary for Planning, Environment and Lands, Mr Bowen LEUNG, as the Chief Executive set the target for building 85 000 flats each year, the Government has decided to make an overall assessment of the potential for the development in the Northwest and Northeast New Territories again and the study concerned was thus shelved. The reason, however is that, the previous government did not look forward and failed to recognize the speed of growth of the population and the housing need. As a result, vast areas in the New Territories with great potential for development have not been properly considered.

Fortunately, when the Chief Executive sets out to meet the need for housing in Hong Kong, he has not forgotten this piece of land in the New Territories. Moreover, he has responded positively to the suggestion on the development of the New Territories made by the DAB. He has pledged to vigorously develop the strategic growth areas in Tseung Kwan O, Tung Chung and Tai Ho on Lantau Island, the Northwest New Territories and so on in the coming decade. Moreover, some suitable agricultural land will be rezoned. It is believed that the New Territories will have a new face in the coming days!

During these two days, some government officials revealed that in order that the private housing supply could meet the building target of the SAR Government, the Government would consider setting a minimum density of development when drafting land sale conditions in future. I hope the Government will pay extra attention to some recent cases so as to avoid letting the developer take advantage of this new measure and fish in muddy waters by applying for an amendment to the conditions of grant which will result in damage to the original resting space and environment, thus hurting the rights of the individual property owners.

Planning to match the development in the Pearl River Delta

When planning for the long-term development in the New Territories, attention should be paid to the importance of the mutual economic influence between Hong Kong and the Mainland, particularly the South China region, as we have an interactive and interdependent relationship. The future planning in Hong Kong should closely match that in the South China region. Both places should have their respective tasks and focuses, so that Hong Kong can become

the hub port of the Pearl River Delta and Guangdong, as well as other provinces in the Mainland. Therefore, the DAB suggested to set up a China-Hong Kong co-ordinative planning mechanism for effective co-ordination of the infrastructure plans in the two areas. And the Chief Executive has responded in the policy address by setting up the "Hong Kong and Mainland Major Infrastructure Projects Co-ordinating Committee". This committee will study and co-ordinate the problems on transportation infrastructure, environment and law and order involving Hong Kong and Guangdong. The DAB hopes that through this committee, the Government can have a sound grasp of the development direction of the South China region and seek a consensus with the areas concerned so as to draw up development planning strategies in a more practical and feasible way. Thus, the future development of Hong Kong can be closely co-ordinated with that in the Pearl River Delta region.

Mr Deputy, I so submit.

DEPUTY PRESIDENT (in Cantonese): Mr Ronald ARCULLI.

MR RONALD ARCULLI: Mr Deputy, the initiatives set out by our Chief Executive Mr TUNG Chee-hwa in his first policy address under the Hong Kong Special Administrative Region (SAR) are ambitious, bold and long overdue. In fact, if we have achieved those objectives, the title should not be "Building Hong Kong for a New Era" — we will have built a new Hong Kong. It is therefore not surprising that critics, particularly those who do not want Hong Kong to go from strength to strength, have poured scorn on these initiatives. Perhaps their doubts are due to their lack of conviction over the SAR Government's commitment or perhaps targets, particularly those set in housing by Hong Kong's previous government, have not been met. Whatever view one takes the consensus is that we want these initiatives to succeed.

But, Mr Deputy, how do we provide the services set out in the policy address? How do we continuously make improvements to the much-needed subsidized housing, education, health care and welfare? How do we improve on our environment whether at work, at play or at home? The answer can be found in the underlying theme throughout the policy address. We do so by ensuring that we have all the ingredients that Hong Kong needs to sustain our economic growth. Contrary to the belief held by some, money does not grow on trees in Hong Kong, nor are our streets paved with gold. It has been teamwork

between our workforce and our entrepreneurs that have produced this Hong Kong phenomenon. It is therefore only right that Mr TUNG has set bold initiatives to ensure that the community as a whole will benefit from Hong Kong's success.

Mr Deputy, I will speak on three topics: housing, the elderly and Hong Kong, our home; but I am not hopeful that the Administration will take anything I say on housing and the elderly seriously. They seldom take anything said in this building seriously, particularly in their replies to our questions.

On that happy note I will deal with housing. Tackling our housing problem takes more than mere determination. Mr TUNG has set three goals in his policy address: to build at least 85 000 flats a year starting 1999; to increase home ownership rate to 70% by 2007; and to reduce waiting time for public rental housing to three years by 2005.

Mr Deputy, it is gratifying to know that under Mr TUNG's leadership the SAR Government has addressed our housing problem in the right way, and indeed the only way, and that is, to increase supply instead of suppressing demand. Furthermore, the Real Estate Developers Association has long advocated for a rolling five-year land sales and supply programme, more transport networks, simplified planning procedures, revamped regulatory structure, faster urban redevelopment and where needed, importation of labour. It seems that the SAR Administration has finally decided to earnestly and urgently tackle all these issues in order to meet its housing initiatives. However, we are told that the Administration will monitor the progress at each site to ensure timely completion. The motivation is good but I hope this will not replace the layers of bureaucracy we are attempting to peel away.

The Liberal Party welcomes Mr TUNG's initiative to sell 25 000 public rental units a year and 250 000 units in 10 years. I believe we were the first political party to suggest selling public rental housing to sitting tenants and this we did some years ago. Owning one's own home is the best way to give us a sense of stability, security, and belonging. But the Administration has failed twice before. We cannot afford another failure. A good plan is therefore crucial to encourage tenants to buy.

A survey commissioned by the Liberal Party this January showed that nearly 70% of the respondents wanted the Government to sell rental units.

About 60% of the respondents said their topmost concern was price. Some 30% said the flats' quality, in terms of location, age, and construction standard, was their prime concern.

Therefore, affordable and attractive prices and terms of financing are of vital importance to the success of the scheme. I have included terms of financing because it is common sense that monthly mortgage payment plus rates and management fees should not exceed the monthly rental by too much. Our survey showed that 90% of the tenants support setting the price at construction cost plus accumulated interest, which is about \$200,000 for a flat for a family of four. Reasonable financing terms prices around that level should be quite attractive to potential owners.

Mr Deputy, there are however several issues related to housing that I am most concerned about. The first involves the mixed development pilot scheme and by this I mean the scheme under which a developer will be required to hand over 30% of a residential development for existing subsidized home ownership schemes. I just cannot work out how a developer is going to bid for a site knowing in advance that the 30% of the flats handed over to the Government will be sold at a discount of some 40% of the market value of such flats. Surely not even the Administration expects a developer to pay market value for the remaining 70% of the site and sell his 70% of the flats at the same discount. The second problem is that the potential buyers of the developer's units will know that his neighbour will be able to sell his subsidized unit a few years later at a lower price. In a worse case scenario, his neighbour has a cushion of 40%. Much thoughts will have to go into this and other difficulties before such a scheme is to be launched.

Mr Deputy, if this was not bad enough, last Saturday the Secretary for Housing revealed or threw out another idea. This time he suggested that conditions of sale of land would stipulate the minimum number of flats that will have to be built and a contractual deadline or timetable to compel a developer to sell such flats. As you all know, developers are not allowed, even today, and I repeat, they are not allowed, to sell flats more than 15 months before completion of construction. When they do sell they must offer at least 20% of the units available each time they sell. Can you imagine the consequences combining these conditions into a mixed development scheme?

Mr Deputy, the mixed development scheme will have a tremendous effect

on the pricing of the developer's part of the development. It may even take away a developer's freedom to set prices according to his best commercial judgement. Coupled with being told what they must build, when they cannot sell, how many units they must sell and the time within which they must sell, we must ask the Administration what it is trying to do? What has happened to that unshakeable pillar of Hong Kong's success: our free market economy? Mr Deputy, I will not mince my words because if what is floated as an idea is implemented it will make history. Yes, history, because we will be witnessing the transformation of the freest economic market in the world to a planned economy. It will be so ironic because the rest of our country is doing exactly the opposite. Our competitors and neighbours will shout with glee whilst the rest of the world will join us in total disbelief and amazement.

Mr Deputy, I am going to say just a few words about our elderly. I feel very strongly about this, perhaps even more so than my feeling on housing, because the elderly cannot help themselves. I never thought I would question Mr TUNG's commitment to improving the livelihood of our elderly, as he has time and again reiterated his vision that the elderly should be provided with a sense of security, a sense of belonging and a feeling of health and worthiness. But I must confess my utter disappointment at how little has been promised. The pitiful increase of \$380 per month in their Comprehensive Social Security Assistance payment is a net increase of \$330 and is only going to take effect on 1 April, 1988. Mr Deputy, what kind of a community are we? How do we bring up our children with strong family values and social conscience when they see how this affluent community treat their grandparents?

Mr Deputy, this is the first policy address debate of the SAR. Mr TUNG has set out his mission of Hong Kong for the next 10 years. As I listened to and afterwards read and re-read his speech, two questions kept coming back inside me. The first is, "What will Hong Kong become in 10 years, 20 years or 50 years?" The second is, "At the end of the day, what do we want Hong Kong to become?"

It would have been equally difficult to ask these questions 50 years ago. Indeed, even a genius with the benefit of hindsight would be hard-pressed to foretell then what Hong Kong would have become. It is Chinese but international. It upholds dominant values but welcomes alternative or even heretic values. It is individualistic but united. It is materialistic but religious. It is forward-looking but cherishes memories. It is arrogant but humble. It is

vulgar but civil. It is chaotic but orderly. It is hollow but colourful. It is ugly but beautiful. It is hell but also heaven. We believe in liberty, plurality, flexibility, fluidity and spontaneity. Or, is this another way of saying that we believe in nothing but ourselves?

Our emotional tie with our country is unquestionable. We jump in rapture when Chinese athletes do well in Olympics or break world records. We smile when Chinese scientists gain international recognition. We loosen our purse-strings when our countrymen are hit by deluge or drought. We shed bitter sweet tears when we learn our country is striding successfully on the path of modernization. We have our freedoms. We have the rule of law. We have many magazines, radio and TV programmes specifically on Chinese politics and society. We are the biggest investor in the Mainland. We constantly travel to the Mainland. Mr TUNG has said in his policy address that the SAR Government will promote and encourage this emotion. Does it need to be done? How will it be done? How will this pluralistic society react? Will it be regarded as indoctrination or should we be left to choose?

We are making history or history is making us. But who are we? For the past 50 years we have made history. But is it not equally true that history has made us what we are? I believe we are a modern but old-fashioned community that treasure our heritage but are also multinational in another aspects. And it is this complex community, a melting pot of the East and West, that has made Hong Kong what it is today, and this same community will, if left to its own devices, ensure that Hong Kong will grow from strength to strength. I believe that this is the Hong Kong spirit that permeates through Mr TUNG's policy address. And I believe that this is Hong Kong, our home.

THE PRESIDENT resumed the Chair.

PRESIDENT (in Cantonese): Dr Raymod HO.

DR RAYMOND HO (in Cantonese): Madam President, since the Chief Executive, Mr TUNG Chee-hwa, delivered his first policy address on the eighth of this month, different views have been heard from the public and there are naturally praises and criticisms. The different voices of the community just reflect the different views of the community. I have also discussed the policy address in detail with several professional bodies on different occasions.

Owing to the limited resources of the community, there is none other than the Almighty Creator Himself who can possibly have the power to satisfy the needs of all quarters in society. In drawing up policies, the Government on the one hand comes under the constraint of this objective condition and on the other hand has to consider the development needs of the whole community — not only the short-term needs but also those in the medium to long run. In its first administrative programme, the Hong Kong Special Administrative Region (SAR) Government talks about building a civilized, prosperous, stable and democratic Hong Kong and while considering the needs of various strata of the community, tries to strike a balance among the various sectors. On the whole, this is a satisfactory policy address. Other than outlining the policy programmes in the coming year, it also gives us a big picture about how Hong Kong is to be run in the few years ahead and even beyond this century.

