

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 27 February 2002

The Council met at half-past Two o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN HSU LAI-TAI, G.B.S., J.P.

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

THE HONOURABLE JAMES TIEN PEI-CHUN, G.B.S., J.P.

DR THE HONOURABLE DAVID CHU YU-LIN, J.P.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

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

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

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

THE HONOURABLE NG LEUNG-SING, J.P.

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

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING, J.P.

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN, J.P.

THE HONOURABLE BERNARD CHAN

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI

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

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE WONG YUNG-KAN

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

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE YEUNG YIU-CHUNG, B.B.S.

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH

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

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

THE HONOURABLE AMBROSE LAU HON-CHUEN, G.B.S., J.P.

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

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

THE HONOURABLE LAW CHI-KWONG, J.P.

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

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

THE HONOURABLE ABRAHAM SHEK LAI-HIM, J.P.

THE HONOURABLE LI FUNG-YING, J.P.

THE HONOURABLE HENRY WU KING-CHEONG, B.B.S.

THE HONOURABLE TOMMY CHEUNG YU-YAN, J.P.

THE HONOURABLE MICHAEL MAK KWOK-FUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE LEUNG FU-WAH, M.H., J.P.

DR THE HONOURABLE LO WING-LOK

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

THE HONOURABLE AUDREY EU YUET-MEE, S.C., J.P.

THE HONOURABLE MA FUNG-KWOK

MEMBERS ABSENT:

THE HONOURABLE MARGARET NG

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

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

PUBLIC OFFICERS ATTENDING:

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

THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE ANTONY LEUNG KAM-CHUNG, G.B.S., J.P.

THE FINANCIAL SECRETARY

MR I G M WINGFIELD, J.P.

THE SECRETARY FOR JUSTICE

MR NICHOLAS NG WING-FUI, J.P.

SECRETARY FOR TRANSPORT

MR DOMINIC WONG SHING-WAH, G.B.S., J.P.

SECRETARY FOR HOUSING

MISS DENISE YUE CHUNG-YEE, G.B.S., J.P.

SECRETARY FOR THE TREASURY

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

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

MRS FANNY LAW FAN CHIU-FUN, J.P.
SECRETARY FOR EDUCATION AND MANPOWER

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

MS SANDRA LEE SUK-YEE, J.P.
SECRETARY FOR ECONOMIC SERVICES

CLERKS IN ATTENDANCE:

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

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

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Factories and Industrial Undertakings (Safety Management) Regulation (Cap. 59 sub. leg.) (Commencement) Notice 2002	21/2002
Pension Benefits Ordinance (Established Offices) Order	22/2002
Pension Benefits Ordinance (Amendment of Schedule) Order 2002	23/2002
Mutual Legal Assistance in Criminal Matters (Canada) Order (L.N. 290 of 2001) (Commencement) Notice 2002	24/2002
Statutes of The Chinese University of Hong Kong (Amendment) Statutes 2002	25/2002

Other Papers

- No. 59 — AIDS Trust Fund 2000-2001 Annual Accounts together with the Director of Audit's Report
- No. 60 — Audited Financial Statements and Programme of Activities of the Hong Kong Examinations Authority for the year ending 31 August 2001
- No. 61 — Audited Statement of Accounts together with the Auditor's Report and Trustee's Report on the administration of the Education Scholarships Fund for the year ending 31 August 2001

No. 62 — Hong Kong Tourist Association
Annual Report 2000-2001

No. 63 — Vocational Training Council
Annual Report 2000/2001

Report of the Bills Committee on Road Traffic Legislation (Amendment)
Bill 2001

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Honourable Members, today is the first meeting of the Legislative Council in the year "renwu" (壬午)^{Note}. I wish Members success in everything, coming first in all endeavours and great achievements in all attempts.

Questions. First question.

Creation of New Jobs in Public Sector

1. **MR LEUNG YIU-CHUNG** (in Cantonese): *Madam President, the unemployment rate continued to rise throughout last year and reached 6.1% in the last quarter. Given that the Chief Executive stated on the 30th of last month that the Government would create some 2 000 jobs in addition to the 30 000-plus job opportunities to be created in the public sector as pledged in the 2001 policy address, will the Government inform this Council:*

- (a) *of the progress in and the detailed schedule for creating the additional jobs, together with a breakdown by job type; and*
- (b) *whether it has formulated new measures, apart from the relief measures stated in its reply to this Council on November 7 last year, to tackle the unemployment problem; if so, of the details of such measures?*

^{Note} The year "壬午" refers to the year 2002. "壬" is the ninth of the ten Heavenly Stems, whereas "午" is the seventh of the twelve Earthly Branches. The combinations of Heavenly Stems and Earthly Branches produce a 60-year Chinese calendar cycle, whereby each year is represented by a pair of a Heavenly Stem and an Earthly Branch.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, as a result of the dual effect of the deterioration of the external economic environment and the economic restructuring within Hong Kong, the latest quarterly unemployment rate has reached 6.7%. The number of unemployed persons was close to 220 000. In the near term, the unemployment rate is likely to remain high. In fact, a reversal of economic growth is the world trend and is beyond human control. Furthermore, the Government's financial position is extremely tight, and is not able to create a massive number of jobs. To thoroughly address unemployment, any improvement in the unemployment situation must ultimately be driven by the economy and directed by the market to create job opportunities. In the long term, we must upgrade the quality of our workforce and minimize any mismatch between supply and demand.

- (a) The Chief Executive stated last month that after much hard work by various government departments, it is estimated that an additional 2 000 short-term jobs will be created. Out of these, it is anticipated that about 1 800 will be created by 2002-03. These short-term jobs include clerks, information technology officers, community relations assistants, fire safety supervisors, seafarers, security guards, microfilming system officers, health care assistants, programme assistants, employment assistance co-ordinators, medical services assistants, and so on. The detailed information is set out in Annex.
- (b) With due regard for our long-term development needs, we will continue with our efforts to explore the possibility of creating more jobs in areas with actual needs to ease the unemployment problem. The Immigration Department, the police and the Labour Department will enhance enforcement to combat illegal employment. This includes intercepting illegal immigrants and prosecuting those who employ illegal immigrants and illegal workers, so as to protect the employment opportunities of local workers.

On the other hand, with due regard to Hong Kong's long-term strategic development, the Government is actively developing new economic sectors, improving business environment, expanding the development space for enterprises and encouraging investment with

a view to creating more employment opportunities. In recent years, the Government is actively promoting tourism, the logistics industry and financial services industry. We also step up economic co-operation with the Mainland and invest heavily in manpower training to cater for the needs of economic development. These initiatives will help resolve the unemployment problem.

In the longer term, to cope with a manpower mismatch brought about by economic restructuring, we have to change the traditional mode of education and nurture a new generation that have a creative mind and the abilities of self-learning and adaptation. We must also strengthen vocational training and encourage lifelong learning to improve the competitiveness of local workers in the employment market.

The Government has also embarked on the formulation of a population policy. On the one hand, we have to attract more talents to come to work in Hong Kong so as to foster investment and facilitate the growth of a knowledge-based economy. On the other hand, we should strengthen the training for local workers. In particular, we have to improve the competitiveness of low-skilled workers and reduce the number of imported labour as far as possible. For example, the training for local domestic helpers has become more professional and diversified with the addition of modules on cookery, child and elderly care. We have also made the post-training follow-up and employment services more systematic, in the hope that more employers will be willing to hire local domestic helpers.

We believe the current policy objectives are on the right track. While short-term relief measures are important, long-term economic development and training strategy are in fact more crucial to finding solutions to the unemployment problem. In view of the present economic downturn, we also hope that employers and employees can join hands to weather this difficult period and avoid massive layoffs, which would exacerbate the unemployment situation.

Annex

Timetable of Creation of 2000 Jobs

<i>Services</i>	<i>Total</i>	<i>2001-02</i>	<i>2002-03</i>	<i>2003-04</i>
Security matters	234	64	170	-
Marine, estate management, information technology, and so on	238	105	133	-
Financial affairs	220	13	194	13
Medical and health, welfare, labour matters	1 280	0	1 181	99
	1 972	182	1 678	112

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, in the main reply the Secretary has, on behalf of the Government, forestalled demands for the creation of more jobs, for she said that the Government's financial conditions are extremely tight and so, we can only rely on the private sector to create jobs. But much to our regret, the Secretary further said in the main reply that the economic conditions might deteriorate and so, we cannot expect the private sector to create new jobs either. However, the Secretary said in the end that "We also hope that employers and employees can join hands to weather this difficult period and avoid massive layoffs, which would exacerbate the unemployment situation". Can the Secretary tell us what measures are there to persuade employers not to effect massive layoffs at this point in time so as to join hands with employees to weather this difficult period in order not to exacerbate the situation? In fact, the Government itself has failed to take the lead properly; it even said that the number of civil servants will have to be reduced by several thousands. If the Government, on the one hand, asked employers and employees to join hands to weather the hard time but, on the other, failed to*

PRESIDENT (in Cantonese): Mr LEUNG, I believe you have already asked your supplementary question.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, in fact, as I said in the main reply, we will continue with our efforts to explore the possibility of creating more jobs in areas with such needs having regard for the long-term development needs. The Chief Executive has announced that 33 000 jobs will be created in the next few years. He even stated last month that in addition, close to 2 000 short-term jobs will also be created. This shows that the Government has been working hard on this.

I must point out that at present, as many as 220 000 people are jobless. To ease the unemployment problem, it is impossible to rely solely on the Government to create jobs bit by bit continuously. In the final analysis, we have to rely on the economic recovery to boost job opportunities. As for the role of private companies, Hong Kong is, after all, a free market. The decision to hire employees certainly rests with the companies ultimately. All we can do is to make an appeal to employers as far as possible, urging them not to resort to layoffs for "downsizing" purposes if they think that economic recovery will take place in the medium to long term and that they may have to recruit staff all over again by then.

PRESIDENT (in Cantonese): Mr LEUNG, has your supplementary question not been answered?

MR LEUNG YIU-CHUNG (in Cantonese): *No, it has not been answered. I wish to ask the Secretary this: Can the Government stop being an unscrupulous employer and refrain from reducing the number of civil servants substantially to avoid creating a bad impact?*

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

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I have already said that we will even provide additional jobs as long as there is the need. As to whether there is room for government departments to increase revenue and reduce expenditure in certain areas, it all depends on the actual circumstances of individual departments.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, yesterday, an employer told me that the Malaysian Government has adopted a measure whereby the Government will grant an interest-free loan of \$10,000 to any company which has hired one additional employee or created one additional job. This employer would like to know if the Government will consider taking similar measures.*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): *Madam President, perhaps I should learn more details about this scheme from the Honourable TAM Yiu-chung after the meeting before I can comment on this.*

MR LEUNG FU-WAH (in Cantonese): *Madam President, the Secretary said in the main reply that 1 800 jobs will be created in the next two years. But we know that jobs newly created by the Government will come under several categories, namely, civil servants under the formal civil service establishment, government employees on contract terms, or employees of government contractors. Can the Secretary tell us how these 1 800 jobs are categorized?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): *Madam President, these jobs are basically non-civil servant posts. They are short-term job opportunities, including jobs that we expect to arise from the outsourcing of works projects.*

MR JAMES TIEN (in Cantonese): *Madam President, the arguments of the Secretary in her reply are no different from those put forward in the past when the unemployment rate stood at 4%, 4.5% or 5%. I think they appear not at all helpful to resolving the problem. The Secretary for Security said yesterday that investment immigrants making an investment of \$6.5 million can settle in Hong Kong. But they can meet this requirement simply by buying property and do not necessarily have to do business. Will the Government consider implementing a new policy to require foreign investors to, say, bring with them \$5 million to start a business if they wish to settle in Hong Kong? Many overseas countries do have this requirement. I think this can provide a new pool of employers. At present, 150 people come to Hong Kong every day and they are mostly employees. In view of this, we have to find more employers, or else these newly arrived*

employees would only disrupt the market by accepting lower pay, thus causing the unemployment rate to rise. Will the Government change its policy?

PRESIDENT (in Cantonese): Mr James TIEN, can you explain how your supplementary question relates to the main question?

MR JAMES TIEN (in Cantonese): *Madam President, I asked this supplementary question purely from the angles of unemployment and job seeking. If we can find more employers and create more job opportunities, the unemployment rate can come down accordingly.*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, as I said in the main reply, we must consider this matter from all perspectives. In the long term, we must wait until the economy has completed restructuring before we can ascertain what we should do and what industries should be identified for active development to the benefit of the long-term development of Hong Kong. Moreover, we also have to attract more overseas talents to come to work in Hong Kong and to attract overseas investment on all fronts. Therefore, we will actively consider any feasible measure against the overall situation. As to what specific actions we will take, I am unable to give an answer right away today.

MR ABRAHAM SHEK (in Cantonese): *Madam President, is the Secretary aware that the unemployment rate in the construction industry is not 6.7%, but as high as 11% to 12%? The 1 800 jobs mentioned by the Secretary in part (a) of the main reply have nothing to do with the construction industry. At present, many construction companies do want to hire more staff, only that there is not enough work and it is difficult to win bids for government or public projects. I would like the Secretary to explain this.*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, of the last batch of 33 000 new jobs, many are actually related to infrastructural projects. I believe they can already help the construction industry. We do know that the construction industry is now at a comparatively

low ebb, and there is a large supply of construction workers. But I believe it is impossible to entirely rely on the Government to cater for the needs of all unemployed persons.

PRESIDENT (in Cantonese): Mr SHEK, has your supplementary question not been answered?

MR ABRAHAM SHEK (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. My question is. How will the Government launch more public infrastructural projects, so that construction companies can tender for such projects and hence take on more employees?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, the Chief Executive has recently announced a long-term massive infrastructural programme over a period of 10 years, and of these 33 000 jobs, many are related to infrastructural projects.

MR LEE CHEUK-YAN (in Cantonese): *Madam President, it appears that the Secretary's reply has driven the 200 000-odd unemployed persons into desperation. They cannot rely on the Government, because the Government can only work "bit by bit", and all it can do is to make an appeal to the private sector, for it cannot really ask private companies to take any action to create more job opportunities. I hope the Secretary can squeeze out a bit more "toothpaste", because the Chief Executive has, after all, undertaken to solve the unemployment problem. Will the Secretary tell us whether the creation of those 2 000 jobs is the only thing she can do after considering all possible options?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, let me reiterate that "with due regard for our long-term development needs, we will continue with our efforts to explore the possibility of creating more jobs in areas with actual needs". However, to tackle the entire unemployment problem, we must at the same time consider and implement a package of policies.

MR NG LEUNG-SING (in Cantonese): *Madam President, I believe the Secretary may also have noticed that I always talk about ways to provide job opportunities for low-skilled workers. I greatly appreciate the efforts made by the Government in respect of the training of local domestic helpers in that many new modules are added to the training course. However, regarding how we can encourage more employers to be willing to employ local domestic helpers, has the Government considered providing certain incentives or encouragement for the purpose, so that local domestic helpers will stand a better chance of seeking employment successfully?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, starting from April, the Employees Retraining Board will launch a centralized employment service tailor-made for employers to meet their actual needs. Arrangements will be made for employers to conduct recruitment interviews and for employees to work for a trial period. If the employee is subsequently found to be not sufficiently equipped for the job, supportive training will be provided to the employee continuously. I believe the implementation of this scheme should be able to help enhance the competitiveness of local domestic helpers. Furthermore, from our contact with employers, we found that employers are most in need of such services as cooking, child and elderly care, and so on. Therefore, if local domestic helpers are equipped with skills in these areas, I believe they will stand a better chance of landing a job.

DR DAVID CHU (in Cantonese): *Madam President, it is stated in the 2001 policy address that the Government will create 30 000 jobs. Will the Secretary tell us how many jobs have been created so far?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, according to statistics available to us, about 4 555 jobs have been created as at the end of January. But we estimate that we should be able to create about 7 900 jobs by the end of March. In the coming year, we estimate that about 17 000 jobs will be created.

MR MICHAEL MAK (in Cantonese): *Madam President, there are 220 000 people out of job now. But the Secretary said in her main reply that the Government has to attract more outsiders to come to work in Hong Kong. I am worried that these outsiders will snatch the "rice bowls" of locals, and this is somewhat like putting the cart before the horse. Will the Secretary tell us how my concern can be allayed?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, a reason for unemployment is structural unemployment, that is, a mismatch of talents. So, for talents that society needs, we certainly have to turn to outsiders, because it will take a very long time to train up local talents to meet the needs. Under the existing admission of professionals scheme, only industries where professionals are particularly lacking will be allowed to import professionals into Hong Kong. Therefore, the concern raised by the Member just now should be unwarranted.

PRESIDENT (in Cantonese): We have spent over 16 minutes on this question. Last supplementary question.

DR RAYMOND HO (in Cantonese): *Madam President, earlier on, the Secretary spoke of a mismatch of human resources. Currently, we plan to allow an unlimited number of mainland talents in the fields of information technology and financial services to come to Hong Kong. Then, is it that the graduates of the eight local universities cannot meet the demands in these areas? Does it mean that the manpower mismatch is very serious?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, judging from last year's employment situation, university graduates in the field of information technology registered a very high employment rate. As regards university graduates who graduated most recently, we should be able to see their employment situation in the first quarter of this year. As for the admission of professionals, as at mid-February, only 132 professionals have come to Hong Kong, against the 200-odd applications received. Therefore, the admission of professionals scheme actually does not have a very big impact on the job market of Hong Kong.

PRESIDENT (in Cantonese): Second question.

HEC's Extension of Lamma Power Station

2. **MR LAW CHI-KWONG** (in Cantonese): *Madam President, the Government announced in June 2000 its approval for the Hongkong Electric Company Limited (HEC) to extend the Lamma Power Station. In this connection, will the Government inform this Council:*

- (a) *according to the Administration's latest estimation, of the HEC's installed power generation capacity and the maximum demand in its supply area in each of the next 10 years; whether it has assessed if it is still necessary to extend the Lamma Power Station and to commission the first power generation unit in 2004; if the assessment is in the affirmative, of the justifications for that;*
- (b) *whether the new power generation units will still be fired by natural gas as originally planned; if not, of the reasons for that, and whether the HEC is required to conduct another environmental impact assessment (EIA); and*
- (c) *of the impact of the extension project on the HEC's tariff in the next few years?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, my answer to the three parts of the question raised by the Honourable Mr LAW Chi-kwong is as follows:

- (a) To ensure efficient, stable and safe supply of electricity, the Government has in place a mechanism to review regularly electricity demand forecasts and the generation capacity in Hong Kong. The Government also has an established mechanism to examine the power company's proposal to install a new generation unit on the basis of the demand forecasts.

In mid-2000, going by the maximum demand forecasts for the Hong Kong and Lamma Islands in the period 1999-2008 conducted

independently by the HEC, the Government's consultants and Government Economist at the time, we accepted in principle the HEC's proposal to commission their first 300 MW gas combined cycle unit (L9) in 2004 at the Lamma Extension when we approved the Company's 1999-2004 Generation Development Plan.

Installation of L9 takes three years. In 2001, we conducted another review to confirm that it was necessary for the unit to be commissioned in 2004 to ensure stable and reliable electricity supply in HEC's supply area. According to the forecasts made separately by the HEC, our consultants and Government Economist at the time, and using 2000 as the base year, the annual growth rate in maximum demand in the medium term was about 3% to 5% and that in the long term was around 3% to 4%. Data to hand indicated that the growth rate in the maximum demand for power consumption in 2001 for the Hong Kong and Lamma Islands was slightly above 4%, which is in line with the forecast.

- Going by the more conservative growth rate of 3%, the HEC would need generation capacity of about 3 500 MW to meet the forecast maximum demand of the Hong Kong and Lamma Islands in 2004.
- On the basis of the growth rate of 5%, the HEC would need generation capacity of about 3 800 MW to meet the forecast maximum demand in 2004.
- With a generation capacity of only 3 420 MW, the HEC would not be able to ensure stable and reliable power supply, and L9 would need to be commissioned in 2004 if the growth rate were 3%, and in 2003 if the growth rate were 5%.
- With the addition of 300 MW capacity, L9 will increase the overall power generation capacity of the HEC to 3 720 MW in 2004. Theoretically, the HEC could install a new unit with a smaller capacity. However, in practice, such an approach is not cost-effective and also fails to take into account the continual increase in demand after 2004, which present data indicates to be at an annual rate of about 3% to 4%.

On the basis of the forecasts and the analysis, the Government accepted the HEC's proposal to commission the power generation unit L9 in 2004.

The Government's energy policy is to provide the public with efficient, stable and safe supply of electricity at reasonable price. Noting the considerable lead time (around three years) required for the planning and construction of a power generation unit, the Government has taken specific measures to give effect to its established principle that there would not be a shortage in electricity supply and the interests of consumers would not be compromised in the event that actual electricity demand deviates from the forecast. In this connection, the Government has entered into a special arrangement with the HEC relating to site formation costs so that shareholders of the HEC would not obtain return on premature site formation works at the Lamma Extension in the event that actual electricity demand falls short of the forecast. Furthermore, the Government has put in place another mechanism whereby excess generation capacity will not yield return for its shareholders.

- (b) L9 is a combined cycle unit and can be fired by natural gas or light gas oil. It is the HEC's plan to use natural gas as fuel for L9. The approved EIA study for L9 covers the scenario in which light gas oil may be temporarily used when the supply of natural gas for the Lamma Extension is interrupted. In the event that the supply of natural gas would not be ready when L9 is commissioned in 2004, and light gas oil has to be used on a longer-term basis, the HEC would have to conduct another EIA. This assessment is expected to take about one year. The Government has not received any notification from the HEC of the need for such an assessment.
- (c) Electricity tariff hinges on a number of factors. Capital investment (such as extension of power stations) is but one of those factors. Others include changes in electricity sales and operation costs. The fact of the matter is, the tariff for each year is considered and determined in the Annual Tariff Review. The impact on tariff brought about by capital investment in the Lamma Extension is expected to be offset in part by the additional revenue generated by

the increase in electricity sales. Hence, generally speaking, the impact on tariff brought about by the extension project should be minimal.

MR LAW CHI-KWONG (in Cantonese): *Madam President, the Secretary pointed out explicitly in the main reply that the Government is playing a supervisory role in this matter. In part (b) of the main reply, the Secretary mentioned that if light gas oil has to be used on a longer-term basis, another EIA would have to be conducted and the assessment is expected to take about one year. While there are still two more years to go before the relevant generation unit is commissioned, the HEC made it clear that it would purchase natural gas from a liquefied natural gas station in Shenzhen when submitting the proposal. The main reply given by the Secretary is hypothetical, as she has only said what would happen in the event that certain situation emerges. May I, therefore, ask the Secretary whether the Government knows the said liquefied natural gas station is already in existence? Could the Secretary also inform this Council whether the said liquefied natural gas station would be ready by 2004 in the event that it is not in existence currently; and whether it could, upon coming into operation, provide the HEC with a sufficient supply of the required natural gas? If the answers to these questions should be in the negative, obviously we would have to conduct another EIA in the near future. Could the Secretary inform this Council whether the Government has a clear picture about the situation?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): *Madam President, according to the scheme of control agreement we made with the HEC, the HEC has a responsibility to ensure stable, uninterrupted and safe supply of electricity. It is also on the basis of this principle that we approved the HEC's proposal to install the power generation unit L9. Concerning the fuel to be used by L9, we understand that the HEC will use natural gas as fuel for L9; besides, we also know that the HEC did sign a memorandum of agreement with the relevant authorities in Shenzhen in 2000. As regards the liquefied natural gas station in Shenzhen and the gas-main laying works concerned, they are the responsibility of the HEC. Certainly, due to the supervisory role we play, we must be notified of any problems encountered during the construction of L9 that may impact on the stable and safe supply of electricity. Nevertheless, I have not received to date any notification of problems affecting the natural gas supply.*

DR PHILIP WONG (in Cantonese): *Madam President, may I ask the Secretary how much confidence she has in the medium-term growth rate forecast? If facts should prove that the forecasts made were too conservative, thereby causing the electricity supply on Hong Kong Island to become unstable and unreliable, what grave impacts would the public, businesses and industries be made to suffer?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, we have adopted three independent methods to make the forecast on maximum demand for power consumption. To begin with, the HEC has of course made its own forecast. Insofar as I understand it, the HEC used the time-trend model to forecast the maximum demand for power consumption, and the maximum demand for power consumption over the past 25 years is one of the important factors used in this model. The Government has also commissioned a consultancy to make a similar forecast using the econometric model, which basically forecasts the demand for power consumption in the light of such factors as economic growth, Gross Domestic Product, and so on. Apart from that, the Economists' Office in the Government also make forecasts on the maximum demand for power consumption using the econometric mode and many other variables like the number of households, Gross Domestic Product, employment situation of the manufacturing industry, and so on. On top of that, forecasts on the load factor have also been made in the light of the time-trend model. After making the assessments using these three methods, we would then collect the various opinions and assessment results, and come up with the overall forecast figures. While we certainly hope to make the assessments as accurate as possible, there should not be any significant difference between the figures obtained from the assessments made with the three said methods. Speaking of economics, there are of course some invisible world factors. What we could do in this respect is to adopt scientific methods as far as possible. All of these three methods can provide us with rather accurate forecasts, as the margin of difference between their results is not great.

DR PHILIP WONG (in Cantonese): *Madam President, the Secretary has not answered my supplementary. If the forecasts made were too conservative, what grave impacts would the public, businesses and industries be made to suffer?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, in the scheme of control we have all long attached great importance to the availability of excess generation capacity even at peak-load periods. Members have to understand that if one of the power generation units should fail to operate, electricity supply might fall short of demand by a substantial amount. That is why we always stress that it is important to maintain a reserve margin as a means to make up for the insufficient generation capacity temporarily. Judging from past figures, the daily power consumption level will of course change with the times, and hence the reserve margin may perhaps be maintained between 15% and 30%.

MS MIRIAM LAU (in Cantonese): *Madam President, may I ask the Government whether the relevant reviews have assessed the possibility that the reserve margin may fall short of the international standard if the HEC should install the power generation unit L9 after 2004, thereby affecting the reliability of electricity supply?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, the reserve margin will be lowered if L9 is not commissioned in 2004. I should like to take this opportunity to point out that our reserve margin is not the highest in the world but only among the middle range, there are places where the power reserve margin is much higher. Nevertheless, we are able to achieve a 99.9% stability rate. With regard to loss of load probability, our requirement is that in the event of the electricity supply system running into any trouble, the loss of load should not exceed 20 hours in a year or 3.3 hours a month. So, this is the requirement adopted in Hong Kong. As for the reserve margin, like I said just now, the maximum level is around 30% in Hong Kong. The maximum level in Singapore, however, can reach 40% to 50%.

MR CHAN KAM-LAM (in Cantonese): *Madam President, the Secretary pointed out in part (c) of the main reply that the impact on tariff brought about by the extension project should be minimal. However, I believe what the Honourable LAW Chi-kwong really wanted to say is that with an additional power generation unit being commissioned, the level of permitted return on the power company's overall assets would be raised, and that is why he asked about the impact of the extension project on HEC's tariff. But then, the Secretary's*

main reply only said that the additional revenue generated by the increase in electricity sales could offset the pressure on tariff, even though the reality should be another story. Could the Secretary work it out against the pressure on tariff increase brought about by the additional capital investment?

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Yes, Madam President, this will bring about impact on tariff increase. But we hope to minimize the pressure on tariff increase as far as possible through other operating means upon commissioning the power generation unit, including cutting down costs, increasing electricity sales, and so on. In the meantime, I am afraid I cannot provide Members with any concrete data in this respect.

PRESIDENT (in Cantonese): We have already spent 17 minutes on this question. Last supplementary question.