To achieve the goals already set, the policy address puts forward a range of work projects which lay down the foundation for our future development, and try to maintain the economic vitality of the entire community in order to continue to create wealth for the people of Hong Kong. First of all, the Government has realized the economic transformation and encourages the enterprises to develop in the direction of high added value. In fact, because of high land prices and continuous wage hikes, going high added value is the only way that the industries, whether manufacturing industries or service trades, can go; the manufacturing industry in particular, where not only the traditional industries have lost their competitiveness but the existing ones are also under threat. With large numbers of factories relocated in the north, many manufacturing workers are unemployed or underemployed, creating a great hidden crisis behind Hong Kong's prosperity. While the uncertainties that troubled Hong Kong for almost two decades have cleared up, this is also high time that the Government put forward the economic development policies.

As regards practical measures, the SAR Government is going to set up a commission on strategic development chaired by the Chief Executive himself whose members include government officials, members from the industrial, commercial, financial and grass-roots sectors as well as academics. This is also a sign of the Government's determination. Nevertheless, I hope that it will not just be another one committee of many but rather, an outstanding, highly transparent and effective one. At the same time, under the heading "The Programme" in the policy address, a range of development programmes have been put forward which are all to go hand in hand with the future development of

Hong Kong and the one worth mentioning is the Government's emphasis on the small and medium enterprises. Small and medium enterprises have all along played an important role in Hong Kong's economy, employing two thirds of the working population. Featured by their great flexibility, these enterprises can respond quickly to the demands of the ever-changing market, thus becoming more competitive. Proven by the experience of developed countries, small and medium enterprises will become the major job creators in future. The Government should implement the relevant projects as soon as possible.

Moreover, the SAR Government has also pledged to undertake various assistance plans. In respect of the manufacturing industry, the Government motivates innovation, gives support to the development of new industries and encourages the industries to upgrade their product value and head towards the application of high technology. Concerning the land for industry and business, the Government also pledges to set up some support facilities such as a science park. More importantly, the Government will co-ordinate the development of information technology such as to promote it through education to ensure Hong Kong a leading position in the new era of information technology. Yet, I think that there should be a policy bureau created within the government framework that has a distinct role and clear authority to take up this responsibility. There should also be adequate personnel with the expertise to take up the key posts in the bureau. Should the need comes up, these professionals may even be hired outside the civil service. I already raised this point several years ago when I was the chairman of Hong Kong Technology Committee.

Apart from economic development, the policy address also lays down a housing programme and the relevant infrastructure schemes for the next 10 years. The successful implementation of the housing programme will help contain property prices at a more reasonable level. The Government also proposes that alongside with the construction of flats, it will also expedite the improvement of the transportation infrastructure where emphasis is laid on the rail system which has the advantages of high capacity, efficiency and being environmentally friendly. These are all forward-looking schemes.

Madam President, the Chief Executive's policy address has undoubtedly laid down very clear goals for the future of Hong Kong and has set the direction of our future development. But looking at this blueprint carefully, we can find a few points that we should pay particular attention to:

First, while encouraging the development towards high added value, we

have to study the impacts of the economic transformation on employment carefully. Although the policy address has also talked about the SAR Government's responsibility to the workers displaced by the economic transformation, it is a pity that it still relies heavily on the conventional Employees Retraining Scheme the effect of which on the middle-aged or older displaced workers is somewhat doubtful. On the other hand, the Government also realizes that it is a long-term project to help the majority of the public to join the industries of high added value and it is most important to help the people to enter these industries through quality and well-rounded education. But we have to take note that the industries that develop towards high added value are more capital intensive rather than labour intensive and may not be able to absorb most of our working population.

Raising the local people's education level will certainly sharpen our future competitive edge in the world economy. But engaging in high added value industries and having a well-educated working population may not necessarily clear all employment problems away and some advanced countries are also facing similar problems. Therefore, while we are actively promoting the development in high added value and raising the people's education level, we also have to focus on the employment of the people so as to avoid the situation where a large number of highly educated people are only able to secure lower-levelled jobs and the prospects are even gloomier for the not-so-well-educated.

Second, the housing policy. I greatly admire the Chief Executive's determination and positive attitude in resolving the housing problem. The main reason for Hong Kong's ever-increasing property prices is mainly the imbalance between supply and demand in the market. The Chief Executive's attempt to solve the problem by increasing the supply is a measure that gets to the root of the problem and at the same time forward-looking. However, there is no mention whatsoever of the demand in this ten-year plan. Although the public have a great demand for housing, the fundamental problem is their ability to buy and this is entirely dependent on Hong Kong's future economic prospects. It is of course a difficult task to make an accurate economic forecast but the Government has to flexibly adjust the housing supply according to the economic environment while building more flats. It should not just go ahead to build the pre-set number of housing units regardless of the consequences. If in case of an economic downturn in a certain one or two years when the public's ability to buy

the property will greatly weaken, the Government still continues to strive to achieve the housing production goal blindly, the supply will exceed the demand and it will have an adverse effect on the property market and even on the whole economy. In that case, we will lose more than we gain.

The Government should be more flexible and consider the limitation of resources so as to avoid aggravating inflation and increasing the costs. The Government should try to maintain the number of housing units built at more or less the same level each year and try to avoid a sudden hike in the number of units built. For instance, the number of units to be built in the year 2000-01 is estimated to be 166 700, far exceeding the projected number of completed units for other years. This will create a tremendous pressure on the construction industry, straining the resources and raising the costs. In respect to the manpower resources, labour importation can no doubt alleviate the shortage of workers but it is not the best thing to do for Hong Kong's long-term interests and should not be adopted too lightly in order to avoid doing the community permanent harm. We should expedite the training of our workers and encourage the construction industry to bring in advanced construction technology in order to improve the quality of buildings and reduce the maintenance work after the buildings are completed. At the same time, we should improve the efficiency of the construction industry. All these, accompanied by a steady demand for housing, will ensure a healthy growth of Hong Kong's economy.

Third, the infrastructural plans that the Government has put forward which include the construction of a range of railways and also a number of major roads are also very comprehensive. I hope that the authorities concerned will set down the projected completion dates for the various projects and prepare a clear timetable to allow the public to monitor their progress. Otherwise, it will be like in the old days where certain projects had been tabled but were often not carried out for one or two decades. Even some projects that the public consider to be very urgent are still on the shelf. The population will increase by 1.8 million in the next 15 years and therefore the planning and implementation schedule of the infrastructural construction projects must go hand in hand with the housing construction and demographic movement. Equally important is the convergence of the local and Mainland transportation which has to be co-ordinated and resolved as soon as possible.

Last but not least, it is our democratization progress. The history tells us

that in a democratic and open place, society will develop more steadily and all its conflicts can be resolved through open and democratic means without resorting to violence and as a result, unrest in the community can be reduced. Of course, democratization must be carried out at the same pace as the economic and social development. It should not be carried out so hastily that it disrupts the social stability and neither should we lay emphasis on the economic development only while neglecting the democratic progress. If there is not an effective mechanism to balance the interests of all sectors, social conflicts will only continue to deepen and finally disrupt the social stability. Also, the voices of the majority cannot be ignored as Hong Kong has now returned to China and the SAR has been established. Since everything is set, it is time that we start examining our future democratic development thoroughly and consult the public as soon as possible. We will let the world see that in this new era, Hong Kong not only actively heads toward a more robust and successful economy but also spares no effort in looking for the fastest possible democratization pace that both suits the particular situation of Hong Kong and satisfies the demand of the people.

Madam President, the first policy address of the Chief Executive has indeed put forward a new direction for the development of Hong Kong. With these remarks, I support the motion of thanks of Dr LEONG Che-hung. Thank you.

PRESIDENT (in Cantonese): Mrs Sophie LEUNG.

MRS SOPHIE LEUNG (in Cantonese): Madam President, the first policy address of the Hong Kong Special Administrative Region (SAR) obviously aims at taking care of the interests and development of all strata of the community. Discussing the economic competitiveness of the SAR's industrial, commercial and trading sectors in the foremost paragraphs of the policy address, the SAR Government shows that it pays very much attention to this factor which has all along contributed greatly to Hong Kong's success.

As regards the way that the industries are outlined, the policy address can be described as one with foresight and retrospection. About foresight, I agree with the Chief Executive that the SAR's industry is to develop towards one with high added value; and the retrospection is that it recognizes the contribution of

the traditional manufacturing industries, especially the textile and clothing industries, have had to our economy.

However, in explaining the policy on the textile and clothing industry, the Chief Executive only says that it "deserves our support, given its relationship with our important fashion industry. To ensure that there is sufficient skilled manpower to take advantage of the quota allocation to Hong Kong for the next few years, to assess requirements and training needs." Such a remark is not specific enough. I truly hope that the Hong Kong Government does not think that once the quota system is abolished, our textile and clothing industry will have to retire after having rendered a good service and thus accomplished its mission in the history of Hong Kong's economic development.

The fact is that the output of our textile and clothing industry accounts for 39.3% of Hong Kong's gross export value and earns an annual income of \$83.1 billion. The manufacturing industry also provides 320 000 jobs for the SAR and 115 000 are in the textile and clothing industry alone. Given such a large number of employees who generate such a big income, should we not take full advantage of this great development opportunity to launch "another industrial revolution"?

In recent years, many people in Hong Kong have mistaken that this is a "sunset industry" where younger people are reluctant to enter it while those in the industry are ageing. As a result, the industry is faced with a crisis, the disruption of labour where there is no continuity between the new workers and the old.

It is true that the number of textile workers has fallen from over 400 000 in the early 1960s to just 100 000-odd in recent years. One of the reason is that workers in this industry are ageing while new ones are unwilling to enter it. But more importantly, other industries have also drawn away many workers from it. We have to understand that in the 1960s and 1970s, the financial and trading industries were far less established in Hong Kong than today. In those days, the retail, tourism, service and financial industries were not yet developed and the textile and clothing industry was the only one thriving. But with the changes of time, many new job varieties have emerged and the situation that most workers concentrated on this industry is bound to change.

The textile and clothing industry is being faced with great obstacles. One

is the reputation and the other is the severe insufficiency of "new blood". Let us try to probe into the problem and see if this industry is really a "sunset industry".

The fact speaks louder than words. The textile and clothing industry is still the biggest employer in Hong Kong and ready-to-wear apparel is still the biggest export with earning accounting for 40% of Hong Kong's gross export value and it provides close to 120 000 jobs, 30% of the total manufacturing employment. Looking at the world market, we can see that Hong Kong is the third biggest exporter of ready-to-wear apparel, just behind China and Italy. In such a tiny spot like Hong Kong, should we not be proud of ourselves for having such achievement? In fact, Hong Kong has already become the centre of apparel manufacturing of the world and is also the network centre of the textile manufacturing industry in the Asian area.

Over the years, because of the scarcity of land, most of Hong Kong's clothing factories are small- to medium-sized and this production mode is exactly the factor that makes us successful. Taking advantage of the Hong Kong people's pursuit of novelty and variety as well as their versatility, the industry can cater for the demand of different markets with the greatest flexibility. We can satisfy orders for large varieties of products of numbers as small as a few hundred within the shortest time allowed and buyers all over the world also understand that well. They can make use of the materials available here and choose to produce, purchase, wholesale or retail and the entire process can be done in Hong Kong. This is the "made in Hong Kong" mode that has won us renown throughout the world.

Thanks to our hard work in the last few decades, the label "made in Hong Kong" has become very famous in the fashion business all over the world. Perhaps we do not know yet but the label "made in Hong Kong" represents the quality, vogue and essence of the clothes and "made in Hong Kong" comes just next to "made in France" and "made in Italy" which exactly marks the taste of the apparel.

Early this year, Hong Kong commissioned the Massachusetts Institute of Technology to conduct a thorough on-site study, and the report, titled "Made by Hong Kong", is a very voluminous one. The report lists out the various advantages of Hong Kong and points out that there are still bright prospects for

Hong Kong as a base of manufacturing industry and particularly of the textile and clothing industry. It also lists out many directions for its development. In fact, I am also pleased to tell my colleagues here that some investors in Hong Kong who have unique insight are already feeling their way forward in these directions. If anyone still lacks confidence in this industry, I sincerely recommend him to take a look at this report.

Over the years, Hong Kong has relied heavily on the European and American markets. But today, Asia, including Japan and South East Asia, is our biggest and fastest developing market in the world. In the past few years, we have made great inroads into the Japanese market of women's fashion. With the economy taking off in South East Asia, the living standard there has improved greatly and their consumers will naturally look for reasonably-priced quality products. Among the basic daily needs of clothing, food, accommodation and transportation, clothing comes first. The future of Hong Kong's ready-to-wear apparel is very promising in this new market. I hope that we will not let go of this industry so easily and lightly throw away our annual income of \$83.1 billion.

If we have the determination to retain the manufacturing industry in Hong Kong, the most urgent work for us to do is to stabilize and strengthen our production team, improve their skills and productivity, only then can our competitive edges be maintained.

Here, I would like to ask Members to attentively, sincerely think about this. We are now faced with manpower problems. To the unemployed, we should give them our greatest and sincere care and look for ways to help them rejoin the great production team.

The whole world has paid close attention to the development of manpower resources in recently years. The prevailing view is that the relationship between labour and capital should be strengthened on the basis of mutual trust and mutual interests. I hope that the SAR Government will, in facing the challenges of economic transformation, take the initiative to lead the various sectors in Hong Kong into a "both-win" situation. In future, we will be faced with even keener competitions and the competitions will only bring about even faster economic changes. We should enhance the competitiveness and adaptability of the public themselves and even the entire community and equip them with better know-how and sharper alertness.

We should try to provide our youngsters with bright prospects and favourable working conditions. Apart from attracting them to enter a certain business, we should also provide them with on-going on-the-job training to encourage them to strive forward in their career rather than limiting them to the lower strata and labour class. We should accord them good advancement opportunities and lead them towards the middle management level. Should we succeed in developing our human resources, they will become an asset that enhances our competitiveness.

On the one hand, we should give all we have to create employment opportunities for our workers; on the other hand, we should also take note if there are work types that suffer a shortage of workers in the production procedures. Concerning this, I think that we have to analyse it calmly rather than looking at it one-sidedly. With respect to this topic, we are happy to see that the Government has actively formed special task groups consisting of representatives of the employers and the employees and various training institutions to study the manpower and training needs.

On the whole, as regards the textile and clothing industry, I think the most important thing is that the Government should try to change the public's old conception about this industry, encourage people to join this industry and inject new technologies and new management know-how into it so as to enhance the industry's competitiveness in the international community in order to strive toward the high value-added development. I know that it takes great determination and immense efforts to bring new vitality to this industry and I hope that the Government will actively consider establishing an independent department or independent mechanism to co-ordinate all the work.

On the other hand, I would like to offer some suggestions about Hong Kong's "small enterprises". Although the policy address has told us that a Small and Medium Enterprises Committee has been set up to attend to the need of these enterprises, are the small and medium enterprises engaged in manufacturing getting appropriate assistance? In the face of the acute competition from the neighbouring areas, how are they going to develop toward the direction of high added value? Even though the new management knowledge and new technologies and information can sharpen the competitive edge of the small and medium enterprises, how are such new things to be introduced into Hong Kong? How can they be introduced into Hong Kong at a more affordable price? All

these are practical and pressing problems that I hope the Government will treat seriously and set down appropriate guidance and make suitable arrangements.

Madam President, I would like to comment on health care in the remaining few minutes. Very briefly, the Chief Executive promises in the policy address that there will be "continued improvement in health care" and points out that "our health care system faces a number of challenges". But as for how these challenges are to be met, we will have to wait till next year for a comprehensive review to be conducted.

I agree that the review should start from the "primary health care, out-patient and hospital in-patient services" and then go on to include "split of workload between the public and private sectors" as indicated in the policy address. Since the Hospital Authority took over the management of public hospitals, the number of patients seeking their services keeps rising. Bearing in mind that public hospitals doctors account for 40% of all registered doctors in Hong Kong but they are responsible for 92% of all in-patient services required over the whole territory, we can see to what extent their manpower and facilities are stretched.

To keep to the promise that "public medical service is available to all irrespective of their means", the Government on the one hand has to maintain the present financial allocation of no less than 12% of the whole and on the other hand it must involve private practitioners and hospitals in the medical undertaking to the entire community. If the Government can, in the form of "land premium assistance", encourage private practitioners to tender for a co-operative operation to provide medical consultation service in shifts for no less than 12 or 14 hours a day in the densely populated housing estates, will that be able to lighten the heavy workload of the public hospitals and at the same time provide a more convenient option to the public?

On the other hand, there is a great imbalance between the private and the public system. If we can encourage the private sector to install the same advanced equipment and facilities, there will not be a waste of the resources in the private sector.

Lastly, I support the policy address of the Chief Executive which indicates that "should we have the determination, there is no way that tasks cannot be accomplished".

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr CHOY Kan-pui.

MR CHOY KAN-PUI (in Cantonese): Madam President, after the Chief Executive, Mr TUNG Chee-hwa, delivered his first policy address of the Hong Kong Special Administrative Region (SAR), my Honourable colleagues, the principal public officers of the SAR and even members of the public in the gallery all applauded sincerely as we could plan our own future as masters, and found it encouraging that the Chief Executive and the civil servants had drafted such a blueprint that could powerfully boost the prosperity of Hong Kong. Such a touching scene was never seen in this Chamber before. The policy address has proposed a new mode of thought and broken free from the constraints of the colonial government in the past. We now plan the future of Hong Kong as our own masters in a fundamental and forward-looking way. Basically, it reflects a new spirit in administration. Everything to be done is for the benefit of Hong Kong people, focusing on the social problems they are concerned about as well as introducing and implementing various strategies in a gradual and orderly fashion, so as to ensure that Hong Kong will be competitive and with good prospects.

In the past, the Hong Kong British Government ruled Hong Kong with the mentality of a sunset government, knowing that there was not much time left. Thus, in dealing with some serious social problems such as housing, elderly welfare, they just adopted stopgap measures without getting to the root of the issues, and the problems deteriorated. For such deep-rooted problems, it is hard to expect the SAR Government to solve them within a short period of time. Therefore, the policy address also stresses that a long view should be taken in tackling the problems so as to solve them completely.

Madam President, today, I am going to express my opinions briefly on education and welfare first and then focus on the problems on housing, transport infrastructure.

I. Education

Education is the foundation of social development. The SAR Government will allocate \$5 billion to implement quality education and will increase the non-recurrent education expenditures by \$22 billion in the coming five years to vigorously promote information technology education, enhance the quality of the teachers and strengthen the training of the language skills. These are all powerful measures to raise the education quality. However, as the fundamental education was overlooked in the last decade, there are still deficiencies in the improvement programme suggested in the policy address. For example, the proportion of the whole-day primary schools can only be increased by 60% in five years' time and it can only be achieved by increasing the number of students in each class, using the insufficient number of schools and the difficulty in building new schools as excuses. We are hardly convinced. Moreover, no adequate attention is paid to kindergarten and special education. Obviously, such situation should be improved promptly. As "the child is father of the man", the nurturing of children is very important. I suggest the Government to formulate the plan quickly, taking the full-scale subsidized kindergarten education as target. This can not only raise the quality of the kindergarten education, relieve the burden on parents and enable housewives to join the workforce, but also avoid various problems caused by children being unattended.

II. Elderly welfare

The Comprehensive Social Security Assistance (CSSA) monthly payment for the elderly will be increased by \$380, which met the request of the Hong Kong Progressive Alliance (HKPA). However, as people generally expected a higher increase, the meagre increase somewhat disappointed them, giving them the impression of "much said and little done". The SAR Government also recognizes that the problems of the elderly cannot be solved completely by just increasing the CSSA. Thus, it also suggests to increase the number of outreach service teams and offer benefits to the families which take care of their own elderly members as an encouragement. Moreover, the Government also adopts an expedient measure of "buying places" to accommodate the elderly in old age homes. This can slightly relieve the difficulties encountered by the elderly but can hardly solve the problems completely. As the Mandatory Provident Fund Scheme can only become effective in 20 to 30 years, the Government should do something for the poor elderly at present by providing them a safety net. Moreover, concrete plans for building a large number of public elderly homes and health care homes should be formulated and a medical care scheme for the

elderly should be launched so soon as possible. Only by adopting these plans and improving the existing welfare system, can the urgent problems faced by the elderly be solved. Otherwise, "the sense of security" cannot be achieved and not to mention the others.

III. Housing

The Chief Executive has the courage to tackle the highly complex problems of housing and has set three targets. These targets are closely linked to one and other: (1) to build not less than 85 000 flats a year in the public and private sectors so that the supply will be slightly more than the demand, thus letting property prices "soft-landed" to a level which is acceptable to the public; (2) to achieve a home ownership rate of 70% in 10 years. The SAR Government understands that the target will never be achieved if it only relies on the supply by the private sector, in order to achieve the goal, the Government has to sell the public rental housing units and to increase the supply of Home Ownership Scheme and Sandwich Class Housing flats. Therefore, the plan for selling public rental housing will definitely be implemented. I consider that the terms and conditions for the sale of the public rental housing should be satisfactory, the price should be affordable by the middle and lower class and within the reasonable region, so that there will be no great difference between the monthly mortgage payment and the current rent. Moreover, the Government should also consider to relax the constraints on the re-sale of the HOS flats so that there will be more HOS flats on the market. The price of the HOS flats should be within the ability of the public and should never be pegged with the market price. As regards to how the Government can ensure the production of more than 30 000 flats a year by developers of the private sectors without hurting the interests of the taxpayers, we should wait for some specific policies of the Government; (3) to reduce in eight years' time the average waiting time for public rental housing to three years, I think it is acceptable.

IV. Transportation and infrastructure

In order to achieve the long-term plan, the SAR Government has drawn up a comprehensive set of plans and measures so as to ensure that enough land will be available to build flats, the speed of building flats will be under control, the market will have a stable supply and the related transportation and infrastructure can match housing development.

As a matter of fact, in order to accommodate the large-scale land

development at Tseung Kwan O, Tung Chung, Tai Ho, Northwest New Territories and Southeast Kowloon, as well as the reclamation projects at Tsuen Wan Bay and Green Island, large-scale transportation networks should be built. Building rail systems of high capacity and developing more highways are also greatly needed. It is mentioned in the policy address that rail extensions as well as a number of main highways will be built, including some strategic road plans like Eastern Highway, Western Highway, an east-west route to connect the two highways in the New Territories, so as to strengthen and improve the existing transportation network. Regrettably, all these do not have completion dates. To deal with these infrastructural problems, the HKPA will, in the first place, request Mr TUNG Chee-hwa to draw up a schedule for the development of various large-scale highways and railways and set a timetable for the implementation of these projects.

Secondly, as large areas are involved in the development of the new districts, the completion times for land development, flat building, transportation network, environmental planning, community facilities and so on should be properly co-ordinated. Therefore, the HKPA considers that the SAR Government should set up a co-ordinating team headed by senior government officials to co-ordinate and monitor the operation of various departments so as to ensure that the complementary projects can be completed simultaneously. I hope the existing confusion in the new town of Tung Chung will never occur again.