MR FRED LI (in Cantonese): *Madam President, I should like to follow up the point on tariff Mr LAW Chi-kwong raised in part (c) of the main question. At present, the tariff paid by members of the public living on Hong Kong Island is already 10% higher than that paid by Kowloon and New Territories residents. According to part (c) of the main reply, the impact on tariff brought about by capital investment in the Lamma Extension is expected to be offset in part by the additional revenue generated by the increase in electricity sales. Could the Secretary inform this Council clearly of the forecast annual increase in electricity sales in the run-up to 2004 and the extent of the impact on tariff expected to be offset, which led her to the conclusion that the impact on tariff brought about by the extension project should be minimal? I hope the Secretary can provide this Council with figures proving exactly to us that the said conclusion can really be reached.*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, as I have already pointed in the main reply, our forecast growth rate in demand for power consumption was about 3% to 5% in the medium term and around 3% to 4% in the long term. The actual growth rate in the maximum demand for power consumption in 2001 was slightly above 4%. On the basis of this growth rate of 4%, which is a concrete figure, the growth in demand could

of course expected to be around 3% to 5%. So, this is my reply to the supplementary asking about the growth rate. As I have pointed out in the main reply, in addition to increasing electricity sales, we also hope that the HEC can open up new sources of income and cut expenditure, or adopt other measures to reduce costs. Hence, at present no data can tell us definitely at what level will the tariff rates be set in 2004.

PRESIDENT (in Cantonese): Third question.

Applications by Newly Widowed Mainlanders for Extension of Stay or Settlement in Hong Kong

3. **MR ALBERT HO** (in Cantonese): *Madam President, regarding cases in which Hong Kong residents die and leave behind their spouses in the Mainland who are applying to settle in Hong Kong, while their young children are in Hong Kong, will the Government inform this Council:*

- (a) *whether it knows the number of such cases in each of the past three years;*
- (b) *of the criteria adopted by the Immigration Department in vetting the applications, submitted by newly widowed mainlanders, for extension of stay or settlement in Hong Kong to look after their young children who are without relatives or support in Hong Kong; and the number of such applications received by the Department in each of the past three years, together with a breakdown by application results and grounds for rejection; and*
- (c) *whether it has assessed if the rejection of these applications contravenes Article 7 of the Convention on the Rights of the Child, which provides that the child shall have "the right to be cared for by his or her parents"?*

SECRETARY FOR SECURITY (in Cantonese): Madam President,

- (a) The Immigration Department does not have the statistics requested in part (a) of the question.

- (b) According to the Immigration Ordinance, any person subject to a limit of stay must leave Hong Kong before its expiry.

The Director of Immigration can, on a case-by-case basis, consider applications by individuals to temporarily extend their stay or to reside in Hong Kong because of very exceptional reasons. A major consideration of the Director of Immigration would be whether there are sufficient humanitarian or compassionate grounds to exercise his discretion to allow such applications. Since each case is considered on its own merit having regard to all relevant circumstances surrounding the case, it is often difficult to attribute the granting of an approval in a particular case to a single reason. Hence the Immigration Department does not have any statistical breakdown on these cases, including the number of newly widowed mainlander claiming a need to remain in Hong Kong to take care of his or her child in Hong Kong.

- (c) The relevant immigration laws, policies and arrangements adopted by the Government of the Hong Kong Special Administrative Region (SAR) in relation to persons who do not have a right to enter and remain in Hong Kong are consistent with applicable international human rights conventions, including Article 7(1) of the United Nations Convention on the Rights of the Child, which states "The child shall be registered immediately after birth and shall have the right from birth to a name, the right to acquire a nationality and, as far as possible, the right to know and be cared for by his or her parents."
- (d) As a matter of well-established international law and subject to its treaty obligations, the SAR has the right to control the entry of persons with no right of abode into its territory.

MR ALBERT HO (in Cantonese): *Madam President, to the unfortunate young child who has the right of abode, if no discretion is granted to the newly widowed mainlander who applied for residence in Hong Kong, the young child will have two alternatives: first, he may stay with his newly widowed father or mother in the Mainland, but he will face education or livelihood-related problems in future as he has no registered residence in the Mainland; second, if he stays in Hong*

Kong, he will be estranged from his widowed father or mother and may have to move into a children's home or foster home. Does the Secretary have the figures on children who have the said problem and how many of them have to move into a children's home in the past few years under this circumstance? Besides, whether this situation, that is, the fact that the child has to be estranged from his single-parent father or mother after his or her spouse has passed away, contravenes humanitarian principles and the Convention on the Rights of the Child?

SECRETARY FOR SECURITY (in Cantonese): Madam President, the Honourable Albert HO has raised several questions, and the last question involves the question of whether the Convention on the Rights of the Child is contravened. As that part involves legal issues, perhaps the Secretary for Justice may reply it later, and I will reply to the first part of the question.

To a mainlander who is applying to settle in Hong Kong, if the application is not yet approved while his or her spouse in Hong Kong has passed away, what will happen to the surviving children? Under normal circumstances, the relevant public security authority will not approve the application, because the purpose of the application is to settle in Hong Kong for family reunion. We had also inquired about how public security authorities in the Mainland would deal with such cases, and we were told that since the purpose of the application was husband-and-wife reunion, if the spouse of the applicant died before the application was approved, then the relevant public security authority would not approve the application for settlement in Hong Kong on the grounds of husband-and-wife reunion or family reunion. However, to the best of our knowledge, public security authorities in the Mainland may approve the application of persons to go and reside in Hong Kong or Macao according to provisions under Article 7 of the Interim Measures for the Control of Chinese Citizens Travelling on Private Business to or from the Regions of Hong Kong or Macao, which stipulates under what circumstances approval may be granted for applicants to go and settle in Hong Kong or Macao, and one of the circumstances is "persons who must go and settle down in Hong Kong or Macao for other special circumstances"; that is to say, mainland public security authorities have the same power as the Director of Immigration of Hong Kong, as they may also exercise discretion under special circumstances and grant approval for the applicants to go to Hong Kong. At present, we do not have records on the number of cases mainland public security authorities have approved at hand, but

we have made enquiries with mainland public security authorities, and they replied that they would consider such applications on a case-by-case basis. With regard to legal issues, I should defer to the Secretary for Justice.

SECRETARY FOR JUSTICE: Madam President, the statutory schemes both in the Mainland and in Hong Kong allow the exercise of discretion in the sort of circumstances that Mr HO has referred to. To that extent, it is, therefore, compatible with the obligations under the Convention. In any particular case, whether or not the Convention has been fully observed would depend on the particular said facts or the circumstances in that case.

MISS CHOY SO-YUK (in Cantonese): *Madam President, the Secretary for Security mentioned in part (b) of her main reply that the major consideration of the Director of Immigration was whether there were sufficient humanitarian or compassionate grounds or very exceptional reasons to exercise his discretion to allow such applications. May I ask the Secretary, of all the approved applications, what the major grounds for approval are?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, in fact, the Director of Immigration does exercise discretion from time to time to approve mainland visitors to extend their stay or settling down in Hong Kong. I have some figures on hand to share with the Honourable CHOY So-yuk. In 1999, the Director of Immigration approved 12 858 applications for extension of stay, in 2000 over 7 000 cases were approved, and in 2001, over 5 000 applications were approved. Reasons accepted by the authority are varied, such as serious illness of family members, the need to dash home for the funeral of a parent or grandparent, temporarily sold-out of train or ferry tickets to return to the Mainland, pregnancy or other discomforts leading to unsuitability for long journey. Furthermore, another consideration of the Director of Immigration is whether there are sufficient humanitarian or compassionate grounds to exercise discretion to approve the applications of mainland visitors to reside in Hong Kong. For instance, in the past three years, 231 applications under this category were approved; that is, we do grant approvals to applicants to reside in Hong Kong from time to time. In general, we have not set any specific criteria for this, such as having three sick persons out of the total four family members or alike. We do not have this kind of quantifiable criteria, as we will judge the overall

situation of each case and see if there are sufficient humanitarian or compassionate grounds before we can grant the approval. Actually, the Director of Immigration has a high degree of flexibility in exercising his discretion.

MISS CYD HO (in Cantonese): *Madam President, the Government has the discretion under certain circumstances, but it is reluctant to explain the objective criteria or its policy. The Secretary for Security said that the existing approach was consistent with the stipulations of the Convention. Let me put the question in the other way round. In reality, how can the Hong Kong Government fulfil its obligation in ensuring every child mentioned in the main question, that is, the child of a Hong Kong resident who has just died, whereas the newly widowed mainland parent has no right of abode in Hong Kong, will enjoy "the right to be cared for by his or her parents" as the child has to stay in Hong Kong? I wish to emphasize the child's right to be cared for by his or her parent in an uninterrupted manner. Can the Government tell us that, under this circumstance, how it will help each child so that he can be cared for by his parent?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I wish to reply the Honourable Cyd HO in the context of specific actions. Just now Mr Albert HO mentioned that if a child joined his newly widowed mother in the Mainland, he would have problems in receiving education since he has no registered residence in the Mainland. If that happens, we would be willing to seek help from the Mainland. In fact, besides cases of the death of fathers, Miss HO should be aware of the fact that after a lot of mainland mothers have come to Hong Kong and given birth to babies, their family members in Hong Kong would make arrangements for them to take their children back to the Mainland to live and receive education, and the children would only return to Hong Kong after they have reached a certain age. Concerning the registered residence, we may seek clarification and help from the mainland authorities.

If there are other circumstances which prevent the relevant child from living in the Mainland, we would be glad to contact the local public security authority in the Mainland and see whether they can exercise discretion or handle it as an exception, in order to allow the mainland parent of the child to come to Hong Kong. All of these are specific actions which we would take to deal with such cases.

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

SECRETARY FOR JUSTICE: Madam President, I would just like to add that the term "parents" in the context of this article is interpreted broadly, and includes other family members, for example, the other family members who actually had close contact with the particular child during the life of the mother. So when I say that all circumstances must be looked at, the age of the child and the amount of contact this child had with the mother would obviously be the relevant factors.

PRESIDENT (in Cantonese): Miss HO, has your supplementary question not been answered?

MISS CYD HO (in Cantonese): *Madam President, I actually wish the Secretary for Justice to.....*

PRESIDENT (in Cantonese): Miss HO, you have to repeat only the unanswered part of your supplementary.

MISS CYD HO (in Cantonese): *Madam President, the answer of the Secretary for Justice was not clear. He said that the definition of parent could be extended to family members who may take care of the child. Can he provide us with some documentation to show that the approach conforms with the Convention on the Rights of the Child, or is it only the interpretation of the Hong Kong Government?*

SECRETARY FOR JUSTICE: Madam President, it derives from a handbook prepared by the United Nations Children's Fund, which provides guidance on the Convention on the Rights of the Child. I will be happy to provide Honourable Members with a copy of the relevant paragraphs. (Annex I)

MR NG LEUNG-SING (in Cantonese): *Madam President, the Secretary for Security mentioned in part (b) of the main reply the question of discretion. May I ask the Government whether it has considered to conduct an assessment on discretion, that is, if the Director of Immigration exercises his discretion to approve of all of the applications, what are the implications on public resources, social welfare, education and housing?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I am prepared to make further explanations on the figures mentioned by me earlier. In recent years, about half of the applications for extension of stay were approved by exercise of discretion, but the extension of stay is subject to restriction. In some cases, the extension was just a few days, in order to give the applicants enough time to buy ferry or train tickets for departure. As to approvals for applicants to settle in Hong Kong, there were 231 cases in the past three years, thus there were only several dozens of cases every year, which simply accounted for a fairly low percentage of the total number of applications. In other words, the Director of Immigration is very cautious in exercising discretion and will only exercise it on sufficient humanitarian or compassionate grounds.

MR ALBERT HO (in Cantonese): *Madam President, the Secretary for Justice has earlier pointed out that the term "parents" in the context of this article should be interpreted broadly and should include other family members. May I ask if that will include some organizations which take care of the children in question, such as children's homes? If such organizations are really included, then will it make these children suffer loss of the care of their parents or family members, and make the implementation of the Convention in Hong Kong impossible?*

SECRETARY FOR JUSTICE: Madam President, it is not that the definition of "parents" extends to other members of the family, but in the context of the article, when one is looking at the extent to which it has to be complied, one must look at the broader family context. So certainly, it is no question of other members of the family being the parents. It is merely that one looks at a broader context, in which the child is being brought up. Thus, the extent of contact with one particular parent would be a relevant consideration, and this certainly does not include children's homes, for example.

MR LAW CHI-KWONG (in Cantonese): *Madam President, has the Government considered that if the mothers of the relevant children in these cases are allowed to stay in Hong Kong, even if they are granted Comprehensive Social Security Assistance (CSSA), the resources the Government has to expend will still be far less than the expenditure for accommodating the children in children's homes?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, just as I have explained earlier, the major considerations for the Director of Immigration in exercising discretion to allow a visitor to reside in Hong Kong are humanitarian or compassionate grounds. As to how to make it economical after calculation, I believe the Director will not consider that a humanitarian or compassionate ground.

MR ALBERT HO (in Cantonese): *Madam President, the concern to many Honourable Members is the consistency of the Director of Immigration in exercising discretion, that is, will it be too lax on some occasions and too stringent on others? May I ask the Secretary, if not every application is handled by the Director of Immigration when discretion is exercised, then immigration officers up to which rank may exercise the discretion on behalf of the Director, and how can understanding of the definition of the Convention be assured, in order to ensure uniform standards?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have to look up the relevant information on the ranking of officers authorized by the Director of Immigration; (Annex II) nevertheless, take me as an example, any petition against the ruling of the Director of Immigration sent to the Security Bureau will be examined by me personally, uniformity is therefore assured.

PRESIDENT (in Cantonese): This Council has spent more than 16 minutes on this question. We will now proceed to the fourth question.

Frequent Disputes Among Occupants of Semi Self-contained PRH Flats

4. **MR FREDERICK FUNG** (in Cantonese): *Madam President, some public rental housing flats have been converted to semi self-contained flats (commonly known as "partitioned flats") by the Housing Department (HD), and occupants of these converted flats have to share kitchen and sanitary facilities with other occupants of the adjacent flats. In view of the frequent disputes and even bloodshed among the occupants of these flats, will the Government inform this Council of:*

- (a) *the number of existing semi self-contained flats and a breakdown of such flats by the let-out status of those adjacent to each other;*
- (b) *the number of semi self-contained flats reverted to self-contained flats by the HD and the number of applications approved for transfer from semi self-contained flats to self-contained flats since January 2000, and the number of flats currently available for allocation to existing occupants of semi self-contained flats who apply for transfer; and*
- (c) *the measures in place to solve expeditiously and thoroughly the problem of disputes among these occupants?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, the Housing Authority (HA) decided in April 2000 to gradually phase out partitioned flats with common facilities shared among occupants. Once all the occupants of units within a partitioned flat are vacated, the partitions will be removed and the flat will be converted back to its original design. So far, 294 such units have been converted back into 131 self-contained flats.*

Since November 2001, the HA has ceased to allocate units in partitioned flats.

At present, there are 6 087 partitioned units, of which 1 244 units are vacant. Details are scheduled.

If disputes arise among occupants of partitioned flats, staff of the HD will give occupants counselling. Those with persistent sharing problems will be transferred to other self-contained flats when available.

In January 2002, the HD mounted an exercise for the first time to invite occupants of units in shared flats to apply for transfer to self-contained flats in Tuen Mun. A total of 2 000 flats were available for allocation, and only 179 tenants in partitioned flats applied. Their applications were approved. They will be allocated flats before the end of March. Similar exercises will be launched in future when a sufficiently large stock of small self-contained flats becomes available.

Since January 2000, 393 tenants have applied for transfer to self-contained flats and their applications have been approved. Of these, 276 have been allocated self-contained flats, 44 are still being processed and 73 applicants have declined offers.

Schedule

Let-out Status of Units in Partitioned Flats

	<i>Two Units in Each Flat</i>	<i>Three Units in Each Flat</i>	<i>Total</i>
No. of occupied units without neighbouring vacancy	2 694	765	3 459
		624	4 843
No. of occupied units with neighbouring vacancy	588	[1 unit vacant] 172 [2 units vacant]	1 384
No. of vacant units	588	656	1 244
Total	3 870	2 217	6 087

MR FREDERICK FUNG (in Cantonese): *Madam President, the Secretary stated in the second paragraph that the HA has ceased to allocate semi self-contained flats since 2001. In other words, the units previously allocated under this policy have found to be problematic. The HA has therefore decided not to allocate or construct such units. This is what the HA has done. First, as*

stated in the fifth paragraph of the main reply, the HA has provided 2 000 units for transfer, yet only 179 tenants have applied for transfer, taking up only 8.9% of the units on offer. Second, as mentioned in the sixth paragraph of the main reply, since January 2001, only 276 tenants have been transferred, taking up only 5% of the 4 800-odd two- or three-person flats. This proves that the active approach taken by the HA has been a failure because very few people have agreed to move to Tuen Mun. As for the passive approach, that is, the approach of allowing the occupants to apply for transfer voluntarily, the relevant figures are very small. May I ask the Secretary whether he has considered taking an active approach by formulating a timetable to transfer these 4 843 tenants to self-contained flats within a certain timeframe?

SECRETARY FOR HOUSING (in Cantonese): Madam President, I would like to start off by explaining that not all occupants of "partitioned flats" would like to leave the districts or the flats in which they are residing at the moment. According to the information we have acquired, many of these occupants want to remain in their original flats because they get along very well with other occupants and they are very satisfied with the districts in which they are residing. Therefore, they have not applied for transfer.

The Honourable Frederick FUNG mentioned earlier that the figures on transfer application or approval were relatively low. What really happened was the occupants were free to apply for transfer. The low figures might be attributed to the fact that the occupants were not interested in the transfer programme or they did not want to leave a certain district. Of course, it is their own decision. Yet the HA will still strive to offer self-contained flats for applications by this category of residents. Madam President, I think what matters most is that they should be given a chance to apply for self-contained units. We do not rule out the possibility of having self-contained flats available in other districts for application by existing occupants of semi self-contained flats. As I mentioned in the fifth paragraph of the main reply, similar exercises will be launched when small self-contained flats are available in future. I hope Mr FUNG will understand that the HD has, particularly over the past year, played an active role to help these tenants. They can definitely move elsewhere if they really want to do so. However, they will have to wait if they want to have more options.

MR IP KWOK-HIM (in Cantonese): *Madam President, the Secretary mentioned in the fourth paragraph that arrangements could be made to expedite the transfer of the relevant tenants to self-contained units. I understand that most flats for singletons are situated in Tuen Mun or other parts of the New Territories, and no singleton flats are available in the urban area. Now some occupants are having problems in getting along with other occupants. Although the HD has replied that arrangements will be made expeditiously, the applicants are given the only choice of moving to Tuen Mun, where they find it virtually impossible to adapt. May I ask the Secretary whether he has considered improving these "partitioned flats" by constructing self-contained kitchens and sanitary facilities to prevent the occurrence of serious disputes as a result of sharing these facilities or, in other words, converting the old flats in the urban area into self-contained units in order to resolve this problem? Has the Secretary considered this option?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, the HD has definitely considered this option. However, as I mentioned in the first paragraph of the main reply, 294 "partitioned flats" have been converted back to self-contained units. When all occupants of a "partitioned flat" have moved out, the partition walls and electrical installations therein will be removed to convert the flat back to a big unit. These big units will be suitable for families consisting of three, four or five members. If a singleton living in one unit of the "partitioned flat" finds it too crowded to live there because he has got a wife and children, the newly converted flat might be allocated to him.*

It is impossible for us to remove the walls of a "partitioned flat" and convert it back to its original design if some occupants have not yet left the flat. This is because the removal and wiring works will create considerable nuisances. Therefore, broadly speaking, it is impossible for us to reconvert a unit back to its original design when it is still occupied.

MR IP KWOK-HIM (in Cantonese): *Madam President, I am not sure if the Secretary has misunderstood my point. My supplementary question is: Will existing public housing units located in the urban area be converted into self-contained units rather than "partitioned flats"? The reply given by the Secretary just now is not my expected answer.*

SECRETARY FOR HOUSING (in Cantonese): Madam President, I believe Honourable Members will understand that there is a keen demand for housing units in the urban area. Most occupants living in the urban area have to wait for a considerably long period of time before vacant units become available for allocation to them. In principle, tenants currently living in the urban fringe areas or the New Territories will not be allocated housing units in the urban area as they wish, unless they have very special reasons, such as health reasons or the so-called social problems. Based on the recommendation of the Social Welfare Department (SWD) after a thorough investigation by the SWD and social workers, the HD will consider allocating flats in the urban area to the tenants in question. In other words, we will strive to allocate them with units situated in the district near their previous homes. If they wish to be allocated a flat in the urban area, they must apply through other channels. Moreover, it is not going to be easy for their applications to be approved.

MR FRED LI (in Cantonese): *Madam President, the HA is aware that "partitioned flats" do not fit in today's living environment. Therefore, it has already ceased allocating these flats. Yet, unfortunately, 80% of these flats are still occupied. The Secretary indicated earlier in the main reply that the response to the exercise of transfer to Tuen Mun was far from satisfactory. Madam President, most tenants living in "partitioned flats" are elderly persons. It is virtually infeasible to demand them to move from the urban area to Tuen Mun. The response to the exercise will definitely be very poor. Will the Secretary carry out an opinion survey among the 4 800-odd occupants of "partitioned flats" to find out the actual number of people who cannot tolerate such a living environment and help them to relocate to nearby districts as far as possible, rather than transferring them to Tin Shui Wai or Tuen Mun? In my opinion, this is what a humane housing policy should strive to achieve. Will the HD make such arrangements?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, I would like to thank the Honourable Fred LI for raising this supplementary question. The HD will be very pleased to, if possible, help these tenants to move to places where they deem fit. I will forward the proposal of carrying out a survey to the HD and ask it to consider the proposal in order to get a better understanding of the situation and match housing supply with allocation as far as possible in future.

Madam President, I would also like to point out that there should be an abundant supply of flats in the next three years since a number of small units suitable for one-, two- or three-person families will become available. Of course, there will be an abundant supply of flats, or approximately 19 000 units, for singletons too. These units are targeted not only at existing occupants of "partitioned flats". Singletons can apply for these units as well. In the next three years, they may try to apply for these units, and I hope they will succeed.

MR CHAN KAM-LAM (in Cantonese): *Madam President, the main reply by the Secretary has given us an impression that the pace of resolving the problem is quite slow. Just now, the Secretary indicated that the "partitioned flats" suitable for accommodating four-person families would be converted back to their original design upon resumption by the HD. May I ask the Secretary if it is possible to allocate these units direct to four-member families rather than having them converted back to their original design? This is because three separate rooms may be needed if the four-person families happen to comprise a couple, a son and a daughter. Has the Secretary made such an attempt?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, the proposal made by the Honourable CHAN Kam-lam should in principle be feasible. Nevertheless, Mr CHAN may not understand the design of the "partitioned flats" very well. This is because the size of the "partitioned units" in such flats are unusually big since they are intended for general use by the occupants. However, the living room shared among the occupants is very small. If such "partitioned flats" are allocated to the families mentioned by Mr CHAN, these families will find the design not at all suitable since the rooms in the "partitioned flats" are exceptionally big but the living room extremely small. We hope we can provide the public with comfortable and properly designed flats with rooms of a suitable size as well as spacious living rooms and sitting areas. I believe this is better than the proposal made by Mr CHAN.

PRESIDENT (in Cantonese): Last supplementary question.

MR FREDERICK FUNG (in Cantonese): *Madam President, the solution proposed by the Secretary will encounter two problems. Perhaps the Secretary*

has failed to notice them. I wish to first point them out before raising my supplementary question.

The first problem is, if I remember it correctly, the singleton units in old housing estates which are more than 20 years old are subject to an upper limit of 200 sq ft. However, the usual size of a "partitioned flat" is 240 sq ft. Singletons living in small units in old housing estates will not be eligible to apply for "partitioned flats" even after the partitions in these flats are demolished. The second problem is, under the existing housing policy, families currently living in public housing units can still not apply for inclusion of their names on the Waiting List even though the Secretary pointed out that 19 000 small units would be made available for allocation. Supposing I am a singleton currently living in a "partitioned flat", I will still not be allowed to apply for a new flat. Owing to the difficulties mentioned above, will the Secretary consider relaxing these two policies in order to achieve the objective stated by him earlier?

SECRETARY FOR HOUSING (in Cantonese): Madam President, although tenants currently living in public housing allocated by the HD cannot put their names on the Waiting List again, they are still eligible to apply for transfer. I have stated in the main reply and my reply to the supplementary question that existing tenants can apply for transfer of their own accord. Upon receiving such applications, the HD will give consideration under several circumstances. If the relevant household is an overcrowded family, its application will certainly be easier to process. If a transfer application is made on special grounds, the relevant authorities will have to investigate on what special grounds, such as health reasons, social problems, and so on, before considering the application. Some channels are certainly available to public housing tenants who wish to apply for transfer. Yet not all of these tenants will succeed, as Mr FUNG has wished, since confusion will arise if this is the case. As for the other policy, I am not sure what policy Mr FUNG was referring to.

MR FREDERICK FUNG (in Cantonese): *Madam President, I wish to clarify.....*

PRESIDENT (in Cantonese): Mr FUNG, you may clarify with the Secretary after the meeting. We will now proceed to the fifth question.

Demolition of Contaminated Kennedy Town Incineration Plant

5. **MISS CHOY SO-YUK** (in Cantonese): *Madam President, it has been reported that the Government plans to demolish the Kennedy Town Incineration Plant, which has ceased operation for years, in the middle of next year, and that the interior of the Plant is seriously contaminated with harmful substances. In this connection, will the Government inform this Council:*

- (a) *of the ways in which it plans to dispose of the Plant's contaminated demolition waste; and*
- (b) *whether it will formulate special procedures for the demolition of those components of the Plant which contain harmful substances such as dioxins or asbestos, in order to avoid posing health hazards to workers and nearby residents?*

SECRETARY FOR WORKS (in Cantonese): Madam President,

- (a) The demolition of the Kennedy Town Incineration Plant is a designated project under the Environmental Impact Assessment Ordinance (EIAO), and as such an Environmental Impact Assessment (EIA) has been carried out by Civil Engineering Department (CED), the works department responsible for the future demolition of the plant and associated work. As part of this Assessment, the type and extent of contaminated materials that are within the buildings and the ground beneath, and how these will be dealt with, were broadly established.

The types of contaminated material found on site fall into four main categories, namely:

- (i) Heavy metal contaminated material,
- (ii) Hydrocarbon contaminated material,
- (iii) Asbestos containing material, and
- (iv) Dioxin contaminated material.

Heavy metal contaminated material has been found in the ground below the buildings. After demolition of the buildings, this material will be excavated, immobilized by mixing with cement and returned to the ground.

Hydrocarbon contaminated material has also been found in the ground below the buildings. After demolition of the buildings, this material will be treated by mixing with cement if necessary and disposed of in landfills.

Asbestos containing materials have been found in various locations in the buildings. The treatment of asbestos is well established in Hong Kong and will be carried out in accordance with the Code of Practice — "Safety and Health at Work with Asbestos".

Dioxin contaminated material has been mainly found in an area of rubble located at the seaward side of the incineration plant. This material will be immobilized and disposed of at designated areas in landfills. The immobilization process will involve the mixing of the contaminated material with cement and placing the mixture in polythene lined steel drums. The drums will be fully sealed prior to disposal at designated locations in the landfills.

The treatment of the contaminated material is generally considered safe and consistent with international practice and has been determined by specialist consultants in consultation with the Environmental Protection Department (EPD). Moreover, the CED will commence the detailed design of the demolition and decontamination works, and so on, in mid-2002. During the design stage, the demolition and decontamination process will be confirmed in detail.

As regards the EIAO process, the Environmental Impact Assessment Report has been made available for public inspection and the CED is responding to the comments received by the EPD during the public inspection period. No demolition works will commence until the Director of Environmental Protection has approved the Report and issued an Environmental Permit for the works.

- (b) As mentioned before, an EIA has been carried out for the project. The Assessment concluded that the works could be carried out without adversely affecting the health of the local residents.

Detailed demolition procedures will be worked out at the design stage of the project. In general, the demolition will be top down using manual tools and mechanical plant, with the reinforced concrete in the chimneys being cut into small pieces and carefully lowered to the ground through the inside of the chimney. It is expected that the contaminated materials in the building will be removed prior to demolition.

The main contaminant in the building is asbestos, and during its removal public safety will be assured by the use of full containment measures where the material is found to be friable, to prevent the release of asbestos fibres to the atmosphere. There was some dioxin-contaminated material found adjacent to the incinerator building. Before handling, this material will be sprayed with a special wetting agent to suppress the release of dust to the atmosphere.

Workers will be protected from asbestos and dioxins by providing them with full body protective clothing and face masks. Training and close supervision will be provided and emergency plans will be developed. Also, the Commissioner for Labour will be consulted on all proposed safety measures relating to workers dealing with contaminated materials.

MISS CHOY SO-YUK (in Cantonese): *Madam President, in the last paragraph of his main reply, the Secretary has stated that workers will be provided with full body protective clothing and face masks. Japan has also adopted similar preventive measures and workers are provided with special clothing, but dioxin is still found on the workers and the quantity is nine times higher than that on ordinary people. Would the Secretary inform this Council of the measures that will be taken by the Administration that are different from those used by Japan to avoid posing hazards to workers when they remove dioxin?*

SECRETARY FOR WORKS (in Cantonese): Madam President, I have said in my main reply that we have carried out an EIA and our preventive measures and the future demolition works will be carried out according to internationally accepted practice. When workers carry out the demolition processes, they will be provided with protective clothing and face masks. This is a general international practice and we will carry out the demolition according to the highest standards.

PRESIDENT (in Cantonese): Miss CHOY, has your supplementary not been answered?

MISS CHOY SO-YUK (in Cantonese): *Madam President, the international practice has been proven impracticable. How can the Secretary assert that the practice is safe?*

SECRETARY FOR WORKS (in Cantonese): Madam President, I do not have anything particular to add because, after discovering the contaminants, we have made plans for decontamination and treatment on the basis of the methods suggested by environmental protection experts. As I have just said, we will adopt the latest and best methods.

DR LO WING-LOK (in Cantonese): *Madam President, there are domestic premises, bus terminus, schools and food wholesale markets near the incinerator plant. In the third paragraph of part (b) of his main reply, the Secretary has stated that some dioxin-contaminated materials were found adjacent in areas to the incinerator building. How were the contaminants released to places adjacent to the incinerator building? Does it mean that there was serious contamination in the region during the period when the incinerator plant was in operation?*

SECRETARY FOR WORKS (in Cantonese): Madam President, besides the incinerator building, the Kennedy Town Incineration Plant also has a chimney and the said adjacent areas of the incinerator building are actually within the

perimeters of the Kennedy Town Incineration Plant. The contaminants were found on the sides of the chimney in the incinerator plant.

DR TANG SIU-TONG (in Cantonese): *Madam President, I would like to ask the Secretary a question on the treatment of dioxin. The Secretary has said that the dioxin contaminants would be demobilized and mixed with cement and the mixture would be placed in polythene lined steel drums and disposed at landfills. Earlier when Mrs Rebecca LEE talked about the discovery of dioxin contaminants at Cheoy Lee Shipyard, she said that the contaminants should be burnt according to international practice instead of buried underground. Does the Secretary have any comments?*

SECRETARY FOR WORKS (in Cantonese): *Madam President, in fact, the CED colleagues compiled the two EIA Reports. Both methods for the treatment of dioxin contaminants are internationally adopted. In other words, some contaminants are mixed with cement and the mixture is placed in polythene lined steel drums and the sealed drums are disposed at landfills. After a large amount of contaminants had been found at the Cheoy Lee Shipyard, we suggested adopting the thermal absorption method of decontamination. We suggest adopting the sealed steel drum method for the treatment of the contaminants in the Kennedy Town Incineration Plant. But if thermal machinery has been produced at that time, we can similarly adopt the thermal treatment method. Actually, both methods are acceptable.*

DR RAYMOND HO (in Cantonese): *Madam President, the Government plans to use cement to demobilize dioxin contaminants before placing the mixture in steel drums. What is the difference in cost between this treatment method and that of the thermal absorption method? If this method is cheaper, why could the Government not adopt this method for the treatment of the dioxin contaminants at the Cheoy Lee Shipyard?*

SECRETARY FOR WORKS (in Cantonese): *Madam President, the issue is related to the quantity of contaminants. To adopt the thermal absorption method, we have to purchase large-scale machinery before installing the thermal*

absorption machinery, which will incur some expenses. The estimated expenses on the treatment of the contaminants at the Cheoy Lee Shipyard at Penny's Bay are more than \$300 million. Since a smaller quantity of contaminants is found at the Kennedy Town Incineration Plant, the estimated expenses on the whole project, including the future demolition and treatment of other contaminants, are \$110 million.

MR IP KWOK-HIM (in Cantonese): *Madam President, the incinerator plant is located very close to domestic premises and it seems that the reply given by the Secretary to Members has failed to fully answer the questions raised by Members, and workers who remove such contaminants may also be contaminated. I worry if the domestic premises or residents around the incinerator plant would be contaminated by dioxin during the course of demolition. In that case, what measures do the authorities have to measure the contamination that would occur during demolition?*

SECRETARY FOR WORKS (in Cantonese): *Madam President, I have just said that four types of contaminants were basically found on the site. If dioxins are our major concern, we would first spray a wetting agent onto the contaminants to prevent the release of dioxin, and the contaminants would be mixed with cement and the mixture would be placed in steel drums. We believe the chances of dioxin being released if we treat the contaminants this way are negligible.*

MISS CHOY SO-YUK (in Cantonese): *Madam President, the solution adopted by the Secretary is to demobilize the contaminants with cement on site. Although this is an internationally adopted practice, the United States experience has clearly shown that it is impossible to solidify the mixture of inorganic substances and organic substances. Thus, it has specially established a fund of over US\$100 billion for the treatment of toxic organic substances that cannot be decomposed. After solidifying with cement as mentioned by the Government, the contaminants would still leak into the groundwater. Would the Secretary inform this Council whether it is out-dated for the Government to adopt this international practice that is already known to be impracticable?*

SECRETARY FOR WORKS (in Cantonese): Madam President, I believe I can add very little. We have completed the EIA Reports and the Reports are available for public inspection under the law. During this period, we have not received similar comments that the treatment methods adopted by us are inappropriate. We certainly hope that the demolition of the incinerator plant would not affect the surrounding environment or the domestic premises around the incinerator plant or workers. We would certainly hope so, but we have not received comments similar to those just made by Miss CHOY, that is, that the treatment method is inappropriate.

PRESIDENT (in Cantonese): Miss CHOY, has your supplementary not been answered?

MISS CHOY SO-YUK (in Cantonese): *Does the Secretary know how long afterwards would the dioxin at the landfills leak?*

PRESIDENT (in Cantonese): Miss CHOY, this is not a part of your supplementary.

MISS CHOY SO-YUK (in Cantonese): *I would wait for a second turn then.*

DR LO WING-LOK (in Cantonese): *Madam President, in his main reply, the Secretary has said that the CED will commence the detail design of the demolition and decontamination works, and so on, in mid-2002. Can the Secretary brief us on the relevant timetable? When would the works actually commence and be completed?*

SECRETARY FOR WORKS (in Cantonese): Madam President, first of all, we must find out what are the contaminants at the site before working out the decontamination processes according to the quantity of contaminants. We intend to commence the detail design and work out the preventive measures

required by the relevant works in mid-2002, and we plan to commence the demolition works in mid-2003. Since we have to carry out some preventive works, we estimate that it would take one and a half years to fully complete the demolition and decontamination works.

PRESIDENT (in Cantonese): This Council has spent more than 17 minutes on this question. I will allow a Member to raise one last supplementary.

MISS CHOY SO-YUK (in Cantonese): *Madam President, has the Secretary assessed how long dioxin can be kept in the landfills without leakage if the existing method is adopted by the Government?*

SECRETARY FOR WORKS (in Cantonese): Madam President, firstly, the dioxin contaminants have been demobilized with cement; secondly, the mixture is placed in polythene lined steel drums and fully sealed. We would also conduct tests before transporting the steel drums to landfills to ensure that the steel drums do not leak. In other words, we reckon there will not be any leakage.

PRESIDENT (in Cantonese): Miss CHOY, has your supplementary not been answered?

MISS CHOY SO-YUK (in Cantonese): *My supplementary is about how long the dioxin can be kept in the landfills.*

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

SECRETARY FOR WORKS (in Cantonese): Madam President, as I have just said, we reckon there will not be any leakage.

PRESIDENT (in Cantonese): Last oral question.

Participation by Young People in Pre-employment Training and Continuing Education Programmes

6. **MR TAM YIU-CHUNG** (in Cantonese): *Madam President, in respect of participation by young persons in pre-employment training and continuing education programmes, will the Government inform this Council:*

- (a) *of the number of attendance by young persons in each type of pre-employment and continuing education programmes (including the Youth Pre-employment Training Programme, Project Springboard and other continuing education programmes organized by the Federation for Continuing Education in Tertiary Institution) in this academic year and each of the preceding two academic years;*
- (b) *whether such figures show a downward trend; if so, whether it has conducted surveys on the causes of the trend; if it has, of the outcome; if it has not, the reasons for that; and*
- (c) *whether it will implement measures to encourage young persons to participate in these programmes, such as speeding up the academic accreditation and recognition of certain programmes, setting up low-interest loan for further studies and increasing the retraining allowance for some of these programmes; if it will, of the details; if not, the reasons for that?*

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

- (a) In recent years, the Government has invested heavily in education and human resources development to provide diversified pre-employment training and continuing education opportunities for young people. These subsidized programmes include the Youth Pre-employment Training Programme, Information Technology Assistant Course and Project Springboard, as well as various pre-employment training and continuing education programmes catered

for young people. In addition, the industries such as the Construction Industry Training Authority and the Clothing Industry Training Authority have also provided various pre-employment and on-the-job training. Please refer to the Annex for the number of trainees in these programmes over the past three years.

In addition, to increase post-secondary learning opportunities for school-aged young people and to offer them a wider choice of further studies other than conventional matriculation and university programmes, the Government has for the past two years actively encouraged sponsoring bodies to provide more higher education places to facilitate the diversification of our higher education. In the 2000-01 academic year, only about 16 self-financing full-time sub-degree programmes providing over 2 000 places were offered. The number of programmes increased to about 40 in the 2001-02 academic year, providing almost 7 000 places. The average admission rate of these programmes reached 90%. The demand exceeded the supply for some of the programmes, indicating an enthusiastic response from the students.

- (b) In the past three years, the number of young people attending pre-employment training and full-time continuing education has been increasing. Owing to a sharp growth in pre-employment training and continuing education programmes, students have wider and more diverse choices. As a result, the number of students enrolled in Project Springboard courses has dropped. Because of gloomy prospect for the construction industry and clothing industry, the number of students enrolled in the courses run by the Construction Industry Training Authority and the Clothing Industry Training Authority has also shown a decrease.
- (c) To encourage more young people to attend the training and continuing education programmes, the Government has offered eligible trainees a variety of subsidies and put in place a mechanism for quality assurance and accreditation in accordance with the requirements of individual programmes. For example, Youth Pre-employment Training Programme and the Information Technology Assistant Course are free of charge. Trainees will be issued with certificates after completion of the courses. Many

computer and vocational skills training courses under the Youth Pre-employment Training Programme have been linked to relevant professional examinations, thus enabling the trainees to obtain elementary professional qualifications upon completion of the training courses.

Upon successful completion of studies for a subject (that is, with an attendance rate of 80% or more and a pass in the overall assessment), trainees of Project Springboard will be refunded 30% of the tuition fee for that subject by the Government. The trainees may also apply for assistance under the Non-means Tested Loan Scheme. The qualifications of this programme have been assessed by the Hong Kong Council of Academic Accreditation as equivalent to having five passes in the Hong Kong Certificate of Education Examination (HKCEE). The Government has also accepted the holders of Project Springboard completion certificates in the appointments to over 30 civil service grades which require an entry qualification of having five passes (including Chinese and English) in the HKCEE.

Concerning sub-degree programmes, students for accredited self-financing programmes leading to a qualification at or above the level of sub-degree may apply for means-tested grant or loan, as well as non-means tested loan and student travel subsidy. At the same time, we have also provided interest-free loans and accreditation assistance to qualified sponsoring bodies to lower their costs and hence lessen the burden of tuition fees on students.

Sub-degree, which includes associate degree and higher diploma, is an independent and valuable exit qualification. Holders of such qualification can either choose to further their studies by pursuing degree or professional courses or seek employment at associate professional level. The Government has already taken the lead to recognize associate degree as an academic qualification for civil service appointments.

It is the Government's policy to ensure that no qualified students will be denied access to opportunity for receiving education because of a lack of financial means. In this connection, we have been

providing various kinds of financial assistance to the young people according to the nature and the requirements of different courses. Also we have been striving to enhance the standard and the recognition of these programmes. To encourage more young people to participate in pre-employment training and continuing education programmes, the Government will continue to review the effectiveness of these measures.

Annex

Number of Trainees in Pre-employment and Continuing Education Programmes				
<i>Programme</i>	<i>Sponsoring Body</i>	<i>1999-2000</i>	<i>2000-01</i>	<i>2001-02</i>
Youth Pre-employment Training Programme	Labour Department	10 707	12 066	18 000*
Information Technology Assistant Course	Employees Retraining Board/Vocational Training Council	not yet offered	900	1 400
Project Springboard	Federation for Continuing Education in Tertiary Institutions	not yet offered	3 267	2 083
Other government subsidized pre-employment training and continuing education programmes	Institute of Vocational Education and Training Centres under Vocational Training Council	14 665	16 676	16 907
Non-government subsidized pre-employment training programmes	Construction Industry Training Authority	2 336	2 169	1 859
	Clothing Industry Training Authority	355	285	302
Annual total number of trainees		28 063	35 363	40 551

* This is the number of applications and the actual enrollment is to be confirmed by relevant training providers.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, although the Secretary has mentioned in the main reply that the Government has a set of policies and measures in place and it seems that everything is going fine. However, according to a survey conducted by an organization, it is estimated that there are more than 110 000 young persons between the age of 15 and 19 who are neither studying in schools nor pending or in employment, the so called non-engaged youth. Will the Government formulate some more proactive measures to help these young persons?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): *Madam President, we are very concerned about the needs of these non-engaged youth. As a matter of fact, the findings of this survey do show that young persons with a lower education attainment do not have a clear goal in life and they are passive. Most of them do not intend to pursue further studies of any kind and even given the opportunity, they indicate that they will not consider it. Therefore, I think if we are to tackle the problem of these non-engaged youth, we have to start from the roots. First of all, we have to cultivate in them a positive approach to life. In this regard, I think the Education Department, the Labour Department and the voluntary agencies concerned should join hands to enhance the self-awareness of these young people and to enable them to hold a positive attitude to life. Then we can talk about offering them chances of further studies. As for channels of further studies, Honourable Members may be aware that in recent years we have been offering various channels of this sort and we are very active in promoting continuing education and lifelong learning. Personally, I think that opportunities of further studies should not be considered as a kind of limitation *per se*, rather, our concern should be placed on the students' motivation to pursue further studies.*

MISS LI FUNG-YING (in Cantonese): *Madam President, may I ask the Secretary if there are any statistics on the employment status of those who have completed pre-employment training and continuing education programmes? For those grades in the Civil Service which the Government has pledged to employ these students, may I ask if there are any figures showing that these students are employed?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, with respect to Project Springboard, the first batch of students graduated last year. As those who have completed Project Springboard have a qualification equivalent to having five passes in the HKCEE, so 60% of the trainees choose to pursue further studies and many of the remaining trainees have found a job. As for sub-degree courses, if they are graduates of VTC programmes, they do have a very high employment rate, that is, over 85%. As for other sub-degree programmes, some trainees are due to graduate this summer and we will keep a close watch of their future developments and we will conduct a survey on their employment situation. However, as the economic situation this year is bad, it may affect the actual number of students finding employment.

PRESIDENT (in Cantonese): Miss LI, has your supplementary question not been answered?

MISS LI FUNG-YING (in Cantonese): *Madam President, the Secretary has not answered the part of my question on the number of trainees who have been employed by government departments and civil service grades?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I do not have any figures at hand on the number of trainees of Project Springboard employed by government departments. In fact, we have not conducted any survey on that. However, Honourable Members can see that some trainees of Project Springboard have talked about their career developments and there are reports in the newspapers on some trainees who have found a job in the Police Force. We can do a survey on that when the second batch of trainees under Project Springboard graduate this summer.

MR ANDREW CHENG (in Cantonese): *Madam President, from the Annex to the main reply it can be seen that for the year 2001-02, the number of trainees under Project Springboard has dropped about one third compared to the number for 2000-01. Many people have made the criticism that the tuition fees for*

Project Springboard are expensive, and the academic qualifications gained are only equivalent to five passes in the HKCEE. The trainees think that this is like the Government offering some courses and the fees charged are like private and profiteering schools. So they would rather study by themselves or in some private evening schools and the expenses may be lower. In this regard, will the Government consider making a review of the cost-effectiveness of Project Springboard as it is and the criteria used to determine the tuition fees?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese):

Madam President, with regard to cost-effectiveness, Project Springboard has been recognized, for about 60% of the trainees of the Project have been able to pursue further studies despite their unsatisfactory results gained in the HKCEE prior to their enrolment in the Project. That is like giving them a channel to further their studies.

As to the impression of trainees on the Project, I hope the young persons can know their own abilities and aptitude better. One of the advantages of the Project is to enable the trainees to acquire enhanced self-awareness and know themselves better. Besides, programmes in the Project are diversified and some are vocationally oriented and these will be useful to their career development in society. Self-study is not a bad option, but if there are teachers to guide them, students can make better progress.

As for financial issues, I know that some trainees may think that the fees charged by the Project are quite high. But if the trainees pass their examinations and graduate, they will have 30% of their tuition fees refunded. We are presently studying into whether the subvention mode of the Project should be the same as the places in other self-financing tertiary programmes. For those trainees with a lack of financial means, we are considering making remission arrangements. We are making an internal review on this.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, when the Secretary made a reply to the Honourable TAM Yiu-chung's question, she said that the opportunities of further studies presently offered by the Government*

should not be considered as a kind of limitation, for a greater concern should be the motivation of the students. I am partly in agreement and partly in disagreement with this view. As the Secretary sees it, it seems that there are some young persons between the age of 15 and 19 who do not have any desire for advancement in life. However, in some surveys of a similar nature, we find that these young persons would like very much to study. May I ask the Secretary if she is aware of the fact some of the pre-employment training bodies like the VTC which offer training to those between 15 and 19 do not admit students of Secondary Three and Secondary Five, that is, refuse their applications? Is the Secretary aware of this situation?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I know some students have raised this question. However, there are presently many channels for further studies. Suppose everybody wants to study in the VTC, with limited supply of places, the VTC may not be able to admit all the applicants. In my opinion, there are a few kinds of young persons who may encounter some difficulties in further studies. They are those who are over 15 but have not completed Secondary Three. As these students are past the appropriate school age, so it is hard for them to enrol at the mainstream schools. However, there are many adult education institutions and "schools of another kind", that is, other kinds of training institutions, which offer them many training opportunities. If young people really set their minds on further studies, and the social workers who help them are convinced that they have the motivation to learn, they are welcome to contact the Education Department or the Labour Department direct and we will try our best to arrange some suitable training for them.

DR RAYMOND HO (in Cantonese): *Madam President, has the Secretary ever asked the first batch of graduates of Project Springboard as to whether the programme is helpful to them; whether they have any views on the programme; whether they have encountered any difficulties in their search for jobs, and whether they think the tuition fees are far too expensive? May I know if the Government has done surveys of this kind?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, last year we conducted a very comprehensive questionnaire survey on Project Springboard to assess the effectiveness of the Project. Findings of the survey have been released to the public. I can send a report of the survey to Ir Dr the Honourable Raymond HO.

According to the survey findings, a vast majority of the trainees think that the programme has been helpful to them. Some trainees have suggested that it would be better if more financial assistance can be given. There are some trainees who have not passed the final examinations and have to retake the programme. But in general, we are quite happy about the effectiveness of these programmes and we will make some follow-up improvements this year.

PRESIDENT (in Cantonese): Oral Question Time ends here.

WRITTEN ANSWERS TO QUESTIONS

Management of Applied Research Fund

7. **MR WONG YUNG-KAN** (in Chinese): *Madam President, the Government set up the Applied Research Fund (ARF) in 1993 to provide funding support for technology ventures undertaken by local companies, and private sector venture capital firms have been appointed as fund managers of the ARF since November 1998. In this connection, will the Government inform this Council of:*

- (a) *the respective sets of criteria adopted by individual venture capital firms in vetting and approving funding applications;*
- (b) *the total number of funded projects since the establishment of the ARF, the amount of funds granted to each project and other details of individual projects; and*
- (c) *the balance of the ARF to date?*

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

- (a) The ARF is a government owned venture capital fund controlled and administered by the Applied Research Council (ARC), a company wholly owned by the Government and formed specifically for this role.

The objective of setting up the ARF is to provide funding support to technology ventures and research and development projects that have commercial potential. The longer-term aim is to increase the technology capability and to enhance the competitiveness of local industry, thereby promoting high value-added economic development in Hong Kong. Given this, the business or research and development projects of the companies funded by the ARF must be in line with the public mission of the ARF. The companies should also have sound business plans, competitive technological edge and growth path to profitability. Generally the fund managers will assess the technical capability and commercial potential of the applicant companies so as to determine the terms of funding. The ARC will examine if the funding applications fulfil the public mission of the ARF.

- (b) The \$750 million ARF has since establishment funded 46 projects with a total amount of \$418 million. Of the 46 projects, 27 involving a total approved amount of \$97 million were processed by the then Industry Department before the appointment of the fund managers. The remaining 19 projects involving a total amount of \$321 million were approved by the ARC on recommendation of the fund managers. Details of the projects and the approved funding are set out in the Annex.
- (c) The balance of the ARF to date stands at \$332 million.

Annex

Applied Research Fund
List of Funded Projects before Fund Managers were Appointed

Information Technology

<i>Company Name</i>	<i>Technology Area</i>	<i>Funding Approved (HK\$m)</i>
Citron Technologies Limited	Development of a computer aided design software package	2.70
Superlogic Technology Limited	Development of a facsimile management system	0.39
Continuous Technologies International Limited	Development of enhanced services system for telecom operators	3.78
Excel Consultancy Limited	Development of real-time stocks trading	4.00
Veridata Limited	Development of court recording and transcribing system	4.00
LECCO Technology Limited	Development of SQL software tool	5.00
	Total	19.87

Biotechnology

<i>Company Name</i>	<i>Technology Area</i>	<i>Funding Approved (HK\$m)</i>
Hong Kong Bio-Pro Company Limited	Development of Bst enzyme for DNA sequencing	2.06
Merck Apotec Company Limited	Research on scale-up production of controlled release drugs	3.28
Diagnotech Company Limited	Development of rapid whole blood and serum/ plasma test for HBV and HCV	5.36
Hong Kong Agritech Limited (formerly Hong Kong Transgenic Limited)	Development of transgenic crops and animals	5.87
	Total	16.57

Electronics

<i>Company Name</i>	<i>Technology Area</i>	<i>Funding Approved (HK\$m)</i>
Security Systems (F.E.) Limited	Development of an alarm signalling system	0.57
Winning Signals Limited	Development of mini-electrocardiograph monitor	1.20
Telinstrument Company Limited	Development of LPD transceiver	0.86
Compass Technology Company Limited	Research to study the methodology of forming Micro-Via in the manufacturing of multi-layer chip scale package by laser and electro-less plating technologies	10.00
Wireless Logic Technologies Limited	Development of spread spectrum IC's for long range cordless phone	6.32
CelluWare Research Technology Limited	Development of land mobile radio network planner	7.38
Truly GSM Technologies Limited	Development of digital mobile phones conforming to GSM standard	4.80
Telinstrument Company Limited	Development of marine fishery's rescuing communication system	3.04
Winning Signals Limited	Development of chipset for digital telephone answering machine	1.49
	Total	35.66

Precision Machinery

<i>Company Name</i>	<i>Technology Area</i>	<i>Funding Approved (HK\$m)</i>
Concord Technology Limited	Development of an automatic in-circuit tester	5.10
Kras Asia Limited	Development of new system for forming and reconditioning IC leads	4.86
Pearl Technologies Limited	Development of underwater remote operating vehicle	4.63
Asia InfoSciences Corporation Limited	Development of a rapid electrode-abrader machine	1.00
	Total	15.59

Environmental Technology

<i>Company Name</i>	<i>Technology Area</i>	<i>Funding Approved (HK\$m)</i>
Caterly Technology Limited	Development of degradable packing materials	0.91
Eikometrics Limited	Development of software for quantitative environmental assessment	4.00
	Total	4.91

Materials

<i>Company Name</i>	<i>Technology Area</i>	<i>Funding Approved (HK\$m)</i>
Sunderland Technology Limited	Development of shape memory and super elastic alloys	3.70
Plasma Technology Limited	Design and construction of a plasma immersion ion implanter for surface treatment and modification of industrial materials and components	1.00
	Total	4.70

Applied Research Fund

List of Investments Approved after Fund Managers were Appointed
(Position as at 19 February 2002)

Information Technology

<i>Investee Company</i>	<i>Fund Manager</i>	<i>Technology Area</i>	<i>Funding Approved (HK\$m)</i>
Property Market Intelligence Limited	AsiaTech Ventures Limited	Provision of online real estate information and analysis (Internet and e-commerce)	12.31
QuotePower Information Limited	AsiaTech Ventures Limited	Provision of online financial information and real-time electronic trading	8.00

<i>Investee Company</i>	<i>Fund Manager</i>	<i>Technology Area</i>	<i>Funding Approved (HK\$m)</i>
InfoTalk Corporation Limited	Walden Technology Management (HK) Limited	Automatic speech recognition	24.07
I-Quest Corporation (HK) Limited	AsiaTech Ventures Limited	Highspeed Internet access for the hospitality industry, portal developer	15.51
ecVision Limited	Walden Technology Management (HK) Limited	Business-to-business e-commerce software and services	27.24
LECCO Technology Limited	Walden Technology Management (HK) Limited	Software tools	24.59
ActionAce.com (HK) Limited	AsiaTech Ventures Limited	E-commerce, serving niche toy market (Internet and e-commerce)	23.78
Wisers Information Limited	Walden Technology Management (HK) Limited	Electronic aggregation and distribution of Chinese language-based content	20.26
Inlooktech.com Limited	AsiaTech Ventures Limited	Enterprise Resource Planning solutions	7.79
iASPEC Technologies Incorporated (formerly Uni-tech Systems Engineering Limited)	AsiaTech Ventures Limited	System integration, application hosting services	15.55
WebPro Limited	Walden Technology Management (HK) Limited	Internet and e-commerce technologies for the Asian electronics components industry (Internet and e-commerce)	15.60
i-Security Solutions Limited	Walden Technology Management (HK) Limited	To develop and market encryption and authentication tools to facilitate e-commerce functions	10.82
Spike Cyberworks Limited	Softech Investment Management Company Limited	To provide web-related and software solutions based on the Linux platform	0.68
Total			206.20

Telecommunications

<i>Investee Company</i>	<i>Fund Manager</i>	<i>Technology Area</i>	<i>Funding Approved (HK\$m)</i>
Wafer Systems Holdings Limited	HSBC Private Equity Technology Limited	Data networking	46.50
Unitech Networks Limited	Walden Technology Management (HK) Limited	Internet/Intranet system integrator	11.63
Continuous Technologies International Limited	AsiaTech Ventures Limited	Computer telephony applications	18.14
Entone Technologies	Softech Investment Management Company Limited	Broadband Video Streaming	15.60
CommVerge Solutions Limited	Walden Technology Management (HK) Limited	Total solution services	7.80
		Total	99.67

Electronics

<i>Investee Company</i>	<i>Fund Manager</i>	<i>Technology Area</i>	<i>Funding Approved (HK\$m)</i>
NSM Technology Limited	AsiaTech Ventures Limited	Original design manufacturer of telecom equipment	15.58
		Total	15.58

Number of Civil Servants

8. **MR JAMES TIEN** (in Chinese): *Madam President, regarding the number of civil servants, will the Government inform this Council whether it will:*

- (a) *instruct the Central Policy Unit to study if there are redundant staff in the Civil Service and submit the findings to this Council; if it will, of the details; if not, the reasons for that; and*

- (b) *request all government departments to assess their minimum manpower requirement; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR THE CIVIL SERVICE (in Chinese): Madam President, the Government is firmly committed to the principle of small government. We have ongoing initiatives to contain the size of the Civil Service and to enhance the efficiency in the delivery of public services. Our current target is to reduce the size of the Civil Service from an estimate of 198 000 in March 2000 to 181 000 by end March 2003. In parallel, we pledge that the high quality of public services will be upheld and the gains from these initiatives will be used to fund new or improved services. Our replies to the questions are as follows:

- (a) As Controlling Officers, Heads of Departments and Bureau Secretaries are responsible for ensuring the most efficient and effective deployment of resources voted for the implementation of programmes under their purview. In addition, pursuant to the service-wide Enhanced Productivity Programme, they are required to proactively explore possible process re-engineering, and to encourage private sector participation in service delivery. Where the changing service needs or the new modes of service delivery may lead to surplus staff, Heads of Department and Bureau Secretaries would alert the Civil Service Bureau for assistance to deal with the problems. Apart from providing support in respect of service-wide redeployment of affected staff, the Civil Service Bureau has launched the Voluntary Retirement Scheme in 59 grades identified to have potential surplus staff. So far, some 9 350 civil servants have been approved to retire from the Civil Service under the Scheme.