Thirdly, the Kowloon-Canton Railway (KCR) has granted a lot of large consultant contracts which exceeded its financial ability without any open tender exercises. Recently, the KCR has also granted a developer a contract to build high-rising blocks within station premises without open tendering. This matter has caused a very great controversy. In order to ensure that the extension plan of the railway can be implemented and monitored effectively, and to avoid the "independent empire" operation by the KCR and the poor co-ordination between the KCR and the Mass Transit Railway, the HKPA suggests that the Government should consider setting up a new railway authority. Transportation is closely related to people's livelihood and also involves huge capital for development and sensitive land benefits. Thus, it should be strictly monitored and should neither be handled by an individual nor by a developer. For financing, the HKPA does not agree that the Government should be the sole capital provider. As the

interest rate in the international capital market is relatively low at present, the SAR Government should make use of this opportunity to raise capital for part or most of the building cost through local or overseas channels. In this way, the financial burden of the Government can be lessened and such important transportation operation right will not fall into the hands of any private groups who may be too profit-minded to consider people's livelihood, and the fare can be maintained at a reasonable level that the passengers can afford.

Madam President, in talking about building of the railways, I cannot but urge the Government to begin the building of the new railway from Ma On Shan to Kowloon via Tai Wai as soon as possible. It is regrettable that the policy address has only mentioned that the SAR Government would not confirm how to build this railway until the end of this year. With population of the new town of Ma On Shan increasing continuously, is the SAR Government not going to make a decision until the residents in Ma On Shan face the same problem as those in Tuen Mun? Actually, the three railway plans of West Rail, MTR Tseung Kwan O Extension and the railway connection from Ma On Shan to Tai Wai and the urban Kowloon were formulated a few years ago. The works involved should have been implemented or in progress. However, annoying as it has been, the plans are just castles in the air and no one knows to when they will be delayed. The HKPA would like to take this opportunity to urge the Government to adopt a positive attitude and try its best to complete the West Rail plan as soon as possible. Moreover, the Government should also be earnest and responsible in handling the remaining two rail projects and avoid any problems from happening again and bring disappointment to the public.

Fourthly, for the highways from Lantau to Yuen Long and the Western New Territories and that from the new airport to the urban districts, as a lot of capital is required, the HKPA considers that the Government can let private consortia take part in the projects. The SAR Government can set up a highway fund management committee to ensure that the building and operation of highways can be run on the principle of fairness, openness and justice. In this case, not only a lot of public funds can be saved, but the efficiency can also be raised and people's livelihood can be taken care of.

Madam President, the main characteristic of the policy address is that

much emphasis is put on the economic development and livelihood improvement. As Mr TUNG said, this can be regarded as forward-looking policy which can not only remedy the deficiencies in the past, but also point toward the direction for development in future. However, as there are still some parts in this brilliant plan which have not been specified yet, we should wait and see to find out whether this cheque can be honoured or not.

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

PRESIDENT (in Cantonese): Mr LO Suk-ching.

MR LO SUK-CHING (in Cantonese): Madam President, the first policy address of the Chief Executive, Mr TUNG Chee-hwa, is rather forward-looking. The planning proposed by Mr TUNG for the next decade is clearly thought-out and these projects are supported by corresponding measures and also accompanied by definite completion dates. From Mr TUNG's election platform and inaugural speech to the recently delivered policy address, he fully demonstrated that he has indeed a clear-cut philosophy of how Hong Kong is to be run. On the major premise of basically maintaining the good administrative systems and policies in the days of British rule, he has made some fundamental changes to address the old ruts in the past which is fully demonstrated by the way he handles the housing problem. In this policy address, he has also accepted views from outside the establishment, a sign that Mr TUNG has also considered the issues from the management standpoint of a businessman. This has also injected new elements into the Hong Kong Special Administrative Region (SAR) Government. Although some criticize that his policy address lacks literary styles, this is indeed a rather down-to-earth report, no flaunting of political skills, no fancy words and no empty promises. That is where its essence lies. It brings order out of chaos, sets the political row during the transition period aside, and lays emphasis on raising productivity, developing the economy, promoting construction and improving people's livelihood. In this policy address, we cannot find any sign of intervention from the Central Government, and this has fully demonstrated the spirit of "one country, two systems".

Madam President, as we are complimenting the policy address for opening

Hong Kong's new era and while we are approving its long-term planning, I have to point out the not-so-perfect side of the address, that is, the Government has overlooked some very pressing issues. For some social problems, slow-coming remedies cannot avert imminent crises. In particular, the Chief Executive seems to be evading the matter of helping the several hundred thousand destitute people, whose number is on the rise, how to ease their difficulties and how to narrow the widening gap between the rich and the poor.

The Chief Executive admits that it is impractical to maintain Hong Kong's competitiveness by attempting to driving down the people's incomes and neither will that protect the people's overall interests. Yet, is it that when more people join the high value-added trades and industries to earn higher income, the low-income class will get out of poverty? To this viewpoint, I only partly agree. It is true that the more people join the high value-added trades and industries, the more can the Hong Kong economy sustain its development and in general, people will earn more income and lead better lives. But we cannot ignore the disadvantaged in the community who may not have the ability and chance to receive the education, training and retraining to enable them to enter the high value-added business. Their livelihood will not necessarily be improved as the local economy grows. Just the opposite, this may lead to the rich and the poor becoming even wider apart and they becoming more separated from the others and thus falling deeper into poverty. At present, the poor elderly people and the older workers displaced from the traditional manufacturing industries are all in this plight. Therefore, some mechanism should be set up in the community and the Government should draw up some measures in order to give practical help to these disadvantaged people.

1. The Elderly

The elderly is one of the three major issues that Mr TUNG has promised to pay close attention to and is a problem that everyone is expecting the Government to find a cure. However, the policy on the elderly proposed in the policy address is indeed somewhat disappointing. Other than the increase of \$380 in the Comprehensive Social Security Assistance (CSSA) that is to begin next year, other specific plans, in particular, the construction of old age homes and care and attention homes for the aged, are not yet certain. While the former government's repeated promises to construct homes for the elderly are yet to realize, the present government even makes no mention about it. The Chief

Executive only proposes to buy 2 400 residential care places from the private sector over the next three years. For the 30 000-odd elderly people waiting for a place in these homes, they really wonder if they still have the chance to move in during their remaining days. In addition, out of the over 400 privately run elderly homes, only 21 are qualified to be licensed and the rest of them can only obtain a temporary certificate of exemption. The reason for their failure to obtain a licence is mainly due to insufficient manpower and facilities, boiling down to the lack of resources. Mr TUNG decides to set up an Elderly Commission and the first target is to provide for the elderly. If even this target cannot be reached, why bother with other long-term targets? Could it be that the SAR Government considers the overall economic development of Hong Kong more important and so pays less attention to such a money-losing business as the social welfare?

2. Welfare services

Other than the services for the elderly, the policy address has basically said nothing about other welfare services. Hong Kong has never been a welfare community. Our workers have all depended on themselves to make their living in the past. Under the high land price policy and economic transformation, the manufacturing industry keeps dwindling and the number of unemployed or underemployed workers shoots up. To eke out their living, the workers are willing to accept lower wages or switch to other jobs with lower pay. Although their pay is lower than before, inflation still rises and the lower classes of Hong Kong thus become poorer and poorer. The Employees Retraining Board can only help resolve problems within a limited scope but have not the means to deal with the problems faced by the disadvantaged people. If this situation is allowed to aggravate, the gap between the rich and the poor will only keep widening and ultimately destabilizes and shakes the community.

We have to set up an effective mechanism to help these people improve their present situation. The most pressing task now is to step up social welfare protection and set up a more comprehensive safety net, draw up a policy to help the poor and pool all resources to study how to help those under the poverty line and those who have pressing needs to get out of poverty. Moreover, the present tax regime has been implemented for two to three decades, to tie in with the changes of time, it is time that it should have an overall review so that all people in Hong Kong, of whatever strata, are able to share the fruit of social and economic development. Only then will it benefit our stability and prosperity

and enable Hong Kong to continue to progress steadily.

3. Housing

As the saying goes, "have a safe home and enjoy work". To all people across the territory, it is most important to have a secure home. The Chief Executive has three major targets on solving the housing problem; they are basically well received. Yet, I wish to point out something for everyone to consider, which is, "having a home" is not necessarily the same as "buying a home". It is of course great if every person in Hong Kong has the means to buy a home, but at least no one should be homeless. It is not the Government's duty to ensure that the people can buy a home but it should ensure that every citizen in Hong Kong has a reasonable and decent accommodation. In light of this, it is not important whether a home ownership rate of 70% can be achieved in 10 years; the most important thing is that everyone can have a home.

Of the 85 000 flats that the Chief Executive proposes to build each year, over 30 000 are to be provided by private developers. Private developers will only build houses and put them on the market when there is a profit to make. Under the present situation, to buy a privately built flat, an ordinary household will have to spend 40% or even 50% of its income on the monthly mortgage payment. If property prices do not come down substantially, unless the local economy grows rapidly to allow the general public's income to rise substantially, otherwise to have 70% home ownership rate is just to have hundreds of thousands more people working every day merely to pay the mortgage payments for their homes and it has nothing to do with improving their quality of life. On the other hand, as hundreds of thousands more people have to spend one half of their household income on the mortgage payments, their consumption power in other respects will be weakened. In that case, it does not do any good to the whole community. On the contrary, if property prices tumble in the next few years, it will only make the property market shrink. If it is so, I do not see any reason why private developers will still be willing to provide over 30 000 flats for the market as proposed by the Chief Executive. In that case, unless the Government builds large numbers of Home Ownership Scheme (HOS) housing flats and sells the public rental housing units, it will be very difficult to achieve the 70% home ownership rate in 10 years as expected by the Chief Executive.

As for whether selling large numbers of public rental housing and HOS

housing can really improve the people's living quality, it will depend on the prices of the public rental housing flats and the HOS housing. If the people still have to spend 40% to 50% or an even higher percentage of their income to pay the mortgage instalments of the HOS or public rental housing flats, then with their consumption power lowered, how will their living quality be improved? In fact, if property were not an investment tool for preserving monetary value, property prices would not keep on rising and the rents would be steady, in that case would there be people willing to spend 40% or 50% of their income to repay the mortgage loans of the flats that they purchased? And would they need to toil to pay off their mortgage loans for the rest of their lives? Worse still, they may not be able to repay the entire loan and have to leave it to their next generation to continue to repay it.

Therefore, actually the Government only has one major objective for its housing policy, which is to enable the people to have a home for a reasonable and affordable price, whether rented or bought. To this end, the Government has to substantially increase the production of public rental housing. The policy address proposes to take eight years to reduce the waiting time for public rental housing from the present average of six and a half years to three years; this is a bit too slow.

4. Education

"It takes ten years to grow trees but one hundred years to nurture people." It takes a sound and well-conceived education system to produce the cream of society with both the talent and virtue who can contribute to the development and progress of society. Now that Hong Kong is returned to China and we are the masters of our own house, it is a good opportunity to start anew a proper education system. Because of the colonial education in the past, many drawbacks are found in the system, one most obvious is the extreme inadequacy of a correct teaching on the history and national conditions of China. We should take this opportunity to enhance civic education, cultivate the younger generation's national sentiments and patriotism so that they can contribute more to the country and Hong Kong.

In the foreseeable future, there will be a substantial increase in the

school-aged new immigrants. Furthermore, it is the Government's set policy and everyone agrees to speed up the implementation of whole-day schooling in primary schools and to abolish all floating classes in secondary schools. But on the other hand, it takes time to find suitable sites for new schools. As an expedient measure, the Government should consider taking advantage of the existing schools in more remote areas. To encourage students and teachers to go to attend or teach in these schools, I suggest the Government grant them a suitable transportation allowance.

5. Medical care

Under the present medical system, the people can basically receive medical services almost free of charge and this situation is unlikely to change in a short time. Nevertheless, the costs of medical facilities and medication are rising sharply, thus pushing up the overall medical costs. As the Government has already put in huge amounts of resources into medical services and it is not possible to increase the allocation substantially year after year. In the long run, this is bound to affect our medical standard and service quality. Therefore, the Government should seriously consider ways to obtain new resources for our medical services. I suggest that the Government seriously look into the establishment of a central medical insurance system so that those who have the means can share our costs through the insurance system.

Compared with the elderly, housing and social welfare issues, health care seems less important and pressing. But in order to continue to protect the lives of the people and continue to improve their health, the Government should take prompt actions to study and review more our medical care system and should not wait till next year so as to draw up the most appropriate and comprehensive medical care system.

Madam President, I so submit.

PRESIDENT (in Cantonese): Mr YEUNG Yiu-chung.

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, in the first policy

address delivered by the Chief Executive, Mr TUNG Chee-hwa, after 100 days of his administration, not only the targets of the Hong Kong Special Administrative Region (SAR) Government in 1998 are proposed, but the development blueprint of Hong Kong straddling the centuries is also planned. The spirit and characteristics of "new era, new development" are given apt expression.

The areas covered by the policy address are very broad. I will now express my opinions and raise suggestions mainly on the part of education in the policy address on behalf of the Democratic Alliance for Betterment of Hong Kong (DAB). Being one of the three most widely concerned policies, the policy on education is a very important part of the policy address. Relatively speaking, the part on education occupies the largest number of paragraphs, accounts for the largest increase in resources and gives the greatest satisfaction to the public.

The education sector generally has favourable comments on the part of education in the policy address as its diversified requests raised during these years are basically responded to. I organized an education forum on the policy address on 11 October which was attended by more than 100 people from the education sector. On 18 October, I held a seminar for the education sector jointly with Prof NG Ching-fai and Dr TSO WONG Man-yin on the policy address. More than 70 people attended, including teachers from universities, secondary and primary schools and kindergartens. According to the opinions collected on these two occasions, the majority of the sector accepted and supported the targets and directions set in the policy address.

The DAB considers the part on education in the policy address forward-looking. It eliminates the former Hong Kong British Government's short-term policy which set no target on education and took only stopgap measures to deal with problems. I can summarize the new policy into four short phrases: "stressing foundation-building, status for teachers, priority for resources and improvements on schools".

For specific policies, the part on education in the policy address has also some new break-throughs. For example, emphasis is put on information technology (IT) education and a five-year IT education strategy will be formulated. \$5 billion will be allocated to set up the Quality Education Development Fund to encourage innovation and raise the quality of teaching. Respect for teachers is also emphasized. The policy address has accepted my

suggestion to designate 10 September each year as the "Teachers' Day". A General Teaching Council will be set up to enhance the professional status of teachers. The implementation of whole-day primary schooling and increase of graduate posts in primary schools will be greatly expedited. I suggested in the motion debate on the Budget for the year 1997-98 that the target of the whole-day primary schooling should be changed from the percentage of schools to that of students benefited. I am very glad to see that the policy address has accepted my suggestion and advanced the date to raise the percentage of students in whole-day schools from the original target of 40% to 60% to 2002 and advanced the date to achieve the target of 35% graduate posts for primary school teachers from the original 2007 to 2001, which basically goes along with "2002" proposed by us.

Undeniably, there are also some problems and deficiencies in the part on education in the policy address. Whether some of the strategies are feasible and effective or not should still be further argued.

In the following, I would like to talk about the two most controversial issues.

First of all, I would like to talk about information technology (IT) education. The DAB agrees with the target that at least 25% of the curriculum is supported by the new technology-aided teaching in five years' time. However, we opposes to have the "indiscriminate application approach" in the implementation of the policy without considering the actual situation and differences of various schools. For this reason, we should change the past tendency of only putting emphasis on the hardware but not the software, and focusing just on computer subjects but not computer-aided teaching. The policy on IT education should be flexible and with room for development. As the buildings of the over one thousand primary and secondary schools in Hong Kong have different features, and the number of teachers who know how to apply IT in teaching varies greatly, we do not agree that the Government can ignore the ability of the schools and distribute computers to them in a standardized way. We consider that the schools should be allowed to have more freedom in deciding on the number of computers installed, the models used, and locations for computers and so on. The schools can have the computers installed by phases within several years according to their development and progress of the teachers' training. Only flexibility in the policies can avoid waste of resources and can fully utilize the valuable resources.

As regards the professional framework, the DAB suggests the Government to set up a high level IT education policy committee directly under the bureau secretary for IT, with membership comprising academics, teachers, principals, people from the IT sector as well as government officials. The committee should advise on the formulation and implementation of the IT education policies. Within the Education Department, an IT education branch should be set up to implement the policies concerned and to co-ordinate the application of IT in various curriculums. An administrative post of IT co-ordinating officer should be added in each school, to be filled by a teacher who is very knowledgeable in computer-aided teaching, and responsible for promoting, leading and co-ordinating computer-aided teaching. At the same time, the Government should set up teaching software centres to develop the computer-aided teaching software for various subjects. Moreover, the Government should also establish computer teaching centres in different districts for students to use in leisure times. This can place students in an environment where they can learn and use computers in their spare time.

Secondly, I would like to talk about the new Native-speaking English Teachers Scheme. We conducted a questionnaire poll in all secondary schools in Hong Kong on the recruitment of native-speaking English teachers last Wednesday. 507 questionnaires were distributed in total. Only within a short period of five days, we received 210 valid questionnaires, a response percentage of 41.4%. According to the survey, more than 50% of the schools agreed with the proposal to recruit native-speaking English teachers, 33% against it and 12% had no comments. However, most of the schools consider that it is unreasonable to grant an additional housing allowance of \$20 000 to the native-speaking English teachers. The DAB considers that it is acceptable if the recruitment of native-speaking English teachers is only a temporary measure and just for making up the current insufficiency of qualified English teachers. However, we should avoid "same work, different pay" from happening and should provide some induction counselling for the native-speaking English teachers.

How to solve the problem of "same work, different pay"? The DAB suggests that the new recruitment scheme of native-speaking English teachers should be amended as supplementary English teachers scheme. Under which only the English skills of the applicants will be considered, regardless of

nationality. Recruitment should be opened to the public to ensure fair competition. The best candidates will be recruited with same pay for the same work. For this reason, the Government should cancel the monthly housing allowance of \$20 000 and offer one-off a "settlement allowance" of about \$200 000 instead to successful non-resident candidates. This is not only fair but also reasonable. At present, as the contract staff in the tertiary institutions are entitled to a contract gratuity of about 15%, we suggest that the contract gratuity for the additional English teachers should be reduced from 25% to 15% and the scheme should be reviewed immediately two years after implementation. There is no need to wait five years for the review so that the result can be assessed promptly and improvements can be made in time. In the long run, the quality of the local teachers should be emphasized. The DAB urges the Government to speed up the training of teachers and raise the standard of the local English teachers. We consider that this is the ultimate way to improve the English skills of the students.

Moreover, in the policy address, there are a mere few words on pre-school education whilst adult education and exchange programmes with the Mainland are not mentioned at all. The date for abolishing the floating classes at the Form Six level is not specified. The number of students in each class in primary schools has to be increased in order to implement whole-day primary schooling. The DAB is disappointed.

The DAB suggests that the Government should fully subsidize kindergarten education and include it in basic education planning. Moreover, the Government should also set up a training centre for teachers in the pre-school education field so as to provide induction and on-the-job training.

Apart from ensuring the good quality of the newly recruited teachers, the SAR Government should figure out how to attract brilliant talents to join the teaching profession. At present, the workload of the teachers is very heavy and the working environment is poor, which is unattractive to talents of good quality. Although it is mentioned in the policy address that more than 800 clerical posts would be provided to schools, it is still insufficient to relieve the burden of administrative work on the teachers. The DAB hopes that the SAR Government can take some effective measures to improve the working environment of the teachers actively. These include increase of staff, reduction of teaching hours, improvement of facilities in the staff room, and simplification of the administrative work in schools. Thus, teachers can concentrate on teaching and

have more time to counsel students. The DAB also hopes the SAR Government will implement the policy of mother-tongue teaching actively and to enhance education on the national consciousness and concept for the youngsters.

Madam President, the development of education is a fundamental task crucial to our future generations. Education is not a business. Even though resources are invested, production may not be under control. We should be enthusiastic in education and should also consider the effectiveness.

Whether the educational reforms can be successful or not, the crux lies not only in the implementation, but also in the co-operation and effort put forward by the education sector. However, if the administrative framework of education is not reformed, it is very difficult to direct education in the SAR into the 21st century successfully. We hope that the SAR Government can have some break-throughs in this area.

Madam President, I so submit. Thank you.

PRESIDENT: Mrs Elsie TU.

MRS ELSIE TU: Madam President, I shall concentrate mainly on the theme of the policy address, namely, "Building Hong Kong for a New Era". This theme runs through the whole of Chief Executive TUNG Chee-hwa's speech, which I intend to support. Hong Kong must bury its colonial past, and from whatever was good in that colonial past, I hope that the roots of the new era will grow and flourish.

Mr TUNG has set the scene for this new era, pointing out the promising environment in which the new Hong Kong era will grow, that is, in the context of China's progress in the past 20 years. In that environment, China and Hong Kong together will be a major power, by the middle of the new century which we are about to enter. That power, I am sure, will be economic and not military power. And to be a major economic power, social issues must also be addressed. While I do not deride all the achievements of the former colonial government, I must say that much of its progress was piecemeal, while its social progress almost all sprang from a groundswell of discontent. Senior British civil servants came and went. Some were capable, some were not suited to their posts, but even at their best they were still loyal subjects of Britain, and looked

upon Hong Kong as a British colony rather than as an integral and equal part of a sovereign state. To that extent, they performed their duties without any strong feeling of loyalty to the local people.

During my 46 years in Hong Kong, I have seen many improvements. The long struggle for free basic education was won, only after a struggle, in 1978, but it had little vision for the needs of Hong Kong's future. The result was that the system benefited mainly the cream of the younger generation, but offered little to the non-academically-minded. The results are now evident in the number of unemployed who have not been educated or trained to undertake the jobs now available — jobs for which we are importing skilled and unskilled labour, and creating ill-feeling among the local people. Moreover, Hong Kong has followed the way of the western developed countries in employing cheap labour to replace local workers to avoid paying the cost of ever-increasing benefits. It is time for capital and labour to come to terms and not struggle to outdo one another, but to build up Hong Kong together in this new era.

In his speech, Mr TUNG gave us hope that mother-tongue education will lead to better academic performance by those with language difficulties. I welcome the return to mother tongue, a move I have been advocating for decades. I also welcome the proposal to provide quality education, and the introduction of more training in information technology in schools. But I have some reservations. I am worried that the proposed schools award system may degenerate into awards based on examination results. That would mean that schools which are allocated Bands 1 and 2 students will become even more privileged, while those allocated Bands 4 and 5 students will sink even lower. It is human nature just to judge quality by examination results because they are easy to calculate, while managers and teachers of schools that struggle with the discipline problems of lower grade students may become even more demoralized. I hope that will not happen.

I would still like to see attention being paid to the problem of how to prepare non-academically-minded students to contribute to the community, and not become outcasts seeking gang support that may lead to prison life. I hope to see a new era in education resulting not only from the use of mother tongue, but also from government efforts to provide the education that each band of students can manage, and to ensure that those young people who have academic difficulties will also be able to make a decent living when they reach adulthood.

Some critics have spoken against the social welfare policies proposed.

Some demand an old age pension scheme for all. But does everyone need it? I think not. Others have demanded more Comprehensive Social Security Assistance (CSSA) handouts. From his speech, I have the impression that Mr TUNG has a wider interpretation of assistance to the needy than those who organize demonstrations where the people hold banners bearing the names and logos of their organizers' political parties in preparation for next year's election. I personally have always fought shy of using needy people to boost election chances, and prefer to see the people themselves holding more spontaneous and orderly demonstrations that do not advertise any political party. I deal with many needy people, including the elderly, single-parent families, low-paid workers and the unemployed. None of them complained about the amount of CSSA payments they receive, and most would prefer to work if they are in good health. In the past, the work ethic of the people has been high. Do we want to destroy that by seeking CSSA payments that are higher than the salaries of others who work? If so, who will want to work? And who will pay for them to live without working? What we need to do is to provide work for all who are able to work, and seek ways to encourage and enable single parents to work to support their families.