The experience has demonstrated the responsiveness of Heads of Department and Bureau Secretaries to contain the size of the Civil Service and to manage their staff resources prudently. Moreover, given their responsibility for the effective implementation of services in their respective policy areas, Heads of Department and Bureau Secretaries are well placed to monitor the staffing situation including the assessment as to whether there are surplus staff. We therefore do not consider it necessary to commission a separate study by the Central Policy Unit on the matter.

- (b) In announcing the initiative to reduce the size of the Civil Service to 181 000 in the 2000-01 and 2001-02 Budget speeches, the Financial Secretary has required all Heads of Department and Grade to review their manpower position, having regard to the nature of service needs, the long-term plans and mode of operations of the departments/grades, and whether there are alternative means of service delivery such as contracting-out, outsourcing and hiring of service agencies. The reviews have led to the deletion of some 6 700 vacancies and funded posts in 2000-01, which contributed to the reduction of the civil service establishment. In addition, Heads of Department are constantly reminded that proposals for additional staffing resources are scrutinized very vigilantly within the Government and would only be approved if business process re-engineering, staff re-deployment and outsourcing could not achieve the intended purposes. We shall continue to maintain the tight control on proposals for additional staffing requests from departments. As a result of these initiatives, we have reduced the civil service establishment by 7%, from 198 000 in March 2000 to 184 300 as at 1 January 2002.

Establishment of Administrative Grade and Executive Officer Grade Within Civil Service

9. **MR BERNARD CHAN** (in Chinese): *Madam President, regarding the establishment and strength of the administrative grade and the executive officer grade within the Civil Service, will the Government inform this Council of:*

- (a) *the respective current numbers of vacancies in these grades;*
- (b) *the respective current numbers of male and female administrative grade staff holding Deputy Secretary, Principal Assistant Secretary, Assistant Secretary and Director posts; and*
- (c) *the average length of service in the last serving rank in respect of each rank of the administrative grade directorate officers before they were promoted to the present ranks?*

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): Madam President,

- (a) Out of a total establishment of 588, there are a total of 28 vacancies in the Administrative Officer Grade. For the Executive Officer Grade, there are 89 vacancies out of a total of 2 268 posts.
- (b) Currently, the Director (or Head of Department) posts in 26 operational departments are held by officers from the Administrative Officer Grade. Also, the majority of the Deputy Secretary, Principal Assistant Secretary and Assistant Secretary posts in policy and resource bureaux are taken up by officers from the Administrative Officer Grade. The current numbers of male and female Administrative Officers filling these posts are set out as follows:

<i>Post</i>	<i>No. of officers</i>			<i>Male : Female (%)</i>
		<i>Male</i>	<i>Female</i>	
Director	26	19	7	73 : 27
Deputy Secretary	47	28	19	60 : 40
Principal Assistant Secretary	94	42	52	45 : 55
Assistant Secretary	153	59	94	39 : 61
Total	320	148	172	46 : 54

- (c) The promotion of officers in the Administrative Officer Grade is essentially based on performance in the present rank and objective assessment of ability to assume greater responsibilities and undertake more demanding duties in the next higher rank. Other relevant factors such as personality, versatility and potential will also be taken into account. There is no fixed period of experience in a particular rank before an officer is considered for promotion. The number of officers promoted each year is also subject to the availability of vacancies in the higher ranks. Based on the outcome of the last promotion exercise, the average length of service in the last serving rank before the officers were successfully promoted is as follows:

<i>Present rank</i>	<i>Average length of service in the last serving rank</i>
Director of Bureau	4
Administrative Officer Staff Grade A	3
Administrative Officer Staff Grade B1	3
Administrative Officer Staff Grade B	6
Administrative Officer Staff Grade C	4

It should be stressed again that promotion is entirely based on merits. The average length of service shown in the above table is calculated on the basis of the length of service of the successful promotees at the last promotion exercise. It is not a relevant factor to be considered by the promotion board.

Statutory Monuments and Historical Buildings

10. **MR CHEUNG MAN-KWONG** (in Chinese): *Madam President, regarding statutory monuments and historical buildings, will the Government inform this Council:*

- (a) of the existing statutory monuments and historical buildings in respect of which repair works have been completed or scheduled, and those which are open for visits by the public;*
- (b) of the places and buildings being considered to be declared as statutory monuments or historical buildings; and*
- (c) whether it knows how the relevant organizations promote to tourists the statutory monuments and historical buildings that are open for visits?*

SECRETARY FOR HOME AFFAIRS (in Chinese): *Madam President,*

- (a) At present, there are 75 declared monuments and historical buildings. They have all been repaired according to their*

preservation needs. Besides, apart from routine maintenance, the Government would carry out major maintenance from time to time. Such maintenance has been planned for 18 monuments this year. Out of the 75 declared monuments and historical buildings, 58 monuments (as listed at Annex) are open to the public. The remaining 17 are being used as educational institutions, government offices or under private ownership. The interiors of these buildings are not open to the public.

- (b) The Government intends to declare two historical buildings of great significance as monuments this year. These include the Hung Shing Temple on Kau Sai Chau, Sai Kung and the Tin Hau Temple in Lung Yeuk Tau, Fanling.
- (c) The Hong Kong Tourism Board (HKTB) is specifically tasked with promoting Hong Kong as a tourist destination. It has undertaken a number of initiatives in collaboration with the Antiquities and Monuments Office to introduce our rich heritage, including monuments, to visitors. These include:
 - (i) Tourist information
 - The HKTB has produced souvenir items including an interactive CD-ROM and a Cultural Sequence Chart highlighting Hong Kong's 6 000 years of history, drawing reference to the historic monuments and introducing visitors to the treasure of Hong Kong's past.
 - The HKTB has produced a brochure entitled *Museums & Heritage* to introduce visitors to the statutory monuments in Hong Kong.
 - There is a special section in the HKTB's "DiscoverHongKong.com" website devoted to promoting Hong Kong's history and heritage, including the monuments, and related tourism products.

- The HKTB has sponsored the production of a comprehensive guide book on trails along which visitors can explore the many fascinating heritage buildings in the urban areas.

(ii) Guided tour/walk

- In 1998, the HKTB launched the "Heritage & Architectural Walks: Hong Kong", the first self-guided tour whereby visitors can explore and appreciate the monuments alongside modern architecture in Central at their own pace with an audio guide. Walks covering Kowloon and the New Territories were subsequently developed in 1998 and 1999 respectively.
- There are also guided tours introducing visitors to heritage sites such as those on Lung Yeuk Tau Heritage Trail.

(iii) Others

- For its "City of Life: Hong Kong Is It!" tourism promotion, the HKTB has arranged with the Antiquities and Monuments Office to open the Clock Tower in Tsim Sha Tsui. This was a highlight for the Yau Tsim Mong District under the "Recommendation of the Month" programme. A mini-exhibition was also staged inside the Clock Tower and open to visitors as well as local residents. Other items of the "Recommendation of the Month" programme included the Sam Tung Uk Village in Tsuen Wan, the Ping Shan Heritage Trail and monuments in the Kowloon Walled City Park.

Declared monuments and historical buildings that are open for visit by the public

1. Big Wave Bay Rock Carving
2. Duddell Street Steps and Gas Lamps
3. Shek Pik Rock Carving
4. Po Toi Island Rock Carving
5. Kau Sai Chau Rock Carving
6. Tung Lung Island Rock Carving
7. Joss House Bay Rock Inscription
8. Tung Chung Fort
9. Tung Lung Fort
10. Fan Lau Fort
11. Sam Tung Uk Village
12. Sheung Yiu Village
13. Cheung Chau Rock Carving
14. Causeway Bay Tin Hau Temple
15. Lung Ha Wan Rock Carving
16. Site of Chinese Customs Station at Junk Island
17. Man Lun Fung Ancestral Hall
18. Remains of Ancient Kiln, Wun Yiu Village
19. Fan Lau Stone Circle
20. Tung Chung Battery
21. Tai Po Man Mo Temple
22. The Exterior of the Old Supreme Court
23. The Exterior of the Main Building, the University of Hong Kong
24. Wong Chuk Hang Rock Carving
25. Old Tai Po Market Railway Station
26. Liu Man Shek Tong Ancestral Hall
27. Old House at Hoi Pa Village
28. Tai Fu Tai Mansion
29. Kun Lung Gate Tower
30. Ha Tsuen Yeung Hau Temple
31. Lei Cheng Uk Han Tomb
32. Flagstaff House
33. Law Uk Hakka House
34. Old Wan Chai Post Office
35. Old Pathological Institute

36. Western Market
37. Former Kowloon-Canton Railway Clock Tower
38. Kang Yung Study Hall
39. Yi Tai Study Hall
40. Enclosing Walls and Corner Watch Towers of Kun Lung Wai
41. The Exterior of the Main Building, the Helena May
42. Entrance Tower of Ma Wat Wai
43. The Exterior of University Hall, the University of Hong Kong
44. The Exterior of Hung Hing Ying Building, the University of Hong Kong
45. The Exterior of Tang Chi Ngong Building, the University of Hong Kong
46. St. John's Cathedral
47. Wang Chau I Shing Temple
48. Remnants of the South Gate of Kowloon Walled City
49. Former Yamen Building of Kowloon Walled City
50. Entrance Tower and Enclosing Walls of Lo Wai
51. Tang Chung Ling Ancestral Hall
52. Cheung Shan Monastery
53. King Law Ka Shuk Ancestral Hall
54. Cheung Ancestral Hall
55. Fan Sin Temple
56. Tang Ancestral Hall
57. Yu Kiu Ancestral Hall
58. Tsui Shing Lau Pagoda

Measures to Attract Foreign Investments

11. **MR HUI CHEUNG-CHING** (in Chinese): *Madam President, regarding companies incorporated outside Hong Kong establishing regional headquarters or regional offices in Hong Kong or relocating them out of Hong Kong, will the Government inform this Council of:*

- (a) *the respective numbers of overseas and mainland registered companies which set up regional headquarters or regional offices in Hong Kong in the period between 1 June 2000 and 31 May 2001, with a breakdown by their major lines of business and, among them, the number of those which have or plan to set up factories in Hong Kong;*

- (b) *the number of companies which relocated their regional headquarters or regional offices out of Hong Kong in the same period, with a breakdown by the destination of relocation; and*
- (c) *the specific measures it will implement this year to attract foreign investments so as to create more job opportunities?*

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

- (a) The annual survey¹ conducted by the Census and Statistics Department indicates that, in 2001, there was a new addition of 366 companies to the stock of companies incorporated outside Hong Kong and which based their regional headquarters or regional office in Hong Kong. Among them, 23² were incorporated in the Mainland of China (the Mainland) and 343 in other places.

A breakdown by major lines of business of those 366 companies incorporated outside Hong Kong³ is as follows:

<i>Major Lines of Business</i>	<i>Number of Companies⁴</i>
Business and professional services	43
Construction, architectural, engineering and surveying	10
Financial services	41
Information technology	35
Media and multi-media	12
Telecommunications	16
Tourism, entertainment, restaurants and hotels	8
Wholesale, retail and trade-related services	123
Transportation and related services	17
Manufacturing – biotechnology and electronics	12
Others	98

¹ The survey cycle is from 1 June of the preceding year to 31 May of the year in which the survey is conducted.

² Five of them were also incorporated in places other than the Mainland.

³ We have not compiled separately statistics on the major lines of business of companies incorporated in the Mainland and those incorporated in places other than the Mainland.

⁴ As certain companies reported that they had more than one major line of business, the sum of the numbers in the column exceeds 366.

We have not compiled statistics on the number of those companies which have or plan to set up factories in Hong Kong.

- (b) The same survey indicates that a total of 10 companies incorporated outside Hong Kong relocated their regional headquarters or regional office out of Hong Kong in 2001. A breakdown by destination of relocation is as follows:

<i>Destination of relocation</i>	<i>Number of companies</i>
Singapore	3
Mainland	1
Taiwan	1
Japan	1
Thailand	1
Unknown	3

- (c) The Government's strategy for promoting inward investment is to focus on sectors and economic activities in which Hong Kong has comparative advantages, attracting companies in those sectors to invest in Hong Kong. In addition, we will proactively provide aftercare services to companies that have already invested in Hong Kong.

In 2001, Invest Hong Kong successfully assisted 99 foreign companies in setting up or expanding their business in Hong Kong. These companies invested a total of \$3.5 billion and created over 1 500 jobs. This year, Invest Hong Kong will implement the following specific measures to attract external direct investment:

- (i) Overseas enterprises are eyeing the huge business opportunities brought about by China's accession to the World Trade Organization. Invest Hong Kong is strengthening co-operation with the Mainland, with a view to providing jointly one-stop services to such enterprises, persuading them to establish production facilities or a business network in the Mainland, while setting up their regional headquarters or command and control centre in Hong Kong. In parallel, Invest Hong Kong will devote efforts to

attracting mainland enterprises to invest in Hong Kong. An Investment Promotion Unit will be set up under the Hong Kong Economic and Trade Office soon to be established in Guangzhou to enhance the above-mentioned services.

- (ii) Invest Hong Kong has formulated a promotion strategy for each of the nine targeted sectors⁵ in which Hong Kong has comparative advantages. It has also drawn up a specific work programme for the Investment Promotion Unit of each of the Hong Kong Economic and Trade Offices overseas. These will be implemented beginning from this year. In addition, the Director-General of Investment Promotion and his staff will conduct overseas visits every month. They will proactively contact enterprises interested in expanding their business to the Asia Pacific Region, promoting Hong Kong as the ideal base for such expansion.
- (iii) Invest Hong Kong will organize or participate in major conferences and business or trade events, and carry out a series of public relations and promotional campaigns. The objectives are to maintain networking with the international business community and to reinforce the image of Hong Kong as Asia's leading international business centre.

Fare Adjustments of Franchised Buses

12. **MR ANDREW CHENG** (in Chinese): *Madam President, in vetting and approving applications for fare adjustments by franchised bus companies, the Government will, taking into account the journey distance of the routes and other factors, first place individual bus routes in different groups before determining a new uniform adult single journey fare for each route group. However, the rates of increase in fares for individual routes shall not exceed 50%. In this connection, will the Government inform this Council:*

⁵ The nine sectors include telecommunications, media and multi-media, information technology, technology (especially electronics and biotechnology), tourism and entertainment, financial services, trade related services, transportation and business and professional services.

- (a) *of the details of the present mechanism for vetting and approving applications for franchised bus fare adjustments;*
- (b) *whether there are franchised bus routes the fares of which are different from the uniform fares determined by the authorities for the respective route groups; if so, of the route numbers concerned, their current fares and the relevant uniform fares; and*
- (c) *in view of the Government's reply to my oral question on 17 May 2000 that it would "examine the possibility of further simplifying the route groupings", of the progress of that study?*

SECRETARY FOR TRANSPORT (in Chinese): Madam President, fares of franchised bus routes are determined in accordance with the relevant scales of fares approved under section 13(1) of the Public Bus Services Ordinance (Cap. 230) by the Chief Executive in Council. Upon receipt of an application for adjustment for franchised bus fares, the Administration will conduct an assessment of the application and seek the views of the Legislative Council Panel on Transport and the Transport Advisory Committee before making recommendation to the Chief Executive in Council for a decision.

In December 2000, the Administration promulgated the Modified Basket of Factors (MBOF) approach for assessing bus fare adjustment applications from franchised bus operators. In considering such applications, a basket of factors will be taken into account, including changes in operating costs and revenue since the last fare adjustment, forecasts of future costs, revenue and return, the need to provide the operator with a reasonable rate of return, public acceptability and affordability, and the quality and quantity of service provided.

Since the early years of franchised bus operation, franchised bus routes have been classified into different route groups under the bus fare scales to reflect route characteristics on the basis of factors including service nature of the routes, geographical areas to be served by the routes, bus type to be deployed, and passenger demand pattern, and so on. The scales of fares define the maximum fare levels that franchised bus operators are permitted to charge for individual routes corresponding to the relevant route group, vehicle type and bus route length. Actual fares to be charged on individual bus routes are determined after taking into account the differences in the operating environment

of each route, fares of other similar public transport services and affordability of passengers, and so on. In the circumstances, many bus routes under the same route group do not charge a fare at the same level as in the relevant scales of fares. As at 31 December 2001, there are a total of 451 regular franchised bus routes the fares of which are set below the maximum level specified in the relevant fares scales. Relevant details of these routes are given at the Annex.

In my reply to the Honourable Member's oral question on "Determination of Franchised Bus fares" on 17 May 2000, I said that we will continue to examine the possibility of further simplifying the route groupings when the opportunity arises. Since then, we have reviewed the fare scale of New World First Bus (NWFB) when processing its fare increase application in 2001. As a result of the review, the fare scale of NWFB was simplified with the number of route groups reduced from 11 to eight. We will review the route groupings of the other franchised bus companies when the opportunity arises.

Annex

Relevant details of the franchised bus routes
the fares of which are set below the maximum level
specified in the relevant scales of fares
(Position as at 31 December 2001)

<i>Route numbers</i>	<i>Current fares (\$)</i>	<i>Maximum fare levels (\$)</i>
97A, 98	2.5	2.9
43	(3.0)	(3.5)
37 (Lantau), 270, 273, 278K, 284, K12, K17, K18	3.0-3.2	3.5
28A, 34M, 71B, 211, 224M, 238M, 248M, 282, K11, K16	2.7-3.4 (1.2-2.4)	3.5 (2.4)
2M, 84M (HKI), 595	3.0-3.4	3.6
95 (HKI)	3.0 (2.5)	3.6 (3.0)
5C (HKI), 48, 78, M5	3.0-3.4	4.4

<i>Route numbers</i>	<i>Current fares (\$)</i>	<i>Maximum fare levels (\$)</i>
91A, 94A, 95A, 95B	3.0 (2.5)	4.4 (3.3)
34 (Lantau), 95C	3.1-4.0	4.5
7P	3.4 (2.5)	4.5 (3.0)
5 (HKI), 5A (HKI), 5B	3.4	4.7
3M, 8A, 13, 13M, 14C, 16M, 27 (HKI), 29M, 31M, 36M, 43M, 71S, 216M, 235, 235M, 249M, 273A, 283, 285, K15	2.8-4.7	5.0
3B (HKI), 25A, 25C, 529	4.0-4.3	5.1
10 (HKI), 47A, 70M, 76, 85 (HKI), 90, 90C, 97	3.4-5.1	5.3
3A, 23A, 26 (HKI)	4.7-5.3	5.6
B1	3.7	6.0
2A (HKI), 2X	3.9-5.3	6.1
84	3.9 (2.8)	6.1 (4.4)
2 (HKI), 8 (HKI), 18 (HKI), 19, 81A, 82, 720, M722	3.9-6.1	6.5
43X (HKI), 81 (HKI), 91 (HKI), 93, 94 (HKI)	4.3-6.5 (3.5-4.4)	6.5 (5.5)
2 (Kln & NT), 2D, 2E, 3D, 5 (Kln & NT), 6 (Kln & NT), 6A (Kln & NT), 6F, 7 (Kln & NT), 11B, 11D, 11K, 21 (Kln & NT), 23M, 24, 27 (Kln &	3.5-6.2	7.0

<i>Route numbers</i>	<i>Current fares (\$)</i>	<i>Maximum fare levels (\$)</i>
NT), 31, 41M, 42M, 43A, 44M, 80K, 81K, 81M, 87K, 88K, 88M, 212, 224X, 275, 287K, 289K, 296, 296A, 796A, 796M, 796S, S52		
71K, 73K	3.5 (3.0)	7.0 (3.1)
8X, 41A (HKI), 73 (HKI), 90B, 780, 788, 789	5.8-6.9	7.3
1M	7.6	7.9
54, 65K, 75K, 79K, 219X, 234B, 298, N90	4.2-7.9	8.0
1 (Kln & NT), 2F, 3B (Kln & NT), 3C, 5C (Kln & NT), 6C, 6D, 8 (Kln & NT), 9 (Kln & NT), 10 (Kln & NT), 11 (Kln & NT), 11C, 12A (Kln & NT), 17, 28, 34 (Kln & NT), 37 (Kln & NT), 46, 80M, 82X, 83K, 85K, 86K, 93A (Kln & NT), 98A, 203E, 234A, 243M, 298E	3.7-6.4 (3.0-3.5)	8.0 (3.5)
73S	7.8	8.2
15C	3.2 (3.2)	8.3 (6.3)
6 (HKI), 77, 99 (HKI)	7.0-7.9	8.4
21S	6.3	8.5
21 (Lantau)	6.3 (4.4)	8.5 (5.8)

<i>Route numbers</i>	<i>Current fares (\$)</i>	<i>Maximum fare levels (\$)</i>
11X, 83X, 238X, 298B, 792	5.8-7.0	9.0
1A, 2A (Kln & NT), 13D, 14 (Kln & NT), 15 (Kln & NT), 15A, 16, 26 (Kln & NT), 30, 33A, 42A, 44, 80X, 81 (Kln & NT), 82K, 82M, 84M (Kln & NT), 85 (Kln & NT), 85A, 85B, 85M, 86A, 86B, 87A, 87B, 89, 89B, 91M, 94 (Kln & NT), 237A, 286M	4.7-6.5 (3.5-4.2)	9.0 (4.2)
23B	6.5	9.2
277	6.4	9.4
30X, 46X (Kln & NT), 47X, 48X, 215X, 234X, 242X, 248P, 262P, 274P, 280P, 292P, 296C, 296D, 796B, 796X	6.2-8.2	10.0
35A, 41A (Kln & NT), 45, 78K, 80, 89X, 91 (Kln & NT), 92 (Kln & NT), 95 (Kln & NT)	5.6-6.5 (4.2-4.7)	10.0 (4.7)
8P, 14 (HKI), 46X (HKI), 66 (HKI), 888	5.8-9.0	10.5
93A (HKI)	6.5 (4.4)	10.5 (6.3)
8S, 29R, 314, 515	6.9-8.4	10.6
40X, 43X (Kln & NT), 49X, 63P, 64K, 64M, 72X, 74X, 85C, 87D, 98C, 98D, 230X,	6.9-9.1	11.0

<i>Route numbers</i>	<i>Current fares (\$)</i>	<i>Maximum fare levels (\$)</i>
251M, 260C, 276, 293P, 297, 299, 796C, N72		
38 (Kln & NT), 40 (Kln & NT), 42 (Kln & NT), 51, 59M, 60M, 66M, 68M, 73 (Kln & NT), 81C, 86, 86C, 89C, 89D, 93K, 259E, 261M, 281A	6.5-8.4 (4.9-5.3)	11.0 (5.3)
15B, 64, 319, 374, 399, N8, N8P	5.1-9.1	11.1
275R	8.6	11.7
E31, E32	10.0	12.0
N6, N8X	9.4-11.9	12.6
102, 104, 108, 109, 110, 111, 112, 115, 116, 117, 301, 601, 603, 619, 621, 641, 904, 905, 914	8.1-10.1	12.8
63	8.4	13.1
42C, 52M, 52X, 57M, 58M, 58X, 59A, 59X, 60X, 66X, 67M, 67X, 68A, 68X, 69M, 73X, 75X, 252B, 257B, 259B, 259C, 260B, 261, 261B, 263M, 264M, 265M, 267S, 269M, 271, 272P, 273P, 276A	7.6-12.5	13.5
E33, E34, E41, E42	13.0	14.0
65, 309	8.4-11.6	15.0

<i>Route numbers</i>	<i>Current fares (\$)</i>	<i>Maximum fare levels (\$)</i>
101, 103, 106, 107, 113, 118, 171, 302, 606, 970	9.4-10.6	15.3
690	(10.6)	(11.8)
A35, N216, N241, N281, N293	8.6-14.3	15.5
61X, 62X, 69X, 258D, 259D, 260X, 278X, 872, 885, 887, 891	10.9-14.6	16.5
63M, 70 (Kln & NT), 265B, 269D, 270A, 279P	10.2-14.5 (7.3-8.2)	16.5 (8.2)
63X, 70X	14.5 (10.0)	16.5 (11.1)
170, 671, 973	10.6-15.3	18.2
96R, 263R, N269, N270, N271	10.0-17.0	19.9
307, 960, 961, 962	18.2-20.3	20.7
N260	9.1	22.2
E11, E21, E22, E23	14.0-21.0	23.0
N35	20.0	23.3
A41	20.0	25.0
848, 886, 889	23.6	27.0
N962, N969	27.3-31.0	31.1

<i>Route numbers</i>	<i>Current fares (\$)</i>	<i>Maximum fare levels (\$)</i>
N118, N121, N122, N170, N171, N182, N680, N691	12.8-24.6	32.1
101R, 102R	12.8 (11.8)	32.1 (12.3)
N11, N21	23.0-31.0	35.0
802, 807, 811	34.2	35.3
868, 893	31.5-32.0	36.0
N23, N26, N29	23.0-24.0	40.0
A11, A21, A22	33.0-40.0	45.0
N30, N42	25.0-26.0	50.0
869	38.0	52.2

Note:

All figures on fares above are for air-conditioned (A/C) bus services, except for the figures in brackets which are fares for non-A/C bus services.

Legend

HKI: Hong Kong Island route
 Kln & NT: Kowloon and New Territories route
 Lantau: Lantau Island route

Commissioning of Private Consultancy Firms to Conduct Policy Studies and Reviews

13. **MISS LI FUNG YING** (in Chinese): *Madam President, regarding the commissioning of private consultancy firms to carry out policy studies and reviews, will the Government inform this Council:*

- (a) *of the recommendations in the reports of those consultancy studies completed in the past three years which have not been implemented, and the related expenditure on consultancy fees; and*
- (b) *whether it plans to request Policy Bureaux and departments to arrange in-house small-scale policy studies, so as to save expenditure on consultancy fees; if not, of the reasons for that?*

SECRETARY FOR THE TREASURY (in Chinese): Madam President, the Administration only commissions consultants to carry out policy studies and reviews when there is a definite need to do so. As such the Administration places great importance to the recommendations and outcome of their reports. The Administration will take them into account in its policy formulation process. In view of the nature of policy studies and reviews, it is very difficult to quantify the extent to which the recommendations in the consultants' reports have been implemented.

We do not have a central record of details of the consultancy studies concerned. Heads of bureaux and departments can, according to the relevant procurement regulations, approve studies costing less than \$1.3 million each. They are not required to pass on information of the consultant studies they commissioned to the centre. As such, the information sought by the Honourable Member has to be obtained after extensive search and investigation by the relevant bureaux and departments. Considering the time and efforts involved, we have not carried out such investigation.