I am in favour of taking a comprehensive and not a piecemeal view of social issues. For those unable to work, we must ensure that they have nourishing food, housing and medicare. Families of the elderly must be encouraged to take care of their parents rather than seek public money unless absolutely necessary. Housing near to relatives could be allocated to the elderly who have been separated by housing policies from their married children or relatives. For the sick elderly, I believe that much hardship could be avoided if sooner rather than later Chinese medicines could be dispensed by public hospitals and clinics for those who prefer Chinese to Western medicines.

Every effort should be made to keep those who can work active, because once the work ethic is damaged, it will be difficult if not impossible to reactivate it.

Some politicians and some of the media have criticized Mr TUNG for saying little about the democratic process. I guess most of us are sick of hearing about that in the past five years. However, the progress set out in the Basic Law for the next 10 years is better than anything we had in the colonial era. "One man one vote" is not a panacea for all ills as some pretend. It would not necessarily produce a more egalitarian community, but it would certainly produce

a divided community, with political parties struggling for power.

To me, democracy is like a tree. It takes years to grow a strong tree with roots to withstand the winds and storms. No tree dropped onto the ground from above can take root; nor can democracy be successfully bestowed from above on people many of whom never had the chance of education under the colonial system; those who did go to school heard nothing about democracy because the subject was outlawed in schools until less than 10 years ago. So how many people really understand the pros and cons of democracy? How many just vote for the eloquent speakers they see posturing on television? How many vote as they are told after a free picnic, a show or a distribution of goodies? I am not blaming the voters because some give their vote as a thank-you gesture. But I do blame the politicians who try to corrupt people in this way.

Most voters in Western countries in fact have become disillusioned about democracy. It is a sweet-sounding name which has become a password to power. Too many military dictators have used a semblance of democracy to gain foreign aid both in cash and guns to suppress their own people. Too many academics or rich people have gained power in the name of democracy. Past and recent history can be witness to these facts. All too often, politicians gain power by making promises they know they cannot keep. Hong Kong is no exception. Some politicians here entice people with promises of greater benefits and cheaper facilities, along with lower taxes and charges knowing that with an administrative-led government they do not have to fulfil their promises and can shift the blame to the Administration for failure to deliver.

Madam President, the Chief Executive in his policy speech hit the right note. He will concentrate on long-term solutions to the needs of the people, that is, housing, better education, and welfare only for those who need assistance.

Mr TUNG has also led the Hong Kong people back to their roots. Every nation has its strongest roots in its own culture, its own language, its own philosophy, its own history. Yet, in looking back, Mr TUNG has also looked forward to the future, the era that dawned on 1 July, and the future in which China will take her rightful place in the world, an era when the people of China and Hong Kong will enjoy the fruits of their own long and glorious cultural roots.

I support the vote of thanks to the Chief Executive for this first policy address on building Hong Kong for the new era within the sovereignty of the Motherland.

PRESIDENT (in Cantonese): Mr YUEN Mo.

MR YUEN MO (in Cantonese): Madam President, Mr TUNG Chee-hwa delivered his first "Hong Kong people ruling Hong Kong" policy address after the Hong Kong Special Administrative Region (SAR) Government was established for 100 days. I think this is a progressive and pragmatic policy address which should be acceptable to our community.

I term it progressive, because this policy address does not merely focus on the coming one or two years. Its horizon stretches to cover the 21st century, with plans for the long-term development of Hong Kong. Therefore, it will not be much exaggerating to say that this policy address is the blueprint for Hong Kong to develop into the 21st century. It has many initiatives regarding the important issues affecting the future development of Hong Kong.

I term it pragmatic, because this policy address is very realistic about matters of great concern to our community. It talks about the competitiveness of Hong Kong, our housing, education, social welfare needs and so on. It has also proposed some very pragmatic and practicable solutions to these issues.

The basic theme of the policy address is to develop our economy and to improve our livelihood. The Chief Executive has devoted most of his policy address on economic and livelihood issues. I think this is appropriate, and is also in line with the practical situation of Hong Kong. Economic development should always be placed on the very top of our agenda. If we fail to focus on economic development, then we will not be able to maintain the prosperity of Hong Kong and continue to raise our standard of living, and our Government will be a very irresponsible one.

I think we should accept the policy address, though there are some inadequacies, or I should say, omissions in some areas. The following are some examples.

First of all, SAR Government might have underestimated the problems we

are facing. In fact, at present and in the future, we are facing very strong competition from other countries; and there are also some irrational elements in our internal economic structure. We are losing our competitive edge in respect of cheap labour; we have to pay a very high price for the further restructuring of our economy; and we lack the necessary conditions for the development of new technologies and still have a very long way to go in this aspect. In terms of development in the areas of housing, transportation and environment, we still have to put in a lot of resources. Therefore, we still have a very difficult task ahead of us. While we have confidence in our future, we should not be blindly optimistic. We must properly estimate our problems, and it is necessary for us to have a sense of crisis and be accountable to our community.

Secondly, in developing high technology industries, we should do more than upgrade small and medium enterprises. The participation of large enterprises should also be encouraged. The policy address has put forward the idea of developing high technology, and has provided new initiatives. For example, the Government has plans to inject up to \$500 million into the Applied Research Fund, to support the commercialization of research in information technology and other high technology fields; and to support the establishment of a "Venture Board" secondary stock market, to help the small and medium enterprises to raise capital and so on. However, the development of high-technology industries requires huge investments, and the resources of the small and medium enterprises will not be sufficient. The sizes of local industrial investments are usually too small and these investors tend to look for quick returns on their investments. I think these are the major obstacles to the development of high-technology industries in Hong Kong. Moreover, for a long period of time, the large enterprises of Hong Kong are only keen on property development and financial services. They are not interested in investing in industries, especially high-technology industries which take a longer time to harvest returns on investments. Under such circumstances, I wonder whether the Government can provide the environment and framework to attract capital investments from large enterprises into high-technology industries. Now that Hong Kong is reunified with China, I think the pattern of our investments should also be changed, and we should not be as short-sighted as before. If we are able to make the enterprises realize that though they have to wait longer for returns on their investments, if they invest in high-technology industries, there are bigger and more stable benefits to be reaped. Once they see that, I think they will not miss the opportunity to make profits. I believe we will have a bigger chance of success in the development of high-technology industries if

large enterprises are involved.

Thirdly, we must not lose our position as a world trade centre and world shipping centre. The SAR Government should spare no efforts in ensuring that our re-export and transshipment industries will continue to grow. We all know that Hong Kong has built its strengths upon shipping and trading industries, and re-export and transshipment are particularly important to the success of Hong Kong. Trading and shipping are not only the source of our economic development, and they still have a very important role to play in our present and future development. Last year, the former Financial Services Branch issued an analytical report on "the contribution of container transport to our economy". I had a very deep impression on two figures of 20% in the report. First, it was reported that container transport directly and indirectly accounted for 20% of our Gross Domestic Products. Second, the container transport industry (including related industries) provided 600 000 jobs for our community, accommodating 20% of our workforce. The importance of the shipping industry is clearly illustrated by these figures. But, regrettably, Mr TUNG has not mentioned how we can guard our position as an important trading and shipping centre in the policy address. In the chapter on "A Better Business Environment", Mr TUNG has devoted a lot of coverage to financial services, and he has also touched on tourism and other industries, but nothing has been said about the trading and shipping industries. I think the SAR Government should accord more importance to them. Are these industries faring so well that the Government thinks that we have nothing to worry or talk about? But, that is certainly not the case. In the recent couple of years, exports from Hong Kong are dropping and re-export has also obviously slowed down. A lot of shipping merchants have moved their base of operation elsewhere, and their ships no long fly the flag of Hong Kong. Shipping industry, container transport industry in particular, is facing great competition, and there are plans on a new Euro-Asia bridge. The future of the shipping industry is no longer bright. Therefore, I think that the Government should come up with plans as soon as possible to meet the challenges ahead.

Madam President, with these remarks, I support the policy address of the Chief Executive, Mr TUNG Chee-hwa.

PRESIDENT (in Cantonese): Dr Charles YEUNG.

DR CHARLES YEUNG (in Cantonese): Madam President, the first policy address by the Chief Executive Mr TUNG Chee-hwa is an outline of his policies for governing Hong Kong in simple language, with straightforward arguments and sincere expression. The policy address is well received by the public in general. In my view, the policy address is substantial in content, setting out both targets and concrete measures. It both addresses the current problems and makes long term planning, showing the courage and spirit to maintain vitality in the face of fierce competition in the modern world.

The keynotes of the policy address are economic development and improvement of people's livelihood. In the beginning of the policy address, the Chief Executive states his "Outlook on Development", with paragraphs 12 to 48 on economic issues, while many other paragraphs dealing with the economy. This shows that the Chief Executive places great emphasis on economic development and he names "A Better Business Environment" as the foremost objective of his programme.

The programmes and policies set out in the policy address, such as stimulating new technology industries, improving financial services, improving the quality of education and developing information technology, are all imbued with the "high value-added" concept. This is extremely insightful. When we talk about how many housing units are to be built each year, how much funding is allocated by the Government to education, how many infrastructure projects are to be carried out and how much Comprehensive Social Security Assistance (CSSA) payment the elderly will receive, we must not forget the overall outlook and macroscopic decisions in the policy address on the future development of Hong Kong.

The policy address also points out that the stability and prosperity of Hong Kong and China as well as the fundamental interests of Hong Kong and the whole country "are closely linked". This should be the starting point for the Hong Kong Special Administrative Region (SAR) Government to formulate policies for the relationship with the Mainland, as well as strategies for Hong Kong's long term development. We should also take full advantage of the relationship between Hong Kong and the Mainland. The policy address also

proposes that the working relationship with the Mainland should flourish comprehensively in all fields such as the economy, finance, trade, transport, culture, education, science and technology, tourism and sports. The "Hong Kong and Mainland Major Infrastructure Projects Co-ordinating Committee" should do its work and conduct in-depth studies on specific cross-border projects, such as large-scale transport infrastructure projects and cross-border links, in order to promote further co-operation between Hong Kong and its neighbouring regions in the Mainland. On the whole, much of the policy address is devoted to economic issues, proposing long term planning realistically and in great detail, while clearly stating the need to abide by capitalist economic rules.

Madam President, the policy address especially stresses that Hong Kong should develop high value-added and high technology businesses. Indeed, Hong Kong has a large population on limited land and lacks natural resources. It is thanks to the hard work of Hong Kong people that it has become an international metropolis. However, many Asian countries have now caught up and their economies have taken off. Therefore, we need to reach further heights. If Hong Kong wants to improve its overall economic growth, it must fully develop into an international industrial and commercial centre. In other words, Hong Kong needs to develop its human resources and other resources and apply them to different areas of the production chain, including scientific research or basic research, product design and development, production engineering, manufacturing and assembly, the opening up of international markets and distribution, operation centre services and so on. If we want to maintain the attractive business environment in Hong Kong, we will have to enhance training of the workforce in these areas, improve the effectiveness of related infrastructure as well as strengthen our global communications so that businessmen in Hong Kong can have easy access to information from all parts of the world.

The policy address also mentions the intention to keep the tax regime simple, predictable and low so that Hong Kong can maintain its strong competitiveness. The Financial Secretary is reviewing the whole system of profits tax. Apart from being concerned about the effects of taxation on the industrial and commercial sector, the Government will also closely monitor the costs its regulatory licencing framework imposes on businesses, as well as the efficiency of government services. At the same time, the SAR Government will adopt all feasible measures to try to lower operating costs and ensure that Hong Kong can maintain its strong competitiveness as a business and financial centre.

These measures will contribute to a better investment environment and continue to maintain Hong Kong as a popular location for world investment.