However, the following figures may provide some reference. Recurrent expenditure on consultancy studies (including those for policy studies and reviews) for the past three years were \$79.9 million in 1998-99, \$66.6 million in 1999-2000, and \$73.5 million in 2000-01. Non-recurrent or capital expenditure on consultancies is not available as we do not have a separate account item for them.

Government bureaux and departments carry out research and studies through their own staff resources in the vast majority of cases and would only consider engaging consulting firms in the following circumstances:

- (i) where studies are required in areas in which the Administration does not have the necessary expertise or qualified staff; or
- (ii) where the qualified staff for the studies are not available, or cannot be deployed for the purpose, within the required timeframe; or
- (iii) where it is more appropriate for the assignment to be undertaken by an independent third party, or consultants of renowned academic credentials, or experts in the area.

Recommendations of Committee on Freedom of Association Under International Labour Organization

14. **MR LEE CHEUK-YAN** (in Chinese): *Madam President, the Committee on Freedom of Association (the Committee) of the International Labour Organization (ILO) has, on five occasions since November 1998, urged in its reports the Government of the Hong Kong Special Administrative Region (SAR) to relax the conditions on eligibility to trade union office and the restrictions on the use of union funds as stipulated in the Trade Unions Ordinance (Cap. 332), and to give serious consideration to adopting provisions laying down objective criteria and procedures for determining the representative status of trade unions for collective bargaining purposes. In this connection, will the Government inform this Council:*

- (a) *of the reasons for not yet implementing the above recommendations of the Committee; and*
- (b) *whether it plans to implement such recommendations to fulfil the SAR Government's obligations under the International Labour Convention (ILC)?*

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

- (a) In response to the recommendations of the Committee of the ILO, we have submitted four progress reports to the Committee in May 1999, January 2000, October 2000 and August 2001 respectively,

giving detailed explanations of our position and measures we have taken.

On occupational requirements for trade union office, the Labour Advisory Board (LAB) agreed at its meeting in August 2000 that such requirements as stipulated in the Trade Unions Ordinance should not be relaxed. Members agreed unanimously that union officers should generally have experience in the trades concerned in order to have a better understanding of the interests and needs of union members. The decision also reflects the findings of a survey carried out amongst all of the 595 registered trade unions. Of the 242 unions responded to the survey, 74.4% did not support relaxing the occupational requirement for union office.

As for the use of union funds, the LAB considered it undesirable to relax the use of union funds for political activities other than local elections. However, the LAB supported a proposal to allow trade unions to make charitable donations to lawful organizations outside Hong Kong in accordance with their registered rules.

In respect of collective bargaining, it has always been our policy to encourage and promote voluntary collective bargaining in line with local conditions. We believe that collective bargaining is an effective means as long as it is carried out on a voluntary basis. As a matter of fact, paragraph 845 of the ILO's publication "Freedom of Association" also states that "collective bargaining, if it is to be effective, must assume a voluntary character and not entail recourse to measures of compulsion which alter the voluntary nature of such bargaining." To step up efforts to promote voluntary collective bargaining at the enterprise and industry levels, a Workplace Consultation Promotion Unit was set up in the Labour Department (LD) in April 1998. At the enterprise level, we actively encourage employers to engage in effective communication with employees and trade unions and to consult them on employment matters. At the industry level, we are actively putting in place tripartite committees, which comprise representatives of trade unions, employers and the LD, to discuss the general matters of the industry concerned. So far, the LD has set up such committees for nine trades.

- (b) The Committee's recommendations relate to ILC No. 87 on Freedom of Association and Protection of the Right to Organize and ILC No. 98 on the Application of the Principles of the Right to Organize and to Bargain Collectively.

ILC No. 87 has been applied to Hong Kong since 1963 with modifications, which include:

- (i) all officers of a trade union are required to be or have been engaged or employed in the trade, industry or occupation with which the trade union is directly concerned*; and
- (ii) the funds of a trade union may be expended only for objects specified in national laws or approved by the public authority.

Apart from the above two modifications, we have, in fact, taken measures appropriate to Hong Kong to fulfil the obligations under the ILC.

ILC No. 98 has been applied to Hong Kong intact since 1975. All along, we have taken measures appropriate to Hong Kong to promote voluntary collective bargaining.

It is our established policy to progressively improve employees' rights and benefits. We also seek to maintain a reasonable balance between the interests of employees and employers, taking into full account the current social and economic circumstances and the LAB's views.

- * Flexibility has been provided in the Trade Unions Ordinance to allow persons from other trades to become union officers with the consent of the Registrar of Trade Unions.

Creation of Job Opportunities in Public Sector

15. **MISS CHAN YUEN-HAN** (in Chinese): *Madam President, regarding the over 30 000 job opportunities to be created in the public sector as promised in the Chief Executive's policy address 2001, will the Government inform this Council:*

- (a) *of the number of jobs created so far and the number of recruits, as well as*
- (i) *the highest, lowest and median salaries of each group of these jobs as categorized by trade; and*
 - (ii) *the highest, lowest and median ages of each group of the recruits as categorized by trade; and*
- (b) *in view of the persistently high rate of unemployment among young people, whether, in creating the job opportunities concerned, the Administration will specifically design more jobs suitable for young people?*

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

- (a) In his 2001 policy address, the Chief Executive announced the plan to create over 30 000 new jobs. According to the information provided by various government bureaux and departments, 2 714 jobs, including both full-time and part-time jobs, have been created as at 31 January 2001. Of these, the recruitment procedures of 2 697 posts have already been completed. Information on salary level and age range of the new recruits are set out at Annexes 1 and 2 respectively.

Apart from the above, it is estimated that about 1 800 jobs have been created by the Works Bureau through outsourcing its works contracts. Given the complicated subcontracting system of the local construction industry, we do not have detailed information on the salary level and age range of the recruits. However, according to records of the Census and Statistics Department, the daily wages

of unskilled workers are around \$550 and skilled (for example, steelbenders, and so on) workers are around \$1,260. The Education Department has also been creating new posts in schools through allocation of the Capacity Enhancement Grant. While it is not possible at present to confirm the actual numbers and other details of such posts created in schools, basing on past experience, we estimate that about 950 posts can be created.

- (b) When government departments create new posts, the main consideration would be to meet service needs. We do not create new posts simply to employ people of a particular age group. Of the new jobs created, some do not require any working experience or special skills, while the nature of others, for example, peer counsellors, may be particularly suitable for young people.

At a time when the unemployment rate is high, the lack of working experience and academic qualifications makes it more difficult for young people to seek employment. For this reason, we have been providing them with vocational training, opportunities for continuous learning and pre-employment training through various channels to enhance their competitiveness. These include the wide range of vocational training programmes run by the Vocational Training Council, the Construction Industry Training Authority and the Clothing Industry Training Authority as well as Project Springboard, the Associate Degree programmes and other continuing education programmes offered by the tertiary institutions. For young people seeking employment, the Labour Department has launched the Youth Pre-employment Training Programme for young school leavers aged 15 to 19. The Programme provides them with appropriate pre-employment training, including on-the-job training, job search and interpersonal skills training, and so on to develop and upgrade their job skills and interpersonal skills. We will continue to improve this Programme with a view to easing the problem of youth unemployment.

Annex 1

Information on Salary Payment of Full-time Jobs Created
as at 31 January 2002

Monthly-rated Full-time Jobs

<i>Industry</i>	<i>Number of Jobs</i>	<i>Minimum Salary (\$)</i>	<i>Maximum Salary (\$)</i>	<i>Median Salary (\$)</i>
Property Management Services	255	4,500	42,000	6,800
Information Technology	5	15,000	38,000	27,500
Disciplined Services	58	13,300	13,300	13,300
Sanitary Services	1 331	4,500	15,000	5,600
Medical and Health Services	156	6,000	30,800	8,500
Social Welfare Services	200	5,000	26,100	8,500
Leisure and Cultural Services	9	9,200	50,000	18,000
Public Administration	172	8,000	159,000	16,100
Others	28	7,000	60,000-70,000	7,800
Total	2 214	-	-	-

Daily-rated Full-time Jobs

<i>Industry</i>	<i>Number of Jobs</i>	<i>Minimum Salary (\$)</i>	<i>Maximum Salary (\$)</i>	<i>Median Salary (\$)</i>
Sanitary Services	364	150	400	200

Information on Salary Payment of Part-time Jobs Created
as at 31 January 2002

Monthly-rated Part-time Jobs

<i>Industry</i>	<i>Number of Jobs</i>	<i>Minimum Salary (\$)</i>	<i>Maximum Salary (\$)</i>	<i>Median Salary (\$)</i>
Property Management Services	5	2,400	11,000	4,000
Sanitary Services	97	2,200	9,000	3,700
	102	-	-	-

Daily-rated Part-time Jobs

<i>Industry</i>	<i>Number of Jobs</i>	<i>Minimum Salary (\$)</i>	<i>Maximum Salary (\$)</i>	<i>Median Salary (\$)</i>
Sanitary Services	34	14	200	200

Information on Age Range of Full-time Employees Recruited
as at 31 January 2002

Full-time Employees

<i>Industry</i>	<i>Number of Jobs</i>	<i>Minimum Age</i>	<i>Maximum Age</i>	<i>Median Age</i>
Property Management Services	255	22	61	45
Information Technology	5	27	36	28
Disciplined Services	58	19	27	22
Sanitary Services	1 695	17	78	44
Medical and Health Services	156	18	60	39
Social Welfare Services	200	18	50	21
Leisure and Cultural Services	9	26	50	35
Public Administration	160	18	51	26
Others	23	18	43	22
Total	2 561	-	-	-

Note:

- (1) Figures include monthly-rated and daily-rated full-time employees.
- (2) Only full-time jobs with vacancies filled are included.

Information on Age Range of Part-time Employees Recruited
as at 31 January 2002

Part-time Employees

<i>Industry</i>	<i>Number of Jobs</i>	<i>Minimum Age</i>	<i>Maximum Age</i>	<i>Median Age</i>
Property Management Services	5	41	51	47
Sanitary Services	131	17	70	43
Total	136	-	-	-

Note:

- (1) Figures include monthly-rated and daily-rated full-time employees.
- (2) Only full-time jobs with vacancies filled are included.

Government's Expenditure on User Licence Fees for Packaged Software

16. **MR CHAN KWOK-KEUNG** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the user licence fees paid in the last financial year by government departments for each category of packaged computer operating system software and application software, and the first five software developers who are most patronized and the respective relevant fees; and*
- (b) *in view of the domination of the packaged software market by a foreign software developer at present, whether government departments plan to use more software products of other developers?*

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

- (a) According to the purchase record of government term contracts on computer software, the Government's expenditure in the financial year 2000-01 on various types of packaged software is:

	<i>Amount (HK\$M)</i>
Computer Operating Platform and System Software	61.77
Database Management System Software	11.433
Application Software	105.37

The first five suppliers of the above software (in terms of contract amounts) and the respective contract amounts are listed below:

<i>Software Category</i>	<i>Name of Software Developer</i>	<i>Amount (HK\$M)</i>
Computer Operating Platform and System Software	IBM China /Hong Kong Limited	20.46
	Microsoft Hong Kong Limited	19.29
	Novell Hong Kong Limited	3.97
	Computer Associates International Limited	3.45
	DynaComware Hong Kong Limited	3.33
Database Management System Software	IBM China /Hong Kong Limited	4.64
	Oracle Systems Hong Kong Limited	4.57
	Microsoft Hong Kong Limited	2.21
	Sybase Incorporated	0.01
	Computer Associates International Limited	0.003
Application Software	Microsoft Hong Kong Limited	67.47
	IBM China /Hong Kong Limited	13.56
	Adobe System Incorporated	5.67
	Computer Associates International Limited	2.69
	Symantec Hong Kong Limited	2.13

Remarks: Apart from term contracts, bureaux and departments can also purchase information technology products by themselves in accordance with the Government's procurement procedures.

- (b) The selection of suppliers for government term contracts on computer software is by open tender. At present, the Government uses a variety of computer operating system platforms and software products of various developers. In selecting developers, we will

consider whether the software products are user-friendly and compatible with other software in use and planned to be used. We will also consider the Chinese processing support (for example, ISO 10646 support), security features, technical support and cost-effectiveness of these software products.

The Government has issued internal guidelines on product selection and technical information on new products of various developers for reference by government departments. We also ensure that the procedures for purchasing different software products are equally simple and easy. In the light of market development, we have also encouraged developers of open source code software to promote their products to government departments by conducting seminars, providing hotline support service and arranging training for interested government users.

Building Development Density in PRH Estates

17. **DR TANG SIU-TONG** (in Chinese): *Madam President, regarding the building development density in public rental housing (PRH) estates, will the Government inform this Council:*

- (a) *of the development ratio, plot ratio and year of completion of each completed PRH estate within each housing management district; and*
- (b) *for those completed PRH estates with development density lower than the permitted plot ratio of the area in which the estate is located, whether it plans to build additional housing blocks in these estates so as to provide more PRH flats; if so, of the names of the estates concerned, the types of housing blocks to be built, the estimated production of flats and the population capacity of the additional flats?*

SECRETARY FOR HOUSING (in Chinese): Madam President, a table showing existing PRH estates of the Housing Authority according to housing management districts, together with the years of completion, is at Annex A.

The development densities of PRH estates planned before 1991 were expressed in terms of persons per hectare, and ranged from 2 500 to 3 000 persons per hectare. Development ratio was not used.

Between 1991 and mid-2000, the development densities of PRH estates were measured in terms of development ratio⁶. The majority of estates planned during this period had development ratios between 5 and 7, depending on physical limitations (for example, topography and shape of site) and planning constraints (for example, height restrictions, environmental consideration and infrastructure capacity). Details are also shown at Annex A.

Since mid-2000, the Housing Authority has used plot ratio⁷ to measure the development density of PRH estates. Estates planned on this basis are not yet completed.

From 1994 to 1997, the Housing Department reviewed the development densities of existing PRH estates with a view to identifying areas with potential for additional housing development. In carrying out this review, the Housing Department took into account the estate layout, traffic and environmental problems, infrastructure capacity, adequacy of open space and community facilities, and the views of local residents. Since 1997, about 7 900 additional units have been completed in 18 existing PRH estates. Another 835 flats in three other PRH estates are under construction. Details are at Annex B.

⁶ Development ratio is the ratio between the total gross floor area for domestic and commercial use in an estate and the estate area net of peripheral slopes, free-standing Government, Institution and Community facilities and roads.

⁷ Plot ratio is the ratio between the gross floor area of a building and the area of the site on which the building is erected.

Annex A

Existing PRH Estates of the Housing Authority

<i>Estate</i>	<i>Year of Completion</i>	<i>Development Ratio¹</i>
<i>Hong Kong East</i>		
Fung Wah	1991	
Hing Man	1982-1983	
Hing Tung	1996-1997	
Hing Wah I	1999	6.1
Hing Wah II	1976	
Model Housing	1979	
North Point	1957-1958	
Oi Tung	2001	7.2 ²
Siu Sai Wan	1990-1993	
Tsui Lok	1999	6.2
Tsui Wan	1988-1989	
Wai Tsui	1979-1998	
Yiu Tung	1994-1995	
Yue Wan	1977-1978	
<i>Hong Kong West</i>		
Ap Lei Chau	1980-1982	
Lei Tung	1987-1988	
Ma Hang	1993	
Sai Wan	1958-1959	
Tin Wan	1997	
Wah Fu I	1967-1969	
Wah Fu II	1970-1978	
Wah Kwai	1990-1997	
Wong Chuk Hang	1968-1973	
<i>Kowloon Central</i>		
Choi Hung	1962-1964	
Chuk Yuen North	1987-1989	
Chuk Yuen South	1984-1986	
Fung Tak	1991-1992	
Lok Fu	1984-1995	

<i>Estate</i>	<i>Year of Completion</i>	<i>Development Ratio</i> ¹
Mei Tung	1974-1983	
Tung Tau I	1965-1966	
Tung Tau II	1982-1993	
Wang Tau Hom	1982-1994	
Wong Tai Sin Lower I	1989-1991	
Wong Tai Sin Lower II	1982-1995	
Wong Tai Sin Upper	1963-1965	7.3 ³
<i>Kowloon East</i>		
Hing Tin	1987-1988	
Kai Tin	1997	7.9 ⁴
Ko Yee	1994-2000	8.3 ³
Lok Wah North	1985	
Lok Wah South	1982-1985	
Po Tat ⁵	2001	7.4
Sau Mau Ping	2000	} 6.9 ^{2, 3}
Sau Mau Ping I	1969-1993	
Sau Mau Ping II	1971	
Sau Mau Ping III	1967-1996	
Shun Lee	1978-1979	
Shun On	1978-1979	
Shun Tin	1981-1990	
Tsui Ping North	1982-1994	
Tsui Ping South	1989-1998	
Wo Lok	1962-1966	
<i>Ngau Chi Wan</i>		
Choi Ha	1989-1990	
Kwong Tin	1992-1993	
Ngau Tau Kok Lower I	1967-1968	
Ngau Tau Kok Lower II	1967-1969	
Ngau Tau Kok Upper	1967-1968	9.8 ³
Ping Tin	1996-1998	7.9 ⁴
Yau Tong	2000	8.4 ³
<i>Tsz Wan Shan</i>		
Choi Fai	1995	
Choi Wan I	1979-1981	

<i>Estate</i>	<i>Year of Completion</i>	<i>Development Ratio¹</i>
Choi Wan II	1978-1979	
Fu Shan	1978	
Kai Yip	1981-1983	
Ping Shek	1970-1971	
Tsz Ching	1993-1999	
Tsz Lok	1995-1999	
Tsz Man	1994	
<i>Kowloon South</i>		
Chak On	1983	
Homantin	1998-2000	7.0 ³
Hung Hom	1982-1999	
Ma Tau Wai	1962-1965	
Nam Shan	1977-1981	
Oi Man	1974-1975	
Shek Kip Mei	1964-1984	
Sheung Lok	1998	
<i>Sham Shui Po</i>		
Fortune	2000	7.0 ²
Fu Cheong	2001	7.0
Hoi Fu Court	1999-2000	7.0 ²
Lai Kok	1981	
Lai On	1993	
Lei Cheng Uk	1984-1990	
Nam Cheong	1989	
Pak Tin	1975-1999	
So Uk	1960-1963	
Tai Hang Tung	1980-1987	
Un Chau	1998-1999	
<i>Ha Kwai Chung</i>		
Kwai Fong	1987-1998	
Kwai Hing	1991-1992	
Lai King	1975-1976	
Lai Yiu	1976-1999	
On Yam	1994-1995	

<i>Estate</i>	<i>Year of Completion</i>	<i>Development Ratio¹</i>
Shek Lei I	1968-1997	
Shek Lei II	1966-1994	7.4 ^{3, 6}
Wah Lai	2001	7.7 ²
<i>Sheung Kwai Chung</i>		
Fuk Loi	1963-1967	
Kwai Chung	1964-2000	8.0
Kwai Shing East	1989-1999	6.5
Kwai Shing West	1975-1977	
Shek Wai Kok	1980-1982	
Shek Yam	2000	7.6
Shek Yam East	1996	
Tai Wo Hau	1979-1993	
<i>Tsuen Wan, Tsing Yi and Islands</i>		
Cheung Ching	1977-1983	
Cheung Fat	1989	
Cheung Hang	1990-1995	6.0
Cheung Hong	1979-1986	
Cheung Kwai	1984	
Cheung On	1988-1989	
Cheung Shan	1978-1979	
Cheung Wang	2001	6.0
Fu Tung	1997	5.0 ²
Kam Peng	1996	
Lei Muk Shue I	1971-1999	5.9 ³
Lei Muk Shue II	1971-1999	
Lung Tin	1980-1995	
Ngan Wan	1988	
Tsing Yi	1986-1989	
Yat Tung	2001	6.6
<i>Sha Tin North and Tai Po</i>		
Fu Heng	1990-1991	
Fu Shin	1985-1986	
Kwong Fuk	1983-1985	
Kwong Yuen	1989-1990	

<i>Estate</i>	<i>Year of Completion</i>	<i>Development Ratio¹</i>
Lek Yuen	1975-1976	
Pok Hong	1982-1985	
Sha Kok	1980-1982	
Tai Wo	1989-1990	
Tai Yuen	1980-1981	
Wan Tau Tong	1991-1992	
Wo Che	1977-1980	
<i>Sha Tin South and Ma On Shan</i>		
Chun Shek	1984	
Chung On	1996-2000	
Heng On	1987	
Hin Keng	1986-1988	
Lee On	1993-1994	
Lung Hang	1983-1984	
Mei Lam	1981-1985	
Sun Chui	1983-1985	
Sun Tin Wai	1981-1982	
Yiu On	1988-1989	
<i>Tseung Kwan O and North</i>		
Cheung Wah	1984-1986	
Choi Ming Court	2001	7.6
Choi Yuen	1982-1983	
Hau Tak I	1993-1994	
Ka Fuk	1994-1995	
King Lam	1990-1991	
Ming Tak	1996	6.9 ²
Po Lam	1988-1998	
Sheung Tak	1998-1999	7.0 ²
Tai Ping	1989	
Tin Ping	1986-1990	
Tsui Lam	1988-1989	
Wah Ming	1990	
Wah Sum	1995	
Yung Shing Court	2000	4.9 ²

<i>Estate</i>	<i>Year of Completion</i>	<i>Development Ratio</i> ¹
<i>Yuen Long</i>		
Long Ping	1986-1989	
Tin Chak	2001	7.0
Tin Heng	2001	7.2
Tin Shui I	1993	
Tin Shui II	1993-1994	
Tin Tsz	1997	6.7
Tin Wah	1999-2000	7.2 ²
Tin Yat	2001	7.1
Tin Yiu I	1992-1993	
Tin Yiu II	1993	
Tin Yuet	2000	7.6
<i>Tuen Mun East</i>		
Fu Tai	2000	7.0
Sam Shing	1980	
Shui Pin Wai	1981-1998	
Tai Hing	1977-1980	
<i>Tuen Mun West</i>		
Butterfly	1983	
Kin Sang	1989	
Leung King	1988-1990	
On Ting	1980-1982	
Shan King	1983-1986	
Tin King	1989-1990	
Wu King	1982-1984	
Yau Oi	1980-1982	

¹ Only available for estates planned in or after 1991. The development ratio is specified in the approved Planning Brief of the Housing Department and may be subject to change during detailed design.

² Average development ratio of PRH development and adjacent HOS.

³ Development ratio on completion of ongoing re-development.

⁴ Development ratio for entire Lam Tin Estate Re-development (including Kai Tin, Ping Tin and Lam Tin Estates).

⁵ Part of estates still under construction.

⁶ Average development ratio for Shek Lei II and adjacent part of Shek Lei I estates.

Annex B

Additional PRH Estates under construction
(on sites within existing PRH estates)

<i>PRH Estate</i>	<i>Additional PRH flat numbers</i>	<i>Additional population capacity</i>	<i>Anticipated completion date</i>
Sheung Tak Estate	208	424	September 2002
Tsz Lok Estate	265	335	October 2003
Kwai Shing East Estate	362	676	September 2002
Total	835	1 435	

Provision and Management of Libraries in Secondary and Primary Schools

18. **MR YEUNG YIU-CHUNG** (in Chinese): *Madam President, regarding the provision and management of libraries in secondary and primary schools, will the Government inform this Council:*

- (a) *in respect of aided secondary and primary schools respectively,*
- (i) *of the numbers and percentages of schools with libraries;*
 - (ii) *of the numbers of persons employed for the management of these libraries and, among them, the numbers of those who have received relevant professional training; and*
 - (iii) *among the schools with libraries, of the respective numbers and percentages of those with computerized circulation systems and teacher-librarian posts; and*
- (b) *of the measures the Education Department will adopt to promote the provision or improve the management of libraries in all secondary and primary schools in Hong Kong?*

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

- (a) In respect of government and aided secondary and primary schools,
 - (i) 404 secondary schools and 273 primary schools (in terms of the number of school premises) are provided with libraries, representing 100% and 52% of the respective school premises in Hong Kong;
 - (ii) There are now 1 056 teacher-librarian posts. Among them, 732 persons have received relevant professional training.
 - (iii) There are teacher-librarian posts in all the 404 secondary schools and 273 primary schools with libraries. Among these schools, 390 secondary schools and 228 primary schools are equipped with computerized circulation systems. The numbers account for 97% and 84% of the respective schools.
- (b) The Education Department will adopt the following measures to improve the provision and management of libraries in all secondary and primary schools in Hong Kong:
 - (i) Most of the primary schools without a central library have included the addition of a library in their School Improvement Programme and will be provided with libraries within the next few years;
 - (ii) To continue the Mobile School Library Service Scheme to support primary schools without a library;
 - (iii) To support schools in computerizing library management by working closely with the Hong Kong Teacher-Librarians' Association on the implementation of the "Web-based Union Catalogue for School Libraries" scheme in order to reduce the workload of teacher-librarians in cataloguing work and increase the channels of resource sharing among schools;
 - (iv) To arrange induction training programmes, diploma courses in school librarianship and professional development programmes for in-service teacher-librarians;

- (v) To enable schools to use resources for reading more effectively by integrating various grants related to reading, for example, grants for library books, grants provided by the Chinese and English Extensive Reading Scheme, and so on;
- (vi) To assist principals, teachers and teacher-librarians in understanding the functions of school library service by developing resource packages on "Learning to Learn: Supporting Learning and Teaching through School Library Service", "Reading to Learn: The Promotion of a Reading Culture in School", and so on, and organizing relevant seminars;
- (vii) To promote collaborative teaching and resource-based learning among teacher-librarians and teachers through "Seed Projects";
- (viii) To promote and encourage good reading habits among students through reading-related competitions, for example, "Shun Hing Reading Award Scheme", "Quality Reading Scheme Competition", and so on;
- (ix) To liaise closely with the Leisure and Cultural Services Department on collaboration between public libraries and school libraries; and
- (x) To maintain close contact with various professional bodies and tertiary institutions on latest development in library management.

Taiwan's Plan to Bar Hong Kong Businessmen from Bidding for Major Public Works

19. **MR ABRAHAM SHEK:** *Madam President, the objective of the World Trade Organization Agreement on Government Procurement (AGP) is to ensure non-discriminatory treatment amongst domestic and foreign goods, services and suppliers, and to enhance the transparency of the public procurement system.*

Hong Kong became a party to the AGP in mid-1997 and it is anticipated that Taiwan will also become a party to the AGP. It has been reported that the Taiwanese authorities plan to bar, by invoking the exceptions laid down in the AGP concerning procurement for the protection of national security and national defence, Hong Kong businessmen from bidding for major public works which have major significance on people's livelihood in Taiwan, so as to guard against mainland authorities controlling Taiwan's public utilities through Hong Kong. In this connection, will the Government inform this Council:

- (a) whether it knows the details of the Taiwanese authorities' plan;*
- (b) whether it has assessed if such a plan will breach the AGP's principle of not discriminating against foreign suppliers; and*
- (c) of the follow-up actions it has taken in respect of this plan?*

SECRETARY FOR COMMERCE AND INDUSTRY: Madam President,

- (a) The Committee on Government Procurement under the World Trade Organization recently discussed draft documents submitted by Chinese Taipei in connection with its application for accession to the AGP. Hong Kong, China, as a member of the Committee on Government Procurement, was aware that Chinese Taipei had included in its draft documents non-application provisions against Hong Kong in respect of a number of goods and services.
- (b) Under the AGP, each party's terms of accession are the result of consultations with other parties to the AGP. A party's commitments in specified goods and services need not be applied to all parties to the AGP, if the parties involved agree to such an arrangement.
- (c) Following informal contacts between representatives of Hong Kong, China and Chinese Taipei in Geneva, all non-application provisions against Hong Kong have been removed from the latest draft documents.

Disclosure of Customers' Personal Data to Third Parties by Telecommunications Service Operators

20. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, regarding telecommunications service operators' disclosure of customers' personal data to third parties, will the Government inform this Council:*

- (a) *of the respective numbers of complaints received by the Office of the Telecommunications Authority (OFTA), the Office of the Privacy Commissioner for Personal Data (OPC), the police and the Independent Commission Against Corruption (ICAC) regarding disclosure of customers' personal data without their authorization by telecommunications service operators and their employees to third parties (including companies within the same group) in each of the past three years and, among them, the number of cases involving sale of personal data for profits, together with a breakdown by the type of telecommunications service;*
- (b) *how the relevant authorities have followed up such complaints, and of the number of cases in which prosecutions were instituted over the past three years against those involved; and*
- (c) *given the increasing popularity of subscription to various types of telecommunications services by the public and their increasing tendency to switch between service providers, whether the OPC will enact and issue a Code of Practice on the handling of customers' personal data specially for the telecommunications industry?*

SECRETARY FOR HOME AFFAIRS (in Chinese): Madam President,

- (a) In the past three years (1999 to 2001) the OFTA has received six complaints regarding disclosure of customers' personal data without their authorization by telecommunications service operators and their employees to third parties. Five of them involved mobile telephone service operators and one involved an international telephone service operator. None of them involved sale of personal data for profits.

In the same period, the OPC has received a total of 129 complaints alleging telecommunications service companies of transferring customers' data to other organizations for purposes which the customers have not consented to. Most of the complaints involved mobile telephone service operators. However, the OPC has not kept a detailed breakdown by type of telecommunications service. The OPC has completed investigation of 125 cases with the remaining four still in process. The OPC investigation so far found no evidence of sale of customers' data for profits.

In the case of the police, it has received two complaints regarding unauthorized disclosure of customers' personal data to third parties. One involved a mobile telephone service operator and the other one involved an Internet service operator. None of them involved sale of personal data for profits.

On the other hand, the ICAC has received a total of 160 complaints regarding disclosure of customers' personal data by telecommunications service operators during this period. All of these complaints involved employees of service providers. 157 of them involved employees of telephone service providers (land line, mobile and fax), two involved employees of Internet service providers and one involved employee of an interactive TV service provider. None of them involved sale of personal data for profits.

- (b) The OFTA has investigated the six complaints. The cases were found unsubstantiated due to lack of evidence of any breach of the Telecommunications Ordinance or the respective licence conditions.

Of the 125 completed cases, the OPC has found that six cases contravened a data protection principle of the Personal Data (Privacy) Ordinance (the Ordinance). Another 28 cases were settled by mediation without recourse to the Privacy Commissioner's formal power of investigation. The remaining 91 cases were found unsubstantiated due to lack of evidence or substance to support the alleged breach of the Ordinance. In total, the OPC has issued one enforcement notice and five warning notices to the telecommunications service companies concerned.

The police has investigated the two complaint cases, and in one of the cases, the offending company was prosecuted.

The ICAC has investigated all the complaints received. As a result of the investigations, three employees of land line telephone service providers were prosecuted in the past three years.

- (c) In August 2000, the OPC published a Guidance Note titled "Personal Data Privacy: Guidance for Mobile Service Operators" to provide practical guidance to mobile service operators in their processing and use of personal data of mobile customer accounts. Since October 2001, the OPC has, together with the OFTA and the ICAC, formed a working party to develop a voluntary code of practice on the protection of customer information for fixed and mobile service operators. The current schedule is to consult the operators shortly and issue the code around mid-year.

BILLS

First Reading of Bill

PRESIDENT (in Cantonese): Bill: First Reading.

EMPLOYEES COMPENSATION ASSISTANCE (AMENDMENT) BILL 2002

CLERK (in Cantonese): Employees Compensation Assistance (Amendment) Bill 2002.

Bill read the First time and ordered to be set down for Second Reading pursuant to Rule 53(3) of the Rules of Procedure.

Second Reading of Bill

PRESIDENT (in Cantonese): Bill: Second Reading.

EMPLOYEES COMPENSATION ASSISTANCE (AMENDMENT) BILL 2002

SECRETARY FOR EDUCATION AND MANPOWER: Madam President, I move the Second Reading of the Employees Compensation Assistance (Amendment) Bill 2002.

The Bill seeks to introduce a package of measures to reform the Employees Compensation Assistance Scheme (the Scheme) which provides a safety net for injured employees who cannot recover compensation or damages from their employers. The Scheme also protects employers if the insurer writing their employees' compensation (EC) insurance policies has become insolvent. Since 1996-97, the Employees Compensation Assistance Fund (the Fund), which was established under the Scheme, has incurred annual deficits. The reserves built up in previous years have been depleted. The proposed Amendment Bill aims to restore the long-term viability of the Fund.

One of the principal amendments is to manage the financial exposure of the Fund by introducing a relief payment to injured employees or family members of employees who die in a work-related accident. The amount of relief payment shall not exceed the amount of award ordered by the Court for common law damages. If the amount is not more than \$1.5 million, the sum will be paid in full in a lump sum. Otherwise, an initial payment of \$1.5 million will be disbursed, followed by monthly payments of \$10,000 or the earnings of the injured employee at the time of the accident, whichever is the higher, until the total amount of award is paid off. If the injured employee dies before then, his/her immediate family, including the spouse or cohabitee and children under the age of 21, will continue to receive the monthly payments.

This arrangement provides reasonable protection to the injured employees or their immediate family members. At the same time, it helps to reduce the financial volatility brought about by huge sums of common law awards. As a matter of principle, the Scheme, which is funded by a levy imposed on the premium of EC insurance paid by law-abiding employers, should not assume unlimited liability for the negligence of uninsured employers.

I would like to stress that the proposed arrangements would not affect employees' entitlements under the Employees' Compensation Ordinance (ECO). Injured employees will continue to receive full payment for their statutory entitlements.

The Bill also provides for the Employees Compensation Assistance Fund Board (the Board) to defend claims in legal proceedings. A person who files an application for assistance under the Scheme shall be required to notify the Board when filing a writ with the Court against the employer or other parties. The Board may apply to the Court to be joined in the proceedings as a party in connection with a work-related accident. These measures, when implemented, will enable the Board to better manage the applications and to bring about earlier settlement in suitable cases.

The Board has in the past been required to pay interest, at a level much higher than the market rate, on the assistance that an injured employee is entitled to receive. It is inappropriate for the high "judgement rate" to be applied to the Scheme's cases, which is *ex gratia* in nature. The Bill proposes that the Board should pay interest on statutory compensation only and at half of the "judgement rate" or the rate as ordered by the Court, whichever is lower. The proposed rate should still be good enough to preserve the value of outstanding payment.

In response to suggestions by members of the Legislative Council Panel on Manpower, the Bill proposes to impose a surcharge on uninsured employers. The amount of this surcharge shall be three times the levy payable for the benefit of the Board on the premium paid as the offending employer takes out an EC insurance policy after the detection of the offence.

The Bill also contains provisions that will raise the overall levy rate imposed on the EC insurance premium from 5.3% to 6.3%. This increase in the levy rate, which has been agreed by the Labour Advisory Board, is needed to restore the long-term viability of the Fund.

In April 2001, the HIH group of insurance companies went into provisional liquidation. Two subsidiaries of the group had been active in writing EC insurance. Under the existing provisions of the Employees Compensation Assistance Ordinance, the Scheme is liable to indemnify employers against the default of insolvent insurers. Based on the information provided by the provisional liquidators, our current estimates put the total liability for the Scheme arising from the HIH incident in the region of \$350 million. The substantial liability cannot be fully covered even with the proposed one percentage point increase in the levy rate.

Therefore, we shall soon seek the Finance Committee's approval to provide a government loan of \$280 million to the Board. To enable the Board

to repay the loan without imposing further burden on employers, we have proposed in the Bill to adjust the distribution of levy between the Board and the Occupational Deafness Compensation Board. For five years from 2002-03 to 2006-07, the levy rate for the Board will be increased from 1% to 3.1% and thereafter reduced to 2.5% on a permanent basis. During the same five-year period, the levy rate for the Occupational Deafness Compensation Board will be lowered from 2.3% to 1.2%, and raised to 1.8% thereafter.

The HIH incident highlights the significant and sudden financial exposure insurer insolvency may cause. To address this issue, the Commissioner of Insurance is discussing with the insurance industry on a separate scheme to cover insurer insolvency. The present Bill includes provisions to repeal those sections of the principal ordinance relating to insurer insolvency. These provisions will not come into effect unless and until the separate scheme is in place. The Bill also makes transitional arrangements to ensure that the interests of the employers involved in the HIH incident will not be affected.

Madam President, the reform of the Scheme has gone through thorough review and protracted consultations. As the Fund is already operating on a government bridging loan approved in June 2000, we have to put in place the proposed reform measures before the Fund is again depleted. I commend the Bill to Honourable Members and appeal for their co-operation to approve the Bill as soon as possible.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Employees Compensation Assistance (Amendment) Bill 2002 be read the Second time.

In accordance with the Rules of Procedure, the debate is now adjourned and the Bill referred to the House Committee.

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): We will resume the Second Reading debate on the Road Traffic Legislation (Amendment) Bill 2001.

ROAD TRAFFIC LEGISLATION (AMENDMENT) BILL 2001**Resumption of debate on Second Reading which was moved on 20 June 2001**

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

MR ANDREW CHENG (in Cantonese): Madam President, in my capacity as the Chairman of the Bills Committee on the Road Traffic Legislation (Amendment) Bill 2001, I hereby submit the Bills Committee's Report and brief Members on the main deliberations and findings of the Bills Committee.

The main purpose of the Bill is to introduce a Driver Improvement Scheme (DIS) and to provide for deduction of three driving-offence points (DOPs) on a person's satisfactory completion of a driving improvement course. The Bills Committee held seven meetings and received views from six organizations. The Bills Committee supports the introduction of a DIS to educate drivers on the proper driving attitude and behaviour with a view to enhancing road safety.

Madam President, the Bills Committee has divergent views on the eligibility criteria for the DIS. Some members are of the view that the DIS should be restricted to drivers with a DOPs balance of 10 points or less. They pointed out that, as penalty is the most effective deterrent measure, drivers would drive with extra care if they know that their driving licence may be suspended. Members are worried that for those drivers whose DOPs balance is approaching the 15-point threshold, the greatest attraction to join the DIS is to delay the suspension of their licence. This runs counter to the Administration's original intent of introducing the DIS.

Some members, however, are of the view that since the objective of the DIS is to offer drivers a channel to improve their driving behaviour through education, all drivers, even those who do not have any DOPs balance, should be allowed to join the DIS.

The Administration pointed out that under the proposed DIS, drivers might join the scheme either by court order or on a voluntary basis; if drivers manage to complete the DIS successfully, he would have three DOPs deducted from the

total number of DOPs he has previously incurred. To ensure fairness, all drivers should be allowed to join the DIS. The Administration also pointed out that the total number of drivers with 11 to 14 DOPs as at 6 October 2001 is about 48 000. Such drivers are mostly repeated offenders who should benefit more from schemes such as the DIS to rectify their incorrect driving behaviour. If the incentive of deduction of three DOPs for such drivers were to be removed, this could have the unfortunate effect of discouraging voluntary participation, hence defeating the objective of the proposed scheme. To ensure that there would be no abuse of the Scheme, the Administration proposes that drivers who do not have any DOPs record should not be allowed to pre-store DOPs to offset DOPs of future offences by attending such courses. Furthermore, only three DOPs could be deducted at most for each driver, once every two years for the completion of driving improvement courses, but there are no restrictions on the number of attendance.

Madam President, under the Bill, the Court is empowered to order a driver who has committed a scheduled offence under the Road Traffic (Driving-offence Points) Ordinance to attend and complete a driving improvement course, in addition to or instead of imposing any penalty that may be imposed for the offence. The Bills Committee is concerned that this may constitute a case of double penalty, particularly for offenders of minor traffic offences.

As such, after considering the views of the Bills Committee, the Administration agrees to amend clause 72A(1) of the Bill to the effect that the Court will only be empowered to order a driver who is convicted of a traffic offence that leads to five DOPs or more to attend and complete a driving improvement course; this order may be made in addition to or instead of imposing any penalty that may be imposed for the offence. Furthermore, the Administration also accepts the views of the Bills Committee to move another Committee stage amendment to the new clause 72A such that the Court may impose a lighter penalty on a person who has been ordered to attend and complete a driving improvement course.

Madam President, the Bills Committee has examined how best the interest of course participants can be safeguarded. Under clauses 102C(9) and 102D(3) of the Bill, the proprietor of a driving improvement school has to refund a person the fee he has paid for taking a driving improvement course but which has not been taken due to the revocation or termination of the designation of that school. In addition to the legislative requirement, the Administration will also require,

by way of administrative means, the proprietor of the driving improvement school to furnish the Administration with a first demand Banker's Guarantee issued by an approved bank. This serves as a security for the school's due and faithful performance of the conditions relating to the designation, and the bank issuing the Banker's Guarantee will be required to refund the course participants if necessary. The Bills Committee also notes that in cases where the school has become unable to issue attendance certificates or course certificates to those people who have duly completed the course, the Administration will arrange to have the certificates issued and recover the costs incurred from the Banker's Guarantee.

Madam President, clause 102B(5)(a) of the Bill provides that the Commissioner may from time to time determine the maximum fees that may be charged by the proprietor of a driving improvement school for a driving improvement course and the issue of an attendance certificate or course certificate. The newly added Schedule 11 also provides that the Commissioner may from time to time determine the fees payable for designation, or renewal of designation, of a driving improvement school.

The Bills Committee has examined whether it is necessary to introduce a mechanism to regulate the fees so determined by the Commissioner. The Bills Committee notes that in considering the maximum fee that may be charged by course providers, the Commissioner will take into account all relevant factors including the demand and supply situation, affordability of the public, the average fine for traffic offences attracting three to five DOPs (that is, about \$1,000), the operating environment of course providers and their profit margins, and so on. The Administration anticipates that the maximum fee for an eight-hour course is about \$1,000.

Regarding the determination of the fees payable for designation, or renewal of designation, of a driving improvement school, the Bills Committee notes that the fees will be calculated on a cost recovery basis. The estimated fees would be around \$4,000 per year.

Madam President, at the request of the Bills Committee, the Administration undertakes that the Panel on Transport will be briefed on any future changes that the Commissioner may make to the above fees.

The Bills Committee has examined the draft code of practice. The code of practice sets out the requirements, procedures and standards in respect of the

content and duration of driving improvement courses; and facilities and equipment to be provided, and so on. The Bills Committee has made various suggestions on improving the code and urged the Administration to consult members of the industry and Panel on Transport before implementing the code of practice.

Madam President, the Administration has also accepted a number of suggestions from members of the Bills Committee and agreed to move Committee stage amendments accordingly.

The Bills Committee supports the Bill and Committee stage amendments to be moved by the Administration.

Madam President, I, therefore, believe that the Secretary for Transport would have an easy job today in passing his motion because it would not be challenged by Members. And unlike the Route 10, East Rail and West Rail incidents, the Secretary would not feel disconsolate today. As regards the Road Traffic Legislation (Amendment) Bill 2001 under discussion today, since the Administration has widely accepted the views of the Bills Committee, in my capacity as the spokesman of the Democratic Party, I believe members of the Bills Committee as well as individual Members will support the resumption of the Second Reading debate.

Thank you, Madam President.

MS MIRIAM LAU (in Cantonese): Madam President, the purpose of this Bill is to rectify problematic driving behaviour of drivers through positive approaches and education, and I support this Bill. The Government has accepted most of the suggestions made by members of the Bills Committee in the course of its deliberations and will move Committee stage amendments accordingly. I also deeply appreciate the Government's efforts in readily accepting good advice.

Clause 72A(1) of the Bill originally proposed that the Court should be empowered to order drivers who have committed scheduled offences under the Road Traffic (Driving-offence Points) Ordinance to attend and complete a driving improvement course, in addition to or instead of imposing any penalty that may be imposed for the offence. I am concerned that this may constitute a case of double penalty in some measure. It is because the payment of a fine is

already a penalty and if the offender has to pay another \$1,000 or so to attend a driving improvement course after being ordered to do so, it can be regarded as another penalty. This is unfair to offenders of minor traffic offences, including drivers who commit offences leading to five driving-offence points (DOPs) or less. In fact, members of the transport industry have always presumed and hoped that driving improvement courses would be voluntary and only voluntary in nature. They have never thought that the Court should be given additional powers to impose this penalty. However, they also understand that if drivers commit traffic offences of a more serious nature, then it would be both reasonable and fair to require them to attend driving improvement courses.

I am very happy that the Government has eventually accepted our views and are willing to move Committee stage amendments to the effect that the Court will only be empowered to order drivers who are convicted of traffic offences leading to five DOPs or more to attend driving improvement courses, after looking at the legislation of overseas countries. This order can be made in addition to or instead of imposing other penalties that may be imposed for the offence and the Bill also specifies that the Court may impose a lighter penalty on those who have been ordered to attend driving improvement courses.

Furthermore, as regards the proposed maximum fee of \$1,000 for an eight-hour driving improvement course, I think it is relatively high in view of the prevailing economic conditions.

The Administration thinks that the ceiling set for this fee will be considered reasonable as long as it is in line with that of similar schemes in overseas countries. However, since each country and region has its own unique social conditions, considerations should be made on a case-by-case basis and we should not follow blindly. Since not many operators are offering such courses for the time being and competition is not very keen, I think operators of such courses would charge a fee very close to the ceiling at the time of their actual operation, though the ceiling is set at \$1,000. Therefore, I urge the Government to encourage more operators to run such courses to allow sufficient competition in the market, thus controlling the fees at a reasonable level. With these remarks, Madam President, I support the Bill.

MR CHAN KWOK-KEUNG (in Cantonese): Madam President, under the prevailing gloomy economic conditions and high unemployment rate, the income of many professional drivers is much less than before. Once 15 driving-offence

points (DOPs) were recorded against them for traffic offences, they would be in serious predicaments, with "no job and thus no food on their table" for at least three months to half a year. The Bill introduces a Driver Improvement Scheme (DIS) to rectify problematic driving behaviour. Apart from saving drivers from their plights, the DIS can also enhance road safety through more positive means and thus achieving better results.

Offenders could attend an eight-hour course within two years and if they passed the test, three points would be deducted from their DOP balance, offering them the last opportunity to rectify their problematic driving behaviour. This would be more effective than only imposing a fine and can also safeguard the livelihood of professional drivers. In fact, since professional drivers are on the road most of the day, chances where they violate road traffic regulations would naturally be higher than that of ordinary people; sometimes in order to accede to the requests of their passengers, they are forced to commit traffic offences like "overtaking", "making unauthorized turns" and "cutting lanes".

The Bills Committee has discussed whether or not the target of the DIS should be restricted to drivers with a DOP balance of 10 points or less? I think these are discriminatory views and drivers with a DOP balance of 15 points are treated like aliens. This is against the spirit of treating everyone equally without discrimination. In fact, there are a total of more than 48 000 drivers in Hong Kong with DOPs recorded against them and most of them are in a very precarious position. Having learned a lesson from almost losing their driving licences, they would naturally be happy to attend driving improvement courses to rectify their driving behaviour. We should not doubt the motive of any driver for taking part in the DIS.

Moreover, the Bill has specified that such remedies would only be available to each driver once every two years. I believe that after learning this lesson, drivers would naturally be more mindful of road safety and correct driving behaviour. The Scheme would be meaningless if any category of drivers were deprived of the right to have three points deducted from their DOP balance, and more than 40 000 drivers would lose the chance for turning over a new leaf.

Madam President, I so submit. The Hong Kong Federation of Trade Unions and the Democratic Alliance for Betterment of Hong Kong support the passage of this Bill.

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

(No Member responded)

SECRETARY FOR TRANSPORT (in Cantonese): Madam President, Members and the Government indeed share the same objectives very often. The Bill is a very good example.

Madam President, the main objects of the Road Traffic Legislation (Amendment) Bill 2001 are to amend the Road Traffic Ordinance (RTO) and the Road Traffic (Driving-offence Points) Ordinance and the subsidiary legislation thereof to introduce a Driver Improvement Scheme (DIS). Through the DIS, we hope to educate drivers to be aware of and improve their driving behaviour and driving attitude with a view to enhancing road safety. The Bill also makes adaptations to the RTO and its subsidiary legislation and the Road Traffic (Driving-offence Points) Ordinance to bring them into conformity with the Basic Law and with Hong Kong's status as a Special Administrative Region of the People's Republic of China.

Since the Bill was submitted to the Legislative Council for scrutiny on 20 June last year, the Bills Committee under the leadership of the Honourable Andrew CHENG held a total of seven meetings to look carefully and thoroughly into the Bill. Thanks to the hard work of Mr Andrew CHENG and members of the Bills Committee, the Second Reading debate of the Bill is resumed today. I hereby extend my sincere thanks to them. I am also grateful to the transport industry for their support for and submissions about the Bill.

In implementing the DIS, we propose adopting a two-pronged approach. In addition to suggesting that the Court be empowered to order drivers to take part in a driving improvement course, as a penalty, we also suggest that drivers participate in it on a voluntary basis, on satisfactory completion of which, a driver could have three driving-offence points (DOPs) deducted from the total number of DOPs previously recorded against him. Under the Bill, the Court is empowered to order a driver who has committed a scheduled offence under the Road Traffic (Driving-offence Points) Ordinance to attend and complete a driving improvement course, in addition to or instead of imposing any penalty that may be imposed for the offence.

The Bills Committee was concerned about the severity of the penalty imposed on drivers who have committed minor driving offences. Having considered the views of the Bills Committee, the authorities agree to amend the Bill to the effect that the Court will only be empowered to order a driver who is convicted of a traffic offence that leads to five DOPs or more to attend a driving improvement course. Under the proposed amendment, a driver who has incurred three DOPs for a traffic offence will not be ordered by the Court to attend the course.

In safeguarding the interests of course participants, the authorities specify in the Bill that the proprietor of a driving improvement school has to refund a person the fee he has paid for taking a driving improvement course but which has not been taken due to the revocation or termination of the designation of that school. The Government will also administratively require the proprietor of the driving improvement school to furnish the Government with a first demand Banker's Guarantee issued by an approved bank. This serves as a security for the school's due performance of the designation. In the event the designation of a driving improvement school is revoked or terminated and where the proprietor cannot be traced or becomes insolvent, the bank issuing the Banker's Guarantee will be required to refund the course participants in accordance with the provisions contained in the Bill.

Furthermore, in cases where the school has become unable to issue attendance certificates or course certificates to those people who have duly completed the course, the Government will arrange to have the certificates issued and recover the costs incurred from the Banker's Guarantee. I will move an amendment later to state more clearly the protection for course participants in driving improvement schools.

To implement the DIS and to better supervise driving improvement schools, the Commissioner for Transport will issue a code of practice setting out the content and standards of driving improvement courses, the facilities to be provided, the procedures for issuing course certificates to course participants, and so on. The Bills Committee also discussed and commented on the draft code of practice. The authorities will consider carefully the comments of the Bills Committee, consult the transport industry and will make a report to the Panel on Transport before implementing the code of practice.

Under the Bill, the Commissioner for Transport will determine the licence fees of driving improvement schools and the maximum fees that may be charged

for a driving improvement course. The authorities will make a brief report to the Panel on Transport in setting the relevant fees and making amendments thereto in future.

We do not think harsh punishment is necessarily the only effective measure to rectify problematic driving behaviour. We trust positive measures may be implemented to improve driving behaviour through education, which is also the objective of the DIS proposed in the Bill.

I hereby commend the Road Traffic Legislation (Amendment) Bill 2001 to Members. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Road Traffic Legislation (Amendment) Bill 2001 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Road Traffic Legislation (Amendment) Bill 2001.

Council went into Committee.

Committee Stage

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

ROAD TRAFFIC LEGISLATION (AMENDMENT) BILL 2001

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Road Traffic Legislative (Amendment) Bill 2001.

CLERK (in Cantonese): Clauses 1, 2, 3, and 7 to 16.

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clauses 4, 5 and 6.

SECRETARY FOR TRANSPORT (in Cantonese): Madam Chairman, I move the amendments to clauses 4, 5 and 6, as set out in the paper circularized to Members. Let me state briefly the main points.

Clause 4. Clause 4 of the Bill empowers the Court or a Magistrate to order a person convicted of a scheduled offence under the Road Traffic (Driving-offence Points) Ordinance to attend and complete a driving improvement course.

After considering the comments of the Bills Committee, the authorities suggest amending the proposed clause 72A(1) to the effect that the Court will be empowered to order a driver who is convicted of a traffic offence that leads to

five DOPs or more to attend and complete a driving improvement course, either in addition to or in lieu of any other penalty that may be imposed for that offence. I will move a new Schedule later to specify the traffic offences to be covered by the proposed clause 72A(1).

The authorities also propose an addition, that is, clause 72A(8A), empowering the Legislative Council to amend the new Schedule. We also propose to add clause 72A(1A) to specify that the Court may impose a lighter penalty on persons ordered to attend and complete driving improvement courses.

In addition, consequential amendments are required for the proposed clauses 72A(2) and 72A(6). In respect of clause 72A(4), we propose to amend the relevant clause to state clearly that applications for a postponement in attending and completing a driving improvement course must be made to a court of the same status as that which makes the order.

We also propose to amend the proposed clause 72A(9)(b) to include a Judge or a deputy of the District Court in the definition of "judge".

Clauses 5 and 6. Clause 5 of the Bill empowers the Commissioner for Transport to designate driving improvement schools, revoke the designation under specified conditions, and states that the proprietor of a driving improvement school may request that the relevant designation be terminated. To state more clearly the protection of driving improvement course participants, the authorities, after consulting the Bills Committee, propose to add to the proposed clause 102E a new clause to specify that where a driving improvement school has become unable to issue attendance certificates or course certificates, the Commissioner for Transport may arrange for the issue of the relevant certificates. In this case, the proprietor of the relevant school or, in the case of a school the designation of which has been revoked or terminated, the last proprietor, will have to bear the costs of issuing the certificates. Under this mechanism, the interests of course participants will be further protected and the relevant costs will be shouldered by the proprietor of the school.

Proposed clause 102A concerning the above amendment has to be amended accordingly. That means in the definition of attendance certificates or course certificates, a provision has to be added to include the relevant certificate issued by the Commissioner for Transport. To enable more drivers to attend and benefit from the driver improvement scheme (DIS), we propose, after

consulting the Bills Committee, to amend the proposed clause 102B(3)(a) to extend the DIS to probationary driving licence holders. Other proposed amendments to clauses 5 and 6, that is, amendments to the proposed clauses 102B(3)(b), 102C(1)(a) and Schedule 11 are technical amendments to reflect more clearly the meaning of the provisions.

The above amendment proposals have been scrutinized by the Bills Committee and are supported by its members. I urge Members to support the amendments proposed by the Government. Thank you, Madam Chairman.

Proposed amendments

Clause 4 (see Annex III)

Clause 5 (see Annex III)

Clause 6 (see Annex III)

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clauses 4, 5 and 6 as amended.

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): New clause 5A Schedule 10A added.

SECRETARY FOR TRANSPORT (in Cantonese): Madam Chairman, I move that new clause 5A, as set out in the paper circularized to Members, be read the Second time. The purpose of new clause 5A is to add a Schedule to specify that only traffic offences that leads to five driving-offence points or more in the scheduled offences referred to by the Road Traffic (Driving-offence Points) Ordinance will be covered by the proposed clause 72A(1).

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That new clause 5A be read the Second time.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): New clause 5A.

SECRETARY FOR TRANSPORT (in Cantonese): Madam Chairman, I move that new clause 5A be added to the Bill.

Proposed addition

New clause 5A (see Annex III)

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That new clause 5A be added to the Bill.

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

(Member raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Schedules 1 and 2.

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

(Members raised their hands)

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

(No hands raised)

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

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bill

PRESIDENT (in Cantonese): Bill: Third Reading.

ROAD TRAFFIC LEGISLATION (AMENDMENT) BILL 2001

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

Road Traffic Legislation (Amendment) Bill 2001

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

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Road Traffic Legislation (Amendment) Bill 2001 be read the Third time and do pass.