However, in order to achieve a healthy development of the economy, Hong Kong cannot rely on the service industry alone, but should also give strong support to the manufacturing industry. As a result of the transformation of Hong Kong's manufacturing industry, its share of the gross domestic product dropped from 18% in 1990 to 9% in 1995. Despite this, the manufacturing industry is still an important branch of the local economy. In 1996, the industry was the third largest employer in Hong Kong, the number of employees accounting for 12.9% of the total number of persons employed. In addition, many services, such as fashion design, accountancy, banking and transport are directly related to the manufacturing industry.

Madam President, Hong Kong's industrial development is facing fierce competition from rising Asian industrial nations and the "Three Little Dragons". What can the SAR Government do to increase Hong Kong's competitiveness? Over 80% of Hong Kong's factories are small and medium ones which lack the financial means for independent research and development. In the past, the annual funding allocated by the Hong Kong British Government to support industrial scientific research was less than 0.2% of the total output value of the manufacturing industry. This is too low in view of Hong Kong's financial ability and the needs of the industries. Therefore, I hope the SAR Government will increase the funding for industrial scientific research by a larger margin. In the long term, the SAR Government should consider linking the high value-added industry and high technology research funding directly with the output value of the industries and services. Only thus will manufacturers and the relevant scientific research personnel have confidence to continue operating in Hong Kong.

Besides, a comprehensive fair competition policy will have a great bearing on the future economic development of Hong Kong. Hong Kong needs a set of more comprehensive policies and legislation covering an extensive area to promote fair competition in order to enhance the efficiency of various industries. It would also lend support to Hong Kong's demands to the international trade community for the abolition of protectionism and the formulation of a global competition policy.

Madam President, one main feature of the policy address is its perspective and far-sightedness as well as its long term planning for the overall future of Hong Kong. The address points out that the SAR Government "has to plan with specific focus on adding value to our economy, and seriously considering our ability to compete in the world market". This shows that the Chief Executive and the SAR Government adopt an assertive approach on the issue of building Hong Kong for a new era. With the "high value-added" concept and the emphasis on enhancing the quality and increasing the number of citizens entering high value-added businesses, Hong Kong will remain invincible in the face of extremely complex and fierce international economic competition in the future.

I so submit in support of the Chief Executive's first policy address.

PRESIDENT (in Cantonese): Mr James TIEN.

MR JAMES TIEN: Madam President, the business sector expected the Chief Executive's policy address to help Hong Kong achieve prosperity and stability.

The address he subsequently delivered on 8 October met our expectations closely with its focus on the economy and away from politics. He specifically assured us that political reform would adhere to the Basic Law principle of evolutionary change with a referendum on complete direct elections in 2007. We agree with his approach. Now is not the time to revive divisive political arguments left by the British administration.

For two days this week, the provisional legislature will pass formal judgement on his address. Those who are practical will agree with him that Hong Kong thrives by devoting itself to the economy the greatest dividend of which is an enlightened society that is the envy of Asia. We give applause to his vision. We also endorse the direction of his government as it does its part for prosperity and stability. As for a conclusive verdict, though, it may have to wait until the policies are implemented and the evidence of success is more obvious.

All in all, his address was an eloquent call for us to return to the basics of hard work, diligence and enhancing one's own knowledge and ability instead of

always only fighting for one's rights. Only then, with our moral strength, may we triumph in the high tech future in which a competitive edge means enormous riches for everyone, investors and workers alike. According to an independent opinion survey, his appeal has the support of over 80% of our people.

Mr TUNG saw that our community has been distracted over the past few years with class conflict that got us nowhere. The arguments of the widening gap between the rich and the poor, the haves and the have nots, the educated and the less educated. What counts is not people divided, but united, to overcome outside competition and domestic adversities. He felt that if we continued to neglect our fundamentals, our technology would then lag even further behind in a race that we were already late in joining because of the previous government's policy.

I fully support Mr TUNG's total blessing to the Science Park in Pak Shek Kok, the second Industrial Technology Centre in Kowloon Tong and the fourth Industrial Estate in Tuen Mun. He additionally pledged another \$500 million for the Applied Research Fund. He also encouraged the Stock Exchange to study the feasibility of a venture board to help small and medium enterprises raise capital. All these are not gestures but are a reflection of his Administration's unequivocal commitment to the future through a business friendly environment.

Madam President, the previous government mistakenly insisted on rapid, full cost recovery for services rendered to the business sector because it considered assistance to business as expenditure and not investment.

As a consequence, fees and regulations kept on increasing in recent years, adding to the burden of inflationary property prices and labour costs borne by companies. The result of steep fees and stringent regulations was not better administration, but an excess of it as bureaux overlapped and private initiative stifled. Some of us, representatives of businesses, urged the previous government to reconsider those schemes but sadly in vain.

Therefore we were delighted that Mr TUNG, two weeks ago, promised to look into 28 projects to cut red tape, offered an independent service agency to sort out the cumbersome regulations and improve government services to industry. On top of those remedies, there would also be \$50 million to help the

service sector and \$100 million in new funding for the Hong Kong Tourist Association to organize events and fund around 50 programmes to attract visitors over the next five years. Just last week in Tokyo he did his best to persuade the Japanese that their visitors would be fairly treated. I call upon local hotels and businesses to meet that promise.

The Chief Executive also understood our future rests on the education of our youths who have to be equipped for the highly skilled and innovative jobs of the new century. In the global economy, national boundaries will be further blurred. Those to come out ahead in the competition are the ones providing the services, value added goods, capital and ideas. Mr TUNG promised to spend \$5 billion on a Quality Education Development Fund to redesign the curriculum, introduce computer technology to more classrooms, and teach our youngsters to be fluent in English, Cantonese and Putonghua, so that our youths may lead Hong Kong past year 2000.

Most practical of the education initiative is the proposal to employ 700 native English speaking teachers. The Professional Teachers Union (PTU) denounces the programme as "discriminatory" because it offers a \$20,000 housing subsidy as an inducement to these select professionals from abroad. We have to remind the PTU that the housing package is necessary to entice the top teachers with the right expertise to come to Hong Kong and is not meant to discriminate against anyone. The word "work" in "equal pay for equal work" does not mean work in an hourly sense. It means quality, ability and productivity before one gets equal pay. We simply do not have enough of that kind of teachers in Hong Kong. No amount of housing subsidies paid to PTU members can produce native English speakers, and that is the plain truth. All the parents are aware of that.

Madam President, the Chief Executive was bullish about housing, envisaging the building of 85 000 private and public sector flats a year, soft loans of up to \$600,000 each for some qualified first time home buyers, plus more land for development and speed up government procedures. He also talked about turning our society in which half of the households are housing estate tenants into one where 70% are private homeowners by 2007. All these I support. There are some of us who doubt whether his targets are realistic, also some who applaud his aspirations and ambition that echo our hope and our dreams.

As moved as we were by his conviction, I am still not completely convinced by his agenda until his Government has furnished us with more details about how he can carry out all of his policy suggestions.

Mr TUNG was especially unclear about imported labour whose presence would be crucial to his plans for building 85 000 flats each year, and for providing more nurses for the elderly in retirement homes.

His promise of a thorough review on the labour importation policy implies that we would still have the luxury of time, when we simply have not. Hong Kong needs imported labour in some key sectors urgently.

Mr TUNG may have chosen caution over courage on the labour importation question as a concession to union sensitivity. But the Government cannot procrastinate just to please that lobby at the expense of our "competitiveness", a dominant message in the policy address. Sometimes opportunities lost due to the labour shortage are opportunities that may not come back again.

Madam President, at a briefing with the Government shortly after the policy address, I asked the Secretary for Education and Manpower to give us an estimate on how much imported labour might be needed to help us fulfil the programmes envisaged by Mr TUNG. Mr Joseph WONG cannot answer because the Government had no such estimates. I suggest that the Government should make a detailed preliminary assessment right away because, no matter how terrific all the programmes may appear on paper, they mean little if they are thwarted by a labour shortage even with adequate funding. The Government simply has to devise a new import labour strategy right away to fulfil all the promises the Chief Executive had given in his policy address. Otherwise, all his promises will eventually turn into a "blank check" — "blank check" not due to insufficient fund, but due to insufficient labour.

Mr TUNG also avoided dwelling on the problem of Hong Kong's high wage rise in the last 10 years, perhaps, again, because of labour unions. But this discrepancy between pay and productivity, and I repeat "productivity" not "inflation", cannot persist if we are to compete against Southeast Asian economies with their depreciated currencies and thus reduced labour cost.

The Chief Executive also was not explicit enough either about the 28 projects he had in mind to reduce bureaucracy and red tape to reduce the fee

charged to business under the "user pays, full cost recovery" principle which we support.

Madam President, in naming eminent physicist, Professor YEUNG, to head the advisory committee on applied technology, I feel that while we respect the contributions of academics, we believe the committee would gain even more credibility by having a balance of scientists and businessmen who have actual experience in converting innovative concepts into product and services which can create better jobs for local workers and investment opportunities for our businesses.

Perhaps the single most notable omission in his otherwise excellent policy address is that it has not clearly committed the Government to a corporate tax cut which would be the ideal supplement to his many pledges for the business community. Such a tax cut will not cost the treasury much, but will give international investors a positive message. We count on the oversight to be corrected in the Financial Secretary's Budget in the spring.

Finally, Madam President, we of the business community share Mr TUNG's optimism and his faith in our future of high tech, high value added products and services. To us, his policy address was a defining moment for the Hong Kong Special Administrative Region. If his proposed measures are adopted in full, his vision will become a reality and we, employees and employers, workers and investors, will be better because of it.

Madam President, I support the original motion.

PRESIDENT (in Cantonese): Mr Kennedy WONG.

MR KENNEDY WONG (in Cantonese): Madam President, after the Chief Executive delivered the policy address titled "Building Hong Kong for a New Era", I commissioned the Institute of Asia Pacific Studies of the Chinese University on behalf of the Hong Kong United Youth Association to conduct a telephone questionnaire survey regarding the attitude of the youth of Hong Kong on this address. This survey was conducted on 8th and 9th of October in which 747 people aged between 18 and 40 responded. The survey has found that most of the respondents are on the whole satisfied with the Chief Executive's first

policy address and the general score they have given is 60.8 which is far higher than the scores received by the colonial governor in the past two years. Out of all programmes, the ones on improving the quality of education and promoting economic development have received the highest scores, 62.2 and 61.5 respectively. Others programmes such as solving the housing problem, improving the social welfare system and improving the welfare of the elderly have also received a higher score than the pass mark while the only one receiving a lower score is that on political reforms. Overall speaking, we can see that the younger generation of Hong Kong considers this policy address acceptable. The Chief Executive has performed fairly well because, Madam President, as a young person myself, I know that young people are generally more critical and therefore with this result, we have announced to the public that the policy address is very satisfactory.

Taking a general look at the entire policy address, we find that the Chief Executive has not evaded the major problems being faced by Hong Kong now. He sorts things by order of importance and urgency. First he focuses on economic construction and delineates a detailed and clear development strategy for Hong Kong in the next decade and lays special emphasis on the development of the economy and livelihood. Such a down-to-earth and responsible attitude has also demonstrated the Chief Executive's firm commitment to Hong Kong and his determination to resolve the various problems faced by Hong Kong at the moment.

He has spent a relatively large amount of words on discussing the economy. Actually, Hong Kong has been faced with very keen competition in recent years; especially after the changeover of sovereignty, we not only are faced with the competition from the mainland cities surrounding us under one country, such as Zhuhai, Shenzhen and Guangzhou, but also have to compete with other countries and big cities which are also undergoing rapid development. In the face of the cut-throat competition, and coupled with the high inflation in the last 10 years which has been sending costs up and our competitiveness down, our business environment is far from satisfactory. I have just read the news report that another big telecommunications corporation has laid off part of the local staff and moved some of its facilities to Macau and is preparing to run a paging station there. Therefore, with the weakening of the local economic power which affects our business environment, the ultimate victim is the general public, including the labour class. Therefore, the most pressing action for the Hong Kong Government to take now is to help maintain a steady growth in our

economy. I have also suggested to the Financial Secretary that we reduce the profits tax by stages. In addition, raising the basic personal tax allowance can also increase the actual income of the people and both are ways to boost the economy in Hong Kong.