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Road Traffic Legislation (Amendment) Bill 2001.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two motions with no legislative effect. I have accepted the recommendations of the House Committee as to the time limits on speeches for the motion debates. As Members are very familiar with the time limits on speeches, I will not repeat them here. I wish to remind Members that I am obliged to direct any Member speaking in excess of the specified time to discontinue.

First motion: Expectations for the 2002-03 Budget.

EXPECTATIONS FOR THE 2002-03 BUDGET

MR SIN CHUNG-KAI (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

Madam President, the Task Force on Review of Public Finances published its Final Report to the Financial Secretary (deficit report) last Thursday. I wonder if the Financial Secretary will respond to it in the Budget to be released next Wednesday and propose solutions accordingly. However, the Democratic

Party hopes to expressly state in advance our expectations for next year's Budget through this motion today. The Government now faces two problems. The first is the economic recession and the second is the budget deficit. The Democratic Party considers that the first problem is more important and the Government should accord priority to addressing the existing economic problem. To resolve the economic problem, efforts must be made to ease unemployment and to this end, the Government will inevitably have to plough in more resources. We consider that the Government should refrain from putting a heavier tax burden on the people. Therefore, the Democratic Party urges the Government not to attempt to solve the long-term deficit problem within a short period of time in next year's Budget, and not to propose tax increases or reduction of social service expenditure. On the contrary, the Government should put the existing resources to good use and make the utmost effort to facilitate the early recovery of the economy, create more job opportunities and devise more measures to relieve the people of their plights.

The Democratic Party also appreciates that the Government is indeed faced with certain financial pressure. But having read the Government's deficit report carefully, we believe while a budget deficit does exist, there is still room to spare overly drastic measures by the Government in the year 2002-03. Regarding the assumptions made in the deficit report, the Democratic Party has queries in five areas, and we will write to the Secretary for the Treasury to seek clarifications. Dr the Honourable YEUNG Sum will give a detailed account of our queries later on and so, I will only briefly explain them now.

Firstly, the deficit report provided an analysis of the budget deficit in two stages. The first covers the next five years, that is, a medium-term forecast for 2002-03 to 2006-07, whereas the second stage covers the 20 years thereafter, that is, a long-term forecast until the year 2021-22.

In respect of the long-term forecast, the Democratic Party agrees that due to structural causes, even if the forecast is slightly adjusted either upward or downward, the problem may only be deferred to another decade later and there will not be much difference in the general direction. But since the forecast is long-term, the Democratic Party considers it necessary to look after the present economic conditions and therefore, there should not be too drastic changes at the present stage. For this reason, insofar as the Budget for next year is concerned, emphasis should be put on the forecast of the economic outlook in the medium term.

Regarding the medium-term economic forecast, the Government has adjusted downward the impact of assumptions made in respect of the future revenue. Some of the statistics involve short-term economic fluctuations, such as deflation and the growth of the economy. Although these factors are short-term in nature, their accuracy can have a significant impact on the medium-term forecast. Therefore, in our view, it will take years before we can verify whether the actual statistics are consistent with the assumptions as well as their validity, in order to adopt more prudent measures.

Some statistics involve fundamental changes in structure. For instance, the reassessment of tax revenue, forecast of the inflation rate of the Gross Domestic Product and that of government expenditure. Why is there such a major change on the part of the Government in one year, in that it has become so pessimistic about the future? Will these structural changes gradually surface only at a later time? This will require more explanation and public discussions. Therefore, the Democratic Party considers that this year is not an appropriate time. The Government should not make assumptions on the basis of the current economic downturn and hastily draw up contingency measures.

In fact, the market has diverse views on the medium-term economic forecast. Goldman Sachs from the investment sector, for instance, pointed out in response to the Government's deficit report that the Government's budget deficit projection is too pessimistic. They consider that in the next five years, the local economy will strongly rebound with good investment returns. Coupled with the proceeds from privatization, the Government's revenue is set to increase.

Many international institutions or economists hold different views on the rate of economic growth in 2002. According to the Government's financial report, it is forecast that the economy will register a growth of 1% in 2002. But other members of the economic sector, such as *The Economists*, estimated in December last year that our economic growth this year will be 2.6%; the American Express Bank forecast a growth of 2.5% in its January report this year; ING Baring's forecast is 3.6%; Citibank's is 1.9%; HSBC's is 1.8%; the Lehman Brothers' is 3.7%; and BNP Paribas's is 3.5%. This shows that the Government's forecast is apparently more pessimistic. According to the projection of Goldman Sachs, every 1% of economic growth will bring 2% of tax revenue for the Government. So, the accuracy of the Government's forecast of the growth rate this year has a crucial impact on the deficit figures.

The former Financial Secretary, that is, the incumbent Chief Secretary for Administration, said in July last year that with China's accession to the World Trade Organization and its successful bid for hosting the Olympic Games, it will be difficult for Hong Kong to become poor! While these words still ring in our ears, the Government is nevertheless telling us this year that it will go bankrupt in less than 10 years' time. In other words, the Government's view of Hong Kong's economic outlook has changed from very optimistic to very pessimistic in the past year. The message given to me by the Government has changed so substantially in just one year. This is indeed confusing to the public.

But anyhow, judging from the role of the Government in financial policies, regardless of whether the Government is too pessimistic about the economic outlook or whether it is really "crying wolf", all economists will have a consensus at a time of economic downturn, that is, the Government should not raise tax, or it should reduce expenditure.

For example, Fitch, a credit rating agency, suggested in its credit rating report on Hong Kong last November that "In light of the size of its fiscal reserves, Hong Kong could afford a more expansionary fiscal stance at this stage without breaching prudential norms". The so-called expansionary fiscal stance means an increase in government spending or tax reduction so as to alleviate the people's plights in time of an economic recession.

Another example is that after the "September 11 incident", in order to expeditiously address the problem of an economic recession, the United States proposed a tax reduction package of US\$100 billion and increase the expenditure estimates by US\$80 billion.

This is very important to Hong Kong, because Hong Kong has already lost the regulatory tool in the currency policy and must depend on the interest rate policy of the United States in all cases. But the so-called interest rate reduction cycle of the United States is approaching the end, and in the coming year, we may face the pressure of increases in interest rate. Should the Government run counter to this trend and hastily seek to resolve the deficit problem by drastic means, it would not be conducive to the recovery of the local economy. What is more, internal demand would be further dampened and it would deal a further blow to the local economy, hence exacerbating the unemployment situation.

In the deficit report, the Government depicted a picture of it being confronted by a deficit crisis to which there are only two solutions. The first is raising tax and the second is cutting expenditure. It appears that all we have to do is to make a choice and then everything would be fine and the Government

could then achieve a balanced budget. But in reality, the deficit crisis of the Government will still be inextricably linked with the future of the local economy in the final analysis. If the economy lacks driving dynamics for growth, and if the people could not see the future, then the deficit problem would only linger on forever. The assumptions made in the deficit report are meaningless, for they offer no solution to improve the economic outlook of Hong Kong. Most importantly, we must make the Hong Kong economy resume growth or make it grow at high speed. Failing this, the future in the next two decades portrayed by all these figures will still be nothing more than an abstract numbers game. So, while the budget deficit is certainly a problem, we must still expeditiously find ways to improve the economy and this remains our top priority today. The Democratic Party reiterates that we hope the Financial Secretary will not consider resolving the deficit problem the first and foremost task in next year's Budget to the neglect of other areas of greater importance, including finding ways to put government resources to good use and proposing more concrete measures to improve the economy.

THE PRESIDENT'S DEPUTY, MRS SELINA CHOW, took the Chair.

Certainly, regardless of what measures the Government will eventually take to resolve the \$35 billion budget deficit, whether it be tax increases or reduction of public expenditure, it will surely arouse great controversies in the community. In fact, the Government explained the deficit crisis to the public only last Thursday. If the Financial Secretary hastily announced measures to solve the problem next week, that is, after a fortnight's time only, the Democratic Party would have great reservations about this.

The Democratic Party would like to discuss this long-term problem with the Government in the year to come. But we cannot accept any drastic measures to be proposed in the 2002-03 Budget. I hope the Government can listen to the views of Honourable colleagues and discuss this long-term problem with us during this period of time. I hope the Government can conduct detailed consultation and allow the community ample time for discussions before making a decision. Insofar as next year's Budget is concerned, the Democratic Party hopes that the Government will consider from the perspective of the overall economy and refrain from proposing tax increases or reduction of social services. More importantly, the Government should come up with more measures to alleviate people's hardship and create more job opportunities.

I so submit.

Mr SIN Chung-kai proposed the following motion: (Translation)

"That this Council hopes that, in formulating its Budget for the next financial year, the Government will refrain from raising taxes or reducing social services in order to address the problem of budget deficit, and that the Government will implement more measures to alleviate people's hardship and create more job opportunities, so as to promote the recovery of the economy."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr SIN Chung-kai be passed.

MR HUI CHEUNG-CHING (in Cantonese): Madam Deputy, with regard to resolving the deficit problem, a consensus has been reached in the community and that is, the Government must implement effective measures to cut expenditure. In respect of public expenditure, we consider that the Government must pay attention to four areas of work.

First, the Government and all public bodies must enhance their administrative efficiency and utilize resources effectively. The Government should ensure that public expenditure is well spent and cost-effective. Particularly, the bad habit of some government departments or public bodies of squandering public money and wasting resources must be eradicated. In December last year, the Audit Commission performed audits on the work of many government departments, such as the Food and Environmental Hygiene Department, Legal Aid Department, Government Property Agency, government offices, Government Supplies Department and Radio Television Hong Kong, and published an audit report. The problems of serious extravagance, wastefulness and negligence of duties revealed in the report have shocked the community. Moreover, the spending of some public bodies is found to be extremely unreasonable. For example, luxurious facilities were purchased for use by senior executives. This has also aroused great discontent among members of the public. The Government must monitor all departments and public bodies and set "value for money" criteria for expenditure, in order to avoid waste of resources.

Second, the Government must continue to streamline the public sector structure. It must earnestly implement the principle of "small government"

suggested in the policy address and expeditiously take steps to streamline the government structure. On the premise that the employment terms and career prospects of the affected staff are fully protected, the Government should corporatize or privatize certain departments and public bodies with development potentials, so as to streamline the Government's structure and increase revenue, and at the same time stimulate private investment and enhance the cost-effectiveness of public services. Meanwhile, the Government should set higher targets for the Enhanced Productivity Programme. The Hong Kong Progressive Alliance (HKPA) also urges the Government to conduct a comprehensive review of the pay and benefits of civil servants and employees of public bodies, in order to bring them more in line with the private market. The Government has stressed time and again the need to enhance the competitiveness of Hong Kong. The question remains that public expenditure, especially the pay of civil servants, is on the high side structurally, and this has become a bottleneck in the enhancement of competitiveness. The Government must take decisive actions to deal with this problem.

Third, the Government's expenditure on social welfare and medical services has been increasing in recent years. While this is the result of economic downturn and other social factors, it is necessary for the Government to find ways to deal with it properly, in order not to overload public finances. Recently, the United States has also reviewed its policy under which social welfare is granted. In view of this, the Government must review these "exhaustive" services and expenditure and strictly control expenditure in these areas to provide against the misuse of public money.

Fourth, the Hong Kong economy is undergoing transformation. Government investment in infrastructural facilities is essential, so that Hong Kong will not lag behind the needs of economic and social development. Given resource constraints, the Government should give priority to investments in cross-boundary infrastructural projects with economic returns, thereby facilitating the integration of Hong Kong with the Mainland in respect of transportation. This will, in turn, enhance the status of Hong Kong as an import and export centre and a logistics centre. Meanwhile, non-urgent infrastructural projects or those that cannot support economic development can be commenced only at a later stage. The HKPA suggests that the Government should immediately implement round-the-clock cross-boundary cargo clearance arrangements at all border control points, strengthen the connection of Hong Kong's road network with mainland railways and bridges, actively study the

construction of a bridge linking Hong Kong, Macao and Zhuhai to attract freight forwarding business from Southern and Western China, and expedite the implementation of various cross-boundary railway development projects.

Madam Deputy, the HKPA considers that despite huge pressure from the budget deficit, it is inappropriate for the Government to raise tax or introduce a sales tax at this stage given the present global economic downturn, in order not to deal a blow to the business environment to the detriment of economic recovery. At a time when the economy is in the doldrums and the people are in dire straits, the best thing to do is to recuperate and consolidate our strength. In respect of government revenue, the HKPA suggests that the Government should continue to freeze most of its fees and charges that have an impact on the people's livelihood and businesses, such as water charges, postage, and so on, thereby allowing members of the public and businesses in all sectors to recuperate until the Hong Kong economy has genuinely recovered. By then, the Government can adjust its fees and charges in the light of the affordability of the public and businesses in all sectors. But I hope Members can appreciate one point. As the saying goes, "It is impossible to cook fine rice if we do not put rice in the cooker". It would not be practical if we call on the Government to take various measures to improve the economy and the people's livelihood but do not allow the Government to come up with ways to cut expenditure and increase revenue. We ought to allow the Government sufficient resources to embark on the necessary tasks.

Madam Deputy, while it is the responsibility of the Government of the Hong Kong Special Administrative Region to resolve the deficit problem, the entire community must share this responsibility too. All of us should make the best of our effort to do our part. I so submit.

Thank you, Madam Deputy.

MR LAU CHIN-SHEK (in Cantonese): Madam Deputy, in his Lunar New Year address this year, the Chief Executive, Mr TUNG Chee-hwa, spoke with emphasis on urging Hong Kong people to have confidence in the future. In fact, his address was like saying "Kung Hei Fat Choi" to people during the Chinese New Year, for what he had said was nothing more than some auspicious greetings. But as he is the Chief Executive, his most important job is to make people see the economic and employment prospects through the administration of

the Government. Just as the public was doubtful about the "praises" sung by the Chief Executive, the Task Force on Review of Public Finances led by the Secretary for the Treasury released last week a terrifying report which warned against a structural deficit. No doubt this is like pouring a bucket of cold water over the heads of the people, causing much confusion among many members of the public.

The Secretary for the Treasury, Miss Denise YUE, stated that the \$30 billion-odd fiscal reserves of the Government would run out seven years later. Then the Government would have to rely on debt financing and 20 years later, the debts of the Government would accumulate to over \$2,660 billion, which means that each Hong Kong people would have to shoulder a debt of some \$300,000. The Secretary for the Treasury said that the Government had not meant to purposely paint a horrifying picture. But objectively speaking, this has added to the worries of the people and created a negative impact on the restoration of public confidence.

Many scholars and commentators have pointed out that the report which warned against a structural deficit is a static projection only. Besides, as the future revenue was only fixed at a certain proportion of the total economic value under the Government's assumption and the growth in expenditure is assumed to outrun the economic growth in the same period, that the deficit will become increasingly larger is a matter of course and a definite outcome requiring no corroboration. I think a projection made on these assumptions has little reference value. On the contrary, I must ask: At a time of an economic downturn and when the public has very little confidence in the future, what does the Government intend to achieve by throwing out such a terrifying report which pointed to a structural deficit?

Certainly, the Government may say that the report merely meant to make known early the problem that may arise in future, so that the public can accept the Government's proposals to increase tax and reduce expenditure. But I hope the Government will think about this clearly: When the economy and the employment situation is still in deep water, is it appropriate of the Government to shift the focus of administration to the budget deficit and ask the entire community to help reduce the budget deficit for the Government?

Regardless of whether the Government is genuinely faced with a structural deficit, as we still have a fiscal reserve of \$370 billion, the budget deficit is at

most a problem in the medium term requiring no immediate solution. On the contrary, I think "structural unemployment" and "structural poverty" are more pressing issues that require prompt government actions. Otherwise, the people's livelihood and social crises will run out of control.

Many people have pointed out that from the presentation of the public finance review report to the horrifying deficit estimates put forth by the Government, the aim is obviously to create an atmosphere to grind the axe at the civil servants, particularly as Miss Denise YUE stated in a radio programme the next day after the release of the report that civil servants had been given a 20% pay rise in real terms over the past three years. This has aroused an outcry among the public and the media, and there have since been unceasing demands for a downsizing of the Civil Service and salary cut for civil servants.

Miss YUE, with due respect, your remarks have been fully misleading. Madam Deputy, as we all know, the salary of civil servants is basically adjusted in accordance with changes in the salary of employees in the private sector. Although the Government decided to freeze rather than reduce the salary of civil servants in 1999 and 2000 when the pay trend registered a negative figure, the difference was only 2%. But Miss YUE's remarks have made people feel that civil servants had ignored the overall situation and grown fat on their 20% pay rise against the general trend. This is grossly unfair to civil servants.

Madam Deputy, it is a universal practice for a government to create an atmosphere through the media in order to ensure the smooth implementation of policies, and it involves no question of right or wrong. However, Miss YUE's remarks had apparently been overboard, showing that she could not see the wood for the trees. Indeed, once Miss YUE had made those remarks, the media tended to throw even more weight behind the Government's plan to drastically cut the pay and number of civil servants. However, the side effect is that it has done injustice to civil servants, making them enemies of the people instead of public servants. What good will it bring to the future administration of the Government? How much time and effort do we have to expend to mend the relationship between the people and civil servants?

Madam Deputy, the Financial Secretary and the Secretary for the Treasury are the primary and secondary "coffers keepers" of the Government. It is their responsibility to see to it that government accounts are managed properly. It would be shocking if they failed to keep an eye on the accounts. However, I

hope they will not only pay attention to the "wallet" of the Government, but also pay attention to how economic recovery can be promoted and how the plights of the people can be alleviated, which are more important issues. After all, the Budget is not merely a set of accounts, but a social contract between the Government and the people. It symbolizes how the Government will use resources to cater for the needs of the people and society. It symbolizes how the Government will maintain a stable Civil Service to provide the public with services in the areas of education, medical, welfare and security, with a view to maintaining harmony and stability in the development of society.

Madam Deputy, I so submit. Thank you.

MS MIRIAM LAU (in Cantonese): Madam Deputy, on 20 June 2001, the Government extended the effective period of concessionary duty rate for ultra low sulphur diesel (ULSD) for nine months until 31 March 2002. At the same time, the Government indicated that an appropriate duty rate for ULSD would be announced when unveiling the 2002-03 Budget. It is still not yet known as to what an "appropriate" duty rate for ULSD really means. Neither do we know what is in the mind of the Government since we have never been told what consideration the Government will make in this aspect. Neither have this Council and the industry ever been consulted too. However, the reality is if the Government decides not to extend the effective period of the concession, the duty rate for ULSD will rise from the prevailing rate of \$1.11 per litre to \$2.89 per litre starting from 1 April.

More than 100 representatives from the transport industry gathered outside the entrance of the Legislative Council Building to petition Honourable Members and government officials before the commencement of this meeting today. According to my rough categorization, they represent a number of trades operating diesel vehicles, including taxis, public light buses, light goods vehicles, nanny's vans, medium goods vehicles, heavy goods vehicles, dump trucks, container trucks, and so on. I believe Members are aware that the transport industry yearns for a duty rate which is even lower than the prevailing one. If this is infeasible, at least the prevailing duty concession should be continued so that the duty rate for ULSD published in the 2002-03 Budget could remain at the prevailing actual level.

When proposing the extension of the effective period of the concessionary duty rate in June 2000, the Secretary for the Treasury pointed out that ULSD had

completely replaced ordinary diesel since the latter was no longer on sale in local filling stations. Purely from the angle of environment protection, it is now no longer necessary for the Government to encourage the transport industry to use ULSD by way of offering duty concession. Therefore, the Government sees the duty difference of \$1.78 per litre purely as a special measure to ease the operational hardship facing the transport industry.

On the one hand, the Government persistently stresses that the original relief measure has been extended through raising the concession from \$0.89 per litre to \$1.78 per litre, whereas the industry has repeatedly been enjoyed a concessionary duty rate of \$1.78 per litre. In doing so, the Government actually sought to hint that the industry had been insatiably greedy and that it should stop doing so. On the other hand, the Government was apparently trying to hint that reducing the concession was justified since it had risen from \$0.89 per litre to \$1.78 per litre, representing an almost two-fold increase. The Government therefore indicated that it had every reason to reduce the amount of concession and that the industry must not think of bargaining.

Nevertheless, Honourable Members should remember that when the Government proposed to introduce a concessionary measure in June 1998 to reduce the duty rate for diesel from \$2.89 per litre to \$2 per litre, the only reason it cited was to ease the financial hardship facing the transport industry as a result of the Asian financial turmoil. Later, the duty rate for diesel was further reduced from \$2 per litre to \$1.11 per litre for the sole purpose of encouraging the industry to switch to the more expensive ULSD.

So far, the transport industry has actually benefitted from the initial duty concession of \$0.89 per litre only. The additional duty concession of \$0.89 per litre as cited by the Government was meant to offset the difference in cost between the more expensive ULSD and the cheaper ordinary diesel. The transport industry has actually received no benefit at all. Therefore, the so-called additional duty concession of \$0.89 per litre can absolutely not be counted as part of the special measure to ease the operational hardship of the industry.

Only the remaining \$0.89 can be considered the actual duty concession offered by the Government for the purpose of easing the operational hardship of the industry. Under the current economic situation, is it justifiable for the Government to abolish this concession? When the industry demanded in June 2001 that the effective period of the concessionary duty rate be extended until Hong Kong economy improved, the Government only agreed to extend the

period to the end of March this year. I remarked then that I hoped the Government had a crystal ball so that it could foresee that Hong Kong economy would have recovered by March this year. At the same time, I hoped the Government could pay close attention to the local and external economic situation and conduct a full review before March 2002 before deciding the appropriate duty level for ULSD to be implemented after 1 April 2002. Of course, the Government has no crystal ball. In less than three months after the Secretary for the Treasury proposed to extend the effective period of the concessionary duty rate for ULSD in June, the "September 11 incident" struck the United States and the Hong Kong economy took a sharp downturn immediately in tandem.

As I pointed out just now, the Government cited only one reason when proposing the concessionary measure in June 1998 and, that is, to ease the financial hardship facing the transport industry as a result of the Asian financial turmoil. Subsequent to the introduction of the concessionary measure, the price of diesel dropped to \$5.69 per litre. Nowadays, ULSD is sold at \$5.55 per litre. Should the duty concession for ULSD be abolished, the price of diesel will rise sharply to \$7.33 per litre. Even if the Government decides to abolish only half of the concession to show sympathy for the industry, the price of diesel will still reach \$6.44 per litre. May I ask the Government if the current economic situation is better than in 1998? Has the operational hardship of the transport industry disappeared? The answer is definitely in the negative. The current economic situation is actually much worse than in 1998. The industry is facing much more difficulties than it did in 1998. Under such a stormy condition, how can the industry be expected to bear a diesel price which is even higher than the 1998 level?

Although the industry has been operating in a close to cut-throat manner, it is still struggling to carry on. Drivers only manage to scrape together a living even though they work 10 to 12 hours or even longer hours a day. They are determined to endure all hardships simply because they trust the Government will continue to help them by extending the effective period of the concessionary duty rate, instead of pushing them down an abyss. The transport industry will definitely be extremely disappointed and upset should the Government choose to ignore their life or death by abolishing the concession. I deeply understand the anger and despair they will feel and I hope the Government can appreciate them too.

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

DR YEUNG SUM (in Cantonese): Madam Deputy, the subject of today's motion debate is about our expectations for the 2002-03 Budget. As it is mentioned in the Final Report to the Financial Secretary (the deficit report) submitted by the Task Force on Review of Public Finances last Thursday that the territory is likely to face a deficit crisis, the 2002-03 Budget will inevitably make reference to the contents of the deficit report. Next I will explain the preliminary views of the Democratic Party on the deficit report.

We can see from the latest Medium Range Forecast made in the deficit report that forecast revenue and expenditure for the four consecutive years from now to 2005-06 has differed greatly from the Medium Range Forecast made in the 2001-02 Budget. According to last year's forecast, the deficit for the next two years will lie somewhere between \$4 billion and \$5 billion, and there will even be a \$10 billion surplus in 2004-05. How could the forecast annual deficit change to \$40 billion or \$50 billion in a matter of one year?

Even though the projected figures for this year may need to change as a result of the "September 11 incident", the impact of this incident should be short-term only. It is absolutely unreasonable for the forecast made shortly afterward to be changed so dramatically. Supposing the Government is going to make some structural adjustments, how can it turn so pessimistically in forecasting its fiscal position in a matter of one year? What changes have actually taken place? Are the assumed changes reasonable? The Government really needs to explain in detail why it has changed its assumptions in such a dramatic manner in just one year. Otherwise, the public will not be convinced.

In brief, the Government has substantially reduced the revenue forecast for the next few years on the basis of five assumptions:

- (1) Economic growth rate for 2002 is forecast to be lower than the economic trend growth rate, with the latter standing at 3.5%, and the former 1% only. While estimated expenditure is calculated on the basis of the economic trend growth rate of 3.5%, revenue is based on the economic forecast, that is, 1%. With a gap of 2.5%, it means that an additional \$20 billion or so deficit is expected for 2002-03. Actually, this has nothing to do with the cyclical or so-called structural impact. It is only that the Government has changed. The Government should indeed explain in detail the factors leading to such changes.

- (2) Subsequent to the substantial downward adjustment of the various parameters used to forecast future revenue capacity, the proportion between the projected revenue and the Gross Domestic Product (GDP) is expected to drop to 16%, from the average proportion of 18.7% recorded over the past seven years. While reduced revenue might be caused by structural factors, such as reduced land-related proceeds, a point the Government stresses repeatedly in the deficit report, or the northward shift of jobs, it might also be caused by the cyclical reaction of the economic recession over recent years. It may not be accurate for the Government to consider these assumptions to be structural. I believe it is inaccurate to consider all factors to be structural too.
- (3) Though economic growth projection for 2002 is lowered to 1% this year from 4% last year, the accuracy of the projected growth for the entire year of 2002 can have a profound impact on the "Jaw" estimated by the Government for the next four years. Looking back at history, we can see that the economic growth forecast in the Medium Range Forecast in the 2000 Budget was only 3.5%. The then Financial Secretary also put much stress on how the huge "Jaw" could be atoned. However, the economy eventually strongly rebounded in 2000 with a growth of 10.5% in real terms and, all of a sudden, the relatively low accumulative economic growth curve rose up again, and the "Jaw" was even atoned completely. What I am trying to say is that the Medium Range Forecast is based on the current economic situation. What will actually turn out can be influenced by short-term economic performance very easily.
- (4) The lowering of average GDP from 2.5% to 1.5% for 2002-03 has resulted in a marked decline in projected economic growth and reduced revenue. Improving inflation next year can have great impact on the relevant forecast.
- (5) According to the latest forecast, the Government Consumption Expenditure deflator has been adjusted to 1.7%, doubling this year's GDP deflator, which stands at 0.9%, and is markedly higher than the 0.1% shortfall forecast last year. Why is there such a difference?

According to the Government's analysis, only approximately \$30 billion at most is affected by structural changes. However, these so-called structural changes may improve in the light of the economic environment. As many of the data mentioned above are subject to short-term fluctuations in the economy, the Democratic Party is doubtful of the accuracy of the forecast.

Given the economic depression and the high unemployment rate, the Democratic Party takes the opposite view that public demand for social services will increase. Reduced expenditure on social services is likely to undermine the livelihood of the people, and even deal a fresh blow to the acceptability of the Government. As we are still safe in the sense that the amount of fiscal reserves is far greater than the total spending of the Government in one year, there is still room for a deficit budget next year. There is absolutely no need for the Government to resort to raising taxes hastily or reducing expenditure on social services.

In conclusion, the Democratic Party is of the view that the Government should not, based on the long-term assumptions made in light of the deficit report or the current economic environment, propose to increase taxes or reduce social services in the 2003-04 Budget hastily. It should, conversely, accord priority to handling problems caused by the economic recession. In this connection, the Government must commit more resources to stimulating economic growth, with a view to ameliorating the unemployment problem and alleviating the hardship of the people.

Thank you, Madam Deputy.

MISS LI FUNG-YING (in Cantonese): Madam Deputy, last week, the Government presented to the public two pictures of Hong Kong's future. In the first picture painted last Wednesday by the Chief Executive, Mr TUNG Chee-hwa, when presiding the "Building a Dynamic Hong Kong Exhibition", a plan to spend \$600 billion on mammoth infrastructure projects over the next 15 years was unveiled. This new ambitious plan will reportedly bring Hong Kong huge social and economic benefits, and create a great number of job opportunities. Just one day following the unveiling of this blueprint portraying Hong Kong as an international cosmopolis in Asia, the Secretary for the Treasury presented to the people of Hong Kong another picture, in which we can see that the existing reserves of \$369 billion will be depleted completely in seven years and that Hong

Kong will incur debts to the tune of \$2,660 billion in 20 years. In just a couple of days, the Chief Executive and his senior official presented the public a picture in which heaven and hell appear together. There is no way the public can tell what medicine the Government is trying to sell: Is the Chief Executive trying to make a last desperate effort to "tighten his belt" at all costs in order to revive his family fortune, or is the treasury official who has exhausted all her tricks trying to wage a psychological war of public finance management?

I admit that, coupled with the poor performance of the external economy, the sharp fall in government revenue has made the financial situation even more stringent. "The budget deficits will indeed worsen", as described in the Final Report presented to the Financial Secretary by the Task Force on Review of Public Finances. However, I have to emphasize that the worsening deficits are not caused mainly by the sharp increase in expenditure on social care provided in the light of the current economic hardship. The deficits are rather caused by the fall in revenue because of the economic downturn. Government revenue is likely to improve when the external economic factors improve.

I disagree with some basic assumptions made in the Final Report. For instance, based on the assumption that the price deflator of government expenditure would be higher than the GDP deflator by 0.8%, the Task Force has estimated in its medium growth model that projected expenditure in 2021-22 will reach \$875 billion, and that Hong Kong will incur debts totalling \$2,661 billion in the same year. However, we must note that as long as the present expenditure level can be maintained, the Government will be able to reduce its estimated deficit of \$42 billion by half in 2002-03, and even record a surplus in 2005-06. Taking into account the increased investment proceeds arising out of reduced deficits, a surplus budget can even appear again well before 2005-06. The fact that the Chief Executive and financial officials have repeatedly stressed that they are confident of resolving the deficit problem in the medium term has indeed demonstrated that the financial position of the territory is not as gloomy as depicted by the Final Report.

Notwithstanding this, in the face of the economic restructuring, I agree that the Government should take measures to restrict government departments from further expanding. However, I am absolutely opposed to the Government's practice of exaggerating the crisis in order to lead the public to direct the spear of suppressing growth in government expenditure towards the civil servants. Against the background of the expected worse-than-before land

proceeds, I agree that the Government should examine exploring new sources of income. When reflecting my view on the Budget to the Financial Secretary, I have already proposed legalizing football gambling to prohibit such activity through levying. In doing so, not only will the rampant illegal football gambling activities be reduced sharply, the coffers will receive substantial income as well.

When meeting with the Financial Secretary, I have also stressed that the Government must not refuse to lend a helping hand to people living in extreme poverty amid the economic downturn just because of the deficit that strikes us only temporarily. My position has remained unchanged. I would still like to urge the Financial Secretary to take decisive measures to alleviate the hardship of the people in the Budget to be unveiled next week, particularly as the unemployment rate is now standing at a record high of 6.7%. As the unemployment rate can hardly improve in the short term, I hope the Financial Secretary can implement the proposal raised by the Federation of Hong Kong and Kowloon Labour Unions to set up an unemployment loan fund for the unemployed recipients of Comprehensive Social Security Assistance.

Madam Deputy, I believe there are alternatives in addition to the blueprint outlined by the Chief Executive and the Secretary for the Treasury, in which Hong Kong is trapped between heaven and hell. I hope the Financial Secretary can paint a picture of the human world in his imminent Budget to let the people of Hong Kong feel the warmth of this world.

MR JAMES TIEN (in Cantonese): Madam Deputy, the Liberal Party supports the motion moved by the Honourable SIN Chung-kai today, which is focused on the expectations for the Government to refrain from raising taxes or reducing social services in order to address the problem of budget deficit in its Budget for the next financial year, that is, the 2002-03 Budget.

The Government will certainly ask where it can generate income or what will happen to its reserves if it really complies with the suggestions in the motion. To start with, Madam Deputy, I think finance can merely be divided into three areas in any society, namely government finance, business finance, finance of wage earners or the general public. We can see that investments and assets of the business sector have shrunk substantially over the past several years. Similarly, the savings or wages of most wage earners have recorded zero growth

or even shrunk. The Government is also experiencing financial difficulties, and its reserves has dropped slightly too. Fortunately, the Government has been able to reap some profits from the Exchange Fund. To date, the net assets of the Exchange Fund, standing at \$300 billion, and the \$360 billion reserves add up to \$660 billion. I think I must commend the Hong Kong Government and officials responsible for managing public finance for their excellent performance in managing investments. In comparison, the Government is still better off than the business sector and the public in general. If the forecast deficit really tops \$70 billion this year or the Government agrees to accede to the consensus reached by the eight-party coalition by waiving all rates payments and creating 30 000 temporary posts and thus incurring additional public expenditure, a total of \$70 billion, or approximately 10% of the total assets, will need to be deducted from the total assets of approximately \$600 billion in a one-off manner. This amount is certainly huge, but I think the Government can still afford it.

Madam Deputy, I would like to make an analysis of budgetary expenditure and revenue over the past few years. While annual expenditure was approximately \$75 billion a decade ago, it has soared to \$220 billion this year. We can thus see that a lot of money has been spent over the past decade. It can be said that there has been a growing demand for public services. To date, Hong Kong has a population of close to 7 million, compared with 6 million in 1992. In governing such a small place as Hong Kong, there is actually no need for the Government to bother about national defence and diplomacy, or maintain naval, land and air forces, like Taiwan or Singapore does. So why did so much money need to be spent? Was it because more money than needed has been spent when the economy was booming? Now that our economy is still in the doldrums, we must reduce expenditure and spend less.

It is pointed out in the latest working report published by the Government that if nothing is done to arrest the situation, the deficit may reach \$40 billion by 2007. It is also pointed out in an assumption made in the report that \$340 billion will need to be spent in 2007. Even if today's projected expenditure stands at \$220 billion, the increase has been too fast, compared with a total of \$75 billion spent annually a decade ago. Even if we look at the global economic environment, we will notice that the global economic growth is not progressing at a fast pace and there is no serious inflation too. In particular, Hong Kong is experiencing deflation, how can it possibly spend \$220 billion this year and \$340 billion in 2007-08? How can expenditure possibly increase at an annual rate of 8%?

When it comes to civil servants, the Liberal Party might have offended a lot of civil servants. I believe civil servants should already feel very pleased if they do not need to face wage cuts or manpower reduction today. How can they possibly expect an annual salary increase of 8%? In accordance with my forecast, the Government may generate \$280 billion in revenue by 2007-08 if it can refrain from increasing expenditure and reduce its spending. There will be definitely no deficit if the Government can limit its spending to under \$280 billion. Perhaps I should mention in passing that the Basic Law has provided for the principle of keeping expenditure within the limits of revenues, not keeping revenues within the limits of expenditure. I do not mean that we have to earn \$340 billion in order to have \$340 billion to spend. We should, on the contrary, earn \$280 billion before we can spend the same amount of money in 2007. We can only say that Hong Kong society is managed appropriately if this can be achieved.

Madam Deputy, the Honourable LAU Chin-shek expressed his views on reducing expenditure earlier on in the debate. However, the Liberal Party does not too support his views at all. On the contrary, it supports the views expressed by the Secretary for the Treasury, Miss Denise YUE. Today, the salaries and benefits of civil servants and subvented organizations amount to \$170 billion, that is, 70% of total government expenditure. The figure is actually quite substantial. Judging from the current Budget, if no changes are made before 2007 (the Government has not raised any specific proposals), the estimated spending of \$170 billion incurred by civil servants out of the total spending of \$340 billion will rise proportionally to between \$240 billion and \$250 billion. This is why I consider it a review on the salaries of civil servants is essential. The Liberal Party has recently conducted a small-scale survey on 100-odd organizations. Unlike the Liberal Party, which could only survey 18 posts selected from four major job categories, the Government should be able to conduct a more comprehensive survey for it has more resources. I believe the Government can do more too. It is also for this reason that we have never made any comparisons with respect to the disciplined service, which comprises the police, the Customs and Excise Department, the Immigration Department, and so on. How can we justify ourselves in asking them to cut salaries or trim manpower? The business sector can hardly make such comparisons. However, when it comes to clerical posts, we think that there are excessive clerical posts in the government establishment. Therefore, we support the idea that the Government can consider reducing expenditure in this area.

Lastly, I would like to put forward some new proposals concerning broadening sources of income since the Secretary for Security spoke on this subject yesterday too. Insofar as broadening sources of income is concerned, the business sector is currently faced with the problem of difficult business. Even if the profits tax is raised by 0.5% or 1%, the increase in government revenue will still be limited. As for wage earners, they are also finding it hard to make a living. Therefore, even if the allowance is lowered, the increase in government revenue will also be very limited. For the purpose of broadening sources of income, some people have come up with the idea that more people should be allowed to make profits in Hong Kong so that the Government can levy taxes on them. This is considered to be one of the means to broaden sources of income too. I think the Secretary for Security was right in pointing out that whether we should only allow people from Southeast Asia to come to Hong Kong when considering accepting investment migrants. Can investors be accepted as long as they are willing to invest here? Shall we consider extending the scope so that mainland investors can be allowed to invest in Hong Kong too? In the course of investment, should we ask them to invest, for instance, \$5 million, instead of making investment in the form of purchasing a flat for rent collecting purposes, and ask them to make business proposals such as outlining the number of people they will employ and the business they will operate, like what the investment migrants of the United States and Canada have been required to do? In doing so, I believe more job opportunities will be created. The Government will have more room for broadening its sources of tax income as well. Thank you, Madam Deputy.

MR CHAN KAM-LAM (in Cantonese): Madam Deputy, the findings of the review of public finances spanning almost a year were published by the Government of the Hong Kong Special Administrative Region (SAR) only a week ago, revealing that the budget deficit for this fiscal year may top \$66 billion. Should the budgetary expenditure and revenue policy remain unchanged in the next few years, deficit may become a long-term and persistent problem until Hong Kong is finally plagued by the negative asset problem. Although the report contains quite a number of assumptions, it is undeniable that public finances are currently faced with a serious deficit problem which is both cyclical and structural in nature.

Public expenditure had been constantly on the rise in the past, public finances were not threatened at all despite the Government has along adopted a simple low tax regime. This is mainly because the Government has been able to

maintain huge reserves throughout the years. The real estate sector, a perpetual economic pillar of the territory, has also succeeded in bringing Hong Kong substantial revenue. As a result, surpluses were recorded over the past decade despite the draining away of industries, economic restructuring, and adoption of the *laissez-faire* policy by the Government. I am afraid we cannot afford to spend too much time on discussing the impact of this single economic structure on the economy. It is undeniable that the days of prosperity have gone forever following the outbreak of the Asian financial turmoil.

Actually, it is not until this very moment that the Government pointed out that Hong Kong has this financial problem. As early as 2000-01, the former Financial Secretary, Mr Donald TSANG, already predicted in the Budget that there would be three successive years of budget deficits and, if the situation remained unchanged, serious financial problems will arise. Nevertheless, the SAR Government still managed to conceal the serious structural deficit problem facing Hong Kong at that time through selling some of its assets. A consultation paper entitled "A Broader-based Tax System for Hong Kong?" released shortly afterward to consult the public on the proposed introduction of sales tax was met with strong resistance too. Following the publication of the findings of a study carried out by the Task Force on Review of Public Finances by the Treasury last week, however, I guess the general public cannot but gradually come to terms with the fact that Hong Kong is facing serious financial problems. The Democratic Alliance for Betterment of Hong Kong (DAB) agrees that the SAR Government should continue adhering to the principle of prudent financial management and strive to maintain fiscal balance. Otherwise, the consequences of draining our reserves can be extremely worrying.

It has been suggested that the Government should levy new taxes, including sales tax and land departure tax, lower salaries tax allowances, or raise the charge rate of rates, in order to boost government revenue. In this respect, the DAB would like to point out that the economy is still very much depressed this year. Coupled with the fact that the unemployment rate has been rising constantly and the external economy has yet to recover, the unemployment rate may even crash through the psychological barrier of 7%. Therefore, the DAB holds the view that it is not timely for new taxes to be introduced at this stage. On the contrary, the Government should introduce more relief measures to help the public tide over the economic difficulties confronting them at the moment.

Actually, the Financial Secretary, Mr Antony LEUNG, made it clear several days ago that the goal of the SAR Government is to address the budget

deficit in the medium term. Therefore, no new taxes will be levied, and slashing government expenditure will remain his priority task. The DAB is supportive of this proposal. Actually, overall public expenditure has been growing at a pace faster than the economic growth over the past several years, with public expenditure taking up an increasingly large share of the entire economy. This phenomenon is not healthy at any rate. The DAB is of the view that, given the globalization tendency and the rapidly changing market situation, the Government must actively reduce its spending, including trimming government departments and eliminating unnecessary administrative procedures between government departments, and fully enhance the efficiency of various government departments in utilizing resources, in order to reduce government expenditure. On the other hand, the Government should formulate a clear-cut mechanism to adjust the salaries and benefits of civil servant to rationalize the salaries of civil servants.

At this very moment of financial hardship, the people of Hong Kong should give up their bad habit of "spending lavishly". The younger generation should remind themselves that "the times have changed". Apart from studying hard, they should strive to achieve continuous self-improvement and face up to challenges. The public must understand that, in the years to come, Hong Kong will avoidably face taxation adjustments in order to maintain fiscal balance and that they have to join hands to tide over their difficulties. At the same time, the SAR Government should examine carefully if there is any room for reducing expenditure and broadening sources of income in future to prevent the living standard of the public from deteriorating as a result of tax burdens.

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

MR ANDREW CHENG (in Cantonese): Madam Deputy, I will speak on behalf of the Democratic Party on the employment-related part of the motion today. Not long ago, the Financial Secretary openly called upon all employers in Hong Kong to ride out the storm together with their employees rather than resorting to layoffs to downsize their firms, and the memory of his appeal is still fresh in our minds. The Democratic Party has all along been urging the Government to address the various problems arising from the practice of outsourcing services initiated by the Government. Regrettably, instead of receiving any constructive response from the Government, we have even heard that a greater amount and more types of government services would most probably be contracted out in the

coming financial year. With regard to labour rights and interests, it appears that the Government has created even more outsourced posts against the benefits of workers in less than five years since the reunification. We just hope the Government can show some mercy in its forthcoming Budget and contract out less or even none of its services.

The latest quarterly unemployment rate, which was announced last week, has risen to 6.7% and topped all unemployment rates announced by the Government so far. From this we can see that there is indeed an urgent need for the Government to resolve the unemployment problem. According to the data released by the Census and Statistics Department regarding the third quarter of 2001, the profile of the local unemployed population can be summarized in the following four points:

- (a) People with little education or educated at only primary or secondary level account for 82% of the unemployed population;
- (b) People who used to work in the manufacturing industry, the wholesale/retail trade, or the hotel and catering industry before losing their jobs account for 71.4% of the unemployed population;
- (c) Teenagers and young persons between the age of 15 and 29 account for 42% of the unemployed population. Basing on the results of a questionnaire survey, it is deduced that some 120 000 of the young persons between the age of 15 and 19 are the so-called "non-engaged" youths who do not go to school and have no jobs to do. Among these youths, 90% have failed to obtain five passes in the Hong Kong Certificate of Education Examination and 25% have never succeeded in landing any jobs. Hence, they stand a good chance of becoming unemployed for life as a result of economic transformation; and
- (d) The median length of continuous unemployment is 72 days, representing an increase of five days compared to 68 days in the second quarter of 2002. Besides, according to the information on the median length of continuous unemployment of the different industries people engaged in before losing their jobs, the situation of the manufacturing industry is the gravest, with the median length

standing at 121 days. As regards those formerly engaged in the wholesale/retail trade and the hotel and catering industry, the median length of continuous unemployment is 82 days, compared to the construction industry's 53 days.

If the Government says its budget deficit is structural, I believe the aforementioned profile of the local unemployed population all tells us that our unemployment problem is also a structural rather than a merely cyclical phenomenon. It is certainly important for the Government to identify ways to resolve the unemployment problem at root and offer support to the unemployed. Yet at the same time, having taken into consideration the realistic situation of those people who are fortunate enough to keep their jobs, the Government should also pay regard to the livelihood of the employed population when drafting the 2002-03 Budget. The Democratic Party holds that the Government should, in addition to avoiding imposing any tax increases, consider introducing the following tax deduction items to help alleviate the tax liability of wage earners:

- (a) The Government should consider introducing a "home loan interest deduction for a nominated child". Under the existing legislation, the home loan interest deduction of a jointly owned property could only be transferred to the property owner's spouse, but not his or her children. At present, when the economy is in the doldrums, in the event that the property owner has ceased to earn any income due to retirement or unemployment and shifted the responsibility to make the loan repayments to the children, the children concerned should be granted an additional dependent parent allowance for the extra expenses in this respect. Our suggestion is that for those property owners or co-owners with no income, including retirees and the unemployed, or whose income is too low to use up the full amount of the home loan interest deduction, they may nominate their children responsible for making the relevant loan repayments to enjoy 100% of the mortgage interest deduction entitlement of their parents.
- (b) We also suggest the Government introduce an additional unemployed or retired dependent parent allowance, so that salaries taxpayers may still qualify for dependent parent allowance even if their parents have lost their jobs or retired before the age of 60, thereby helping them to alleviate their tax liability.

- (c) The Government is also advised to introduce an additional allowance for expenses on children's education. Following the gradual implementation of the education reform, the general public could very easily find the expenses on their children's education increase continuously. Given that the existing child allowance is only \$30,000, it is indeed not enough to cover the actual expenses on a child's education. From pre-primary education to the nine-year free education, the burden of children's education expenses has become increasingly heavy on parents. In particular, due to the keen competition for school places in Hong Kong, some students have to enrol in private schools while those who fail to enter the local universities have to pursue further studies overseas, and the burden on the parents of these students is even heavier. Therefore, the Democratic Party suggests that for taxpayers whose children cannot complete their subsidized formal education due to poor academic performance and have to pursue studies in private schools or overseas, they may qualify for the proposed allowance for expenses on children's education deduction. Similar to the deduction for expenses of self-education, the maximum amount of deduction for such expenses should not exceed \$40,000 a year.

Madam Deputy, the Democratic Party holds that the Government may make use of profits tax allowance to encourage employers to create more job opportunities and we have two suggestions in this connection:

- (a) A "tax concession for job creation" scheme should be devised to encourage employers to create new jobs. For each additional position created and filled by an unemployed person who has undergone training, 250% instead of just 100% of the actual amount of wages paid in the first year will be counted for tax deduction purposes. In other words, the Government will in effect be subsidizing 24% of the relevant employee's wages.
- (b) The Government may also offer 200% tax concession to small enterprises employing disabled persons and provide special tax concession to commercial institutions to encourage them to provide child care services for their employees and to mobilize their staff to participate in volunteer services.

Madam Deputy, seeing that there may not any significant breakthrough in the present situation where the rate of unemployment remains high in the near future, the Democratic Party also urges the Government to expeditiously look into the feasibility of setting up an unemployment insurance payment system.

The Democratic Party supports the motion and puts forward the aforementioned suggestions. We hope that the Government will, in formulating its Budget for the next financial year, refrain from raising taxes or reducing social services to address the problem of budget deficit; we also hope that the Government will implement more measures to alleviate people's hardship and create more job opportunities, so as to facilitate the recovery of the economy.

Madam Deputy, I so submit.

MR KENNETH TING (in Cantonese): Madam Deputy, the various sectors of society have been enthusiastically discussing the question of how the Government could resolve the budget deficit since the Secretary for the Treasury pointed out that the Government would be facing a deficit of \$66 billion. I believe the motion debate today, which is a warm-up for the Budget debate, is no exception.

Nevertheless, some of the reasons given by the Task Force, including the ageing of the population, changes in the property market, uncertain investment income from the fiscal reserves, and so on, have actually been in existence for a number of years. The Government is now using these reasons as excuses for raising tax, which the Financial Secretary has referred to as the underlying causes for tax increase, but they are caused by the Government's failure to make preparations for cutting expenditure beforehand. At the present moment when the economy is in a critical situation, any attempt to impose tax increases on the public and the business sector is no different from adding insult to injury and will impede the recovery of the economy.

The Liberal Party holds that imposing tax increases when the economy remains in the doldrums is an unwise measure which should not be taken so long as there are other alternatives. So far the Government's attempts to cut expenditure, including simplifying administrative procedures, minimizing wastage of resources within the Government and, most importantly, the review

of the pay and benefits of the Civil Service, have not achieved any significant practical results. Hence, raising taxes and particularly profits tax at this juncture is no different from shifting the responsibility for resolving the budget deficit problem to the public and the business sector. Actually, the business sector has been making its best efforts to cut expenditure, streamline structure and enhance efficiency. The Government really should not add to the burden on the business sector at this critical moment and inflict unnecessary damages on the business environment.

Indeed, the Government does not necessarily have to resort to raising taxes or drawing on the fiscal reserves to improve the economic situation; minimizing unnecessary administrative and bureaucratic procedures is also one of the feasible means. According to a recent survey, foreign investors in Asia consider that Hong Kong has become increasingly bureaucratic. To the Government, this survey should have raised the alarm.

In November last year, I moved a motion in this Chamber to urge the Government to establish a business environment assessment committee, streamline the existing licensing mechanism and provide one-stop licensing services for businesses and industries. This proposal may serve a two-fold purpose, for the Government may take this opportunity to redeploy the existing resources and at the same time enable the business sector to operate more smoothly. Moreover, given the present unfavourable business environment, any exceedingly complicated labour legislation will only serve to further impede the operation of the market. The Government should therefore conduct a review in this aspect as well.

Lastly, while the Government has from time to time raised the charges for government services on the grounds of cost recovery in the past, its various costs should by now have dropped as a result of the efforts it has put into achieving savings and enhancing productivity. We hope the Government will reduce the fees for licences and other charges payable by businesses and industries (such as Trade Effluent Surcharge), maintain the present duty rate on ultra low sulphur diesel, increase the depreciation allowance for newly installed commercial and industrial facilities, and so on, with a view to reducing the costs of doing business and encouraging more overseas investors to invest in Hong Kong, thereby preventing the loss of more employment opportunities.

All in all, this is just the first time the Government is faced with a huge budget deficit and yet it is already lamenting all the time and hurriedly seeking ways to tackle the problem. In fact, the business sector has been in a dark tunnel for quite a number of years and it is possible that the darkest days are still lying ahead. At the present moment when everybody is living precariously, we just hope the Government will not take drastic measures to add substantially to the burden on the business sector. What the Government should do is to earnestly and vigorously improve the business environment to speed up the revival of the economy. This, together with the appropriate measures to cut expenditure, should be able to help alleviate the budget deficit problem.

Madam Deputy, I so submit.

MR ABRAHAM SHEK: Madam Deputy, the report submitted by the Task Force on Review of Public Finances to the Financial Secretary has forecast that Hong Kong would face operating deficits amounting to \$40 billion to \$50 billion per annum in the next five years. If the crystal ball tells us that this is going to be the truth, it means that Hong Kong's estimated fiscal reserve balance of some \$369 billion would be fully eaten up by 2008-09.

The Government's intention behind releasing this report prior to the announcement of the 2002-03 Budget is not clear, but what is clear is that it appears difficult for the Hong Kong Special Administrative Region to attain a balanced budget in the next three to five years. If our Financial Secretary can do it, he will surely be a miracle worker. This report has provided an objective forecast of our fiscal situation based on the assumption that the annual real Gross Domestic Product (GDP) growth in the next 20 years will be between 3.0% and 3.5%. Three points should be noted. Firstly, Hong Kong is currently undergoing economic restructuring and the economy will not be expanding in the short run. Secondly, there is not currently in sight any industry or sector which has the potential to take our economy to new heights. Thirdly, in the face of globalization, the high production costs in Hong Kong undermine its competitiveness in attracting industries which require a large pool of low-skilled labour. Slowdown has occurred in some low value-added activities in the manufacturing and supporting services sectors. Although our economy had experienced a growth rate exceeding 10% in 2000-01, the then Financial Secretary made a conservative estimate of a 4% economic growth for 2001-02. The growth rate turned out to be zero. In the light of this, we cannot say that the Government is employing scare tactics in forecasting our economic situation.

In the face of this unprecedented fiscal problem, the Government must find an appropriate solution. In the 2000-01 Budget, the then Financial Secretary, Mr Donald TSANG, had called for a containment of the growth of government expenditure in real terms to 0.4% of GDP from 2000-01 to 2004-05 and at a growth rate of 2.5% per annum. Presently, the 0.4% of GDP growth cannot be attained. In my view, the Government should carefully consider its fiscal strength on whether the 2.5% annual growth rate of government expenditure should be adjusted with the growth of the economy.

Madam Deputy, in formulating the 2002-03 Budget, I believe that the Government should not increase the public burden in view of the present economic climate. Recently, I have noticed the Government's stance in not widening the source of revenue. As for controlling the growth of government expenditure, the Government should expedite its review and release its proposed measures for public discussion. In my view, it is reasonable to cut government expenditure and enhance the productivity of government resources. First of all, there should be a review of resource allocation among government departments and public organizations for enhancing cost-effectiveness. In recent years, government expenditure and public sector expenditure have accounted for a larger share of the GDP. The share of government expenditure to GDP has risen from 15.3% in 1996-97 to 19% in 2001-02, while the public sector expenditure has risen from 17.7% to 21.7% in the same period. Although certain government expenditure is necessary, some public money is wasted by mismanagement, negligence and bureaucratic culture of the Civil Service. The Director of Audit's Reports have discovered many of these cases. To address this, I believe that it is necessary to critically review the government structure and introduce a new management culture in the Civil Service. Regarding public sector expenditure, the Government should not reduce some recurrent expenditure which affects public livelihood in the face of economic downturn, especially money spent on creating employment opportunities.

In addition, the price level is decreasing in recent year. The Composite CPI (Consumer Price Index) averaged -1.5% throughout last year. Considering that a decrease in price level is equivalent to an increase in real value of money, the actual growth of government expenditure is even more rapid. In view of this, imposing more fiscal measures to alleviate public hardship may not be effective, but such measures will definitely adversely affect government revenue.

Madam Deputy, the Government has released the latest unemployment rate of 6.7% which exceeds its peak level in 1999. Taking into account the 3.5% underemployment rate, about 10% of our working population are either unemployed or underemployed. Though I am very worried about this situation, I am opposed to resolving the unemployment problem by increasing government expenditure. Instead, I believe that creating more job opportunities will be a more effective solution. The Government should use this as its guiding principle in drawing up the new budget and implementing existing policies. I agree with our Chief Executive's opinion that Government Bureaux should consider the impact on employment prior to policy formulation.

Madam Deputy, regarding the \$600 billion infrastructure development in the next 15 years, I urge our Chief Executive to encourage the participation of private sector in order to alleviate the financial burden of the Government. I sincerely hope that my suggestion for better management of public finance and smooth functioning of a small-sized government will be given careful consideration by the Administration.

Thank you.

MR WONG SING-CHI (in Cantonese): Madam Deputy, the Government's Task Force on Review of Public Finances published its study report last week, stressing that the fiscal reserves of Hong Kong may be exhausted in the next six years and by then, Hong Kong would have to rely on borrowings. Moreover, by 2021, that is 20 years later, the Government would have incurred debts totalling \$2,600 billion. Indeed, these figures are horrifying. Furthermore, "sources" from the Government had disclosed to the press earlier on that in view of the deflation, there is room for the Comprehensive Social Security Assistance (CSSA) payments to be reduced by 10%. We can see that these messages have aroused concern among many people in the community, that the livelihood of the disadvantaged groups may somehow be affected.

The Government has all long stressed that to tackle poverty, we must first revive the economy. However, the Government has never mentioned how it will enable the public at large to share the fruits of economic prosperity. It