In the last 10-odd years, the pegged exchange rate has been piling many problems on Hong Kong. The economy is on the decline; many local enterprises and industries are struggling for survival, being faced with the problem that their turnover may still have room to rise but their actual profit keeps falling. The Government must seriously look for ways to resolve the problem of the rising inflation and allow our enterprises some room to breathe. Otherwise, all the enterprises will gradually move out of the territory.

Many sections in the policy address emphasize the development of high technology and high value-added business. This is a correct direction. In most developed countries and territories, their industries are also developing towards using high technology and high added value. In his policy address, the Chief Executive also talks about building Hong Kong into a creative society and the innovation centre of the region which I totally agree. In fact, we have started very late. Looking at our neighbouring countries, we really have to catch up with them as fast as possible. Nevertheless, to achieve such an ambitious goal, we are at present extremely short of people with the relevant expertise and skills. Owing to the education and social atmosphere of Hong Kong in the past, we had not been able to nurture the people needed by these industries. To meet the development needs in the short run, it is absolutely necessary to bring in a proper number of these professionals. Hence, I totally agree with the Chief Executive that we need to review this policy, the scheme for bringing in mainland professionals in particular. In the last three years under the rule of the Hong Kong British Government, there was a very strict approval system in respect of this scheme and the system made employers reluctant to use the quota provided. In the past, out of the 1 000 places available, only about half of them were utilized. These professionals are the top students of 36 key universities and institutes in the Mainland and can be considered elite of the elite of the country but because the approval system was too strict in the past few years, many of them were taken in by other countries whose regulation was more lenient than Hong Kong's, such as America and Singapore. Therefore, it is

absolutely necessary to review this approval system and review the scheme for entry of mainland professionals into Hong Kong.

The younger generation of Hong Kong has always been considered being over-protected. They have no sense of crisis. Some of them only care about living for today and do not know how to handle their lives in difficult times. We can see youth problems emerge in recent years. When they are under pressure and unable to deal with it, they commit suicide. Therefore, I think that with regard to the youth policy, other than considering their relation with the community, family and school and education, I think that the key lies in the need to give them a certain pressure and let them have a certain feeling of crisis. Therefore, bringing in an appropriate number of elite people from the mainland universities and institutes, will create more competition in this respect and stimulate our younger generation to work harder. As the youths of Hong Kong can freely seek jobs in the Mainland, so we also need to allow an appropriate number of mainland elite who are in great demand here to come to Hong Kong.

Before the changeover, I put forward the idea "China using Hong Kong people", that is, the outstanding workers of Hong Kong can play a part helping build the economy in the Mainland. For instance, many managers and foremen working in China are from Hong Kong. And now, the situation may need to be reversed. If we want to develop high technology and high value-added enterprises, then we have to take full advantage of the technical research experts from the mainland universities and institutes.

Considering the whole policy address, I do not agree to all the issues. As a member of the legal profession myself, I somewhat regret that the policy address has not touched on how the rule of law is to be maintained and how to enhance the people's understanding of the rule of law. As Hong Kong is an international commercial city, the Government has to instil the correct understanding of the protection of the rule of law into the people so that we will continue to have a level playing field for all.

Moreover, the Government has not mentioned the democratization progress under the Basic Law. Everyone can see that in accordance with the Basic Law, the third Legislative Council election will be held in 2004 and before the fourth election, there shall be a review mechanism drawn up in 2007 and the Government will be faced with tremendous pressure by then. In the opinion

poll that I conducted on 14 October, I found that over 30% of the people thought that the pace stipulated in the Basic Law was too slow. Therefore, concerning how they are to handle the pressure from the various sectors after 2004, I think that the Chief Executive and the Government should ponder upon it and be prepared well in advance.

Overall speaking, this policy address has taken a very far and broad view on Hong Kong. It has outlined a blueprint for Hong Kong straddling the centuries. I myself am satisfied with the policy address and therefore, Madam President, I support the motion of thanks.

Thank you.

PRESIDENT (in Cantonese): Mr NG Leung-sing.

MR NG LEUNG-SING (in Cantonese): Madam President, before speaking on the motion of thanks, as a Member of the Provisional Legislative Council, I would like to take this opportunity to congratulate the Government on the great success in hosting the major events that took place before the delivery of this policy address. These events, which captured the whole world's attention, included the inauguration ceremony of the Hong Kong Special Administrative Region (SAR) and the 52nd annual meetings of the World Bank/International Monetary Fund. At the same time, I would also like to take this opportunity to pay my sincere tribute to all who participated in the organization of these grand ceremonies and meetings, including government officials and workers, staff members of the Monetary Authority, and also officers of the disciplined services who stood fast to their posts. They all helped Hong Kong win the world's compliments in these major international events.

On the whole, the first policy address delivered by the Chief Executive 100 days after the SAR's establishment is pragmatic, cautious, forward-looking and with a strategic insight. It will help boost business and will have a positive effect on Hong Kong's economic and social development in the next century.

Compared with those in the colonial era, this policy address has the following features:

As the sovereignty of Hong Kong is returned to China and the "one country, two systems" policy is implemented, the first thing that the policy address of the SAR Government has to do is to really put into effect the "one country, two systems" relationship between Hong Kong and the Mainland and the policy address has a rather good grasp of the matters in this respect. It uses the bright prospects of our country as the background for Hong Kong's development, emphasizing the importance of the economic relationship between Hong Kong and the Mainland and at the same time considering the long-term development targets of Hong Kong as an independent economic entity. The policy address works out the "one country, two systems" concept through practical work and puts this concept into practice through the actual economic and social operation. As it shows the international community how Hong Kong is to implement the "one country, two system" policy after the changeover, it will have a favourable impact on the international community.

Other than this, the policy address can marry the short-term and long-term goals together in the consideration of the social and economic development strategies, which is a sharp contrast with that in the colonial era which mainly set its eye on the short-term interests. The dominating part of the policy address is on strengthening the infrastructural construction, stabilizing property prices, enhancing economic competitiveness and improving the people's livelihood, laying great emphasis on building economic co-operation between Hong Kong and the Mainland. All these measures show that the Government has grasped the key issues about Hong Kong's future economic development. Therefore, to the motion of thanks to the Chief Executive for his policy address, I will first give my support.

The following are my views on the direction of industrial development, development of financial services and the housing problem as discussed in the policy address.

First, with our traditional manufacturing industries being gradually relocated in Southern China and even further inland, the direction for Hong Kong's industrial development has been a topic which has attracted much

attention and aroused much controversy in recent years. The policy address clearly recommends that Hong Kong develop towards the "high value-added" business. The Government will also lend its support mainly through fundamental means such as increasing the investment in education, improving the quality of our working population, stepping up the construction of infrastructural facilities, creating better working and living conditions, sharpening the economic competitive edge and providing a better business environment. As for what high value-added business is to be developed, it will be left to the market to decide and the private sector to set the directions. This is an appropriate approach as the Government is getting more involved but still maintains the principle of free economy practised all along. Proven by our past experience, it is wiser and more efficient to leave it to the market rather than the Government to decide.

To tie in with the development of high value-added industry, the policy address promises to take such measures as to support the Stock Exchange's study into establishing a Venture Board and set aside \$500 million to establish a pilot Credit Guarantee Scheme to help small and medium enterprises seek loans from commercial banks to finance pre-shipment activities. I believe that these measures will have a stimulating effect on the economy.

But it is worth pointing out that while we are promoting the development towards high value-added industries, we still have to give our traditional manufacturing industry due attention because on the one hand, Hong Kong is still the base for adding value to the manufacturing industries that have been relocated in the Mainland and on the other hand, owing to the quota policy, some industries must remain in Hong Kong and continue their operation here. The traditional manufacturing industry is still making much contribution to Hong Kong's economy and it deserves proper support from us.

Second, Hong Kong is a major international financial centre. The financial and banking sectors contribute greatly to our economic and social development. According to the direction put forward in the policy address, the Government will enhance the establishment and development of the financial and banking sectors mainly through promoting the use of electronic technologies in the financial services industry, strengthening the regulatory system and stepping up the training of workers in this field. This direction has grasped the keys of the general trend in the development of the world's financial and banking

business today and strives for a favourable competitive position. This is a positive move.

Yet, I also hope that the Government will provide this Council with more precise details and more information. For example, to up-grade Hong Kong's financial regulatory system to the world-class standards, what specific standards do we have to set and what is the specific framework that the Government has in mind to support the financial industry's study into the need for setting up a Financial Services Institute to co-ordinate training for this sector? All the Hong Kong's seven tertiary institutes have already had schools of commerce to train financial professionals. How different will the new Financial Services Institute be as compared to the existing ones in the tertiary institutes and how can duplication in the use of resources be avoided?

Third, concerning the housing problem, the policy address has indeed attracted attention from all sides. The address put forward three major targets for solving the housing problem and the specific measures to accomplish these targets. The Government proposes to provide 85 000 more housing units very year in the next decade, put a total of 250 000 public rental housing units into the market, and to construct large-scale rail and highway networks as a support. I believe that when these plans are all implemented, they will ease the tight supply in the property market, striking a basic balance between supply and demand, and will greatly benefit the steady and healthy growth of the property market in future.

However, as regards the implementation of these measures put forward by the policy address on stabilizing the property market, there seems to be some problems that warrant our concern and need to be discussed.

Firstly, while aspiring to expedite the housing construction to reach the supply target, how is the Government to ensure the appearance and quality of these buildings be improved or maintained? As far as I understand, our present construction workforce will not be large enough to meet the demand of these extensive housing projects and it is necessary to add a large number of workers. How is the Government to guarantee that these inexperienced workers' skills are up to the basic requirements? Housing is "lifelong possession". If the quality of the flats is not up to standard, there will be many defects and problems left behind. One of the major reasons why the Government's sale of public rental housing scheme is not well-received is mainly the substandard quality of the

existing public rental housing and tenants' lack of confidence in it. Therefore, how the quality of these flats is to be guaranteed will directly affect whether the Government can reach its target of stabilizing the property prices.

Secondly, how is the Government to disseminate correct market information to the people in order to maintain the steady and healthy development of the property market? For example, when the policy address was delivered, the immediately response in the property market was that many property owners withdrew their property from the market or raised the asking price by 5% to 10%. The main reason is, as suggested by critics in the real estate business, that the Government lacks "the guts" to crack down on property speculation, and so there is room for further speculation and the property prices will continue to rise. Comments of this sort one-sidedly stress that "there is no administrative measures" and of course analysis is yet to be made on the fundamental implications such a massive supply will have on balancing the supply and demand. In fact, since the policy address, the land sales have fetched poorer prices than expected and there have been substantial adjustments in the stock market, especially in property shares. All these can well reflect that the shrewd institutional investors are beginning to make strategic adjustments to this new situation. But we can see that many people are still kept in the dark and continue to follow the trend of buying property, in turn pushing the property prices up.

As the housing supply in the next one or two years may not increase substantially, if such incorrect messages are allowed to continue to influence the market and push the property prices up to a certain level with the bubble continuing to inflate, then when the large supply of flats is dumped onto the market, the property market may have a "hard landing" and experience a substantial adjustment. This will have an extremely bad effect and will destabilize the economic and social development in Hong Kong. Therefore, I urge the Government to, while paying attention to the market development, disseminate correct market information to the people through proper and reasonable channels in order to enable the property market to develop steadily.

Lastly, I would like to reaffirm that this is a praise-worthy policy address.

I support today's motion. Thank you, Madam President.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): In accordance with the Rules of Procedure, I now suspend the meeting until 2.30 pm tomorrow.

Suspended accordingly at one minute past Ten o'clock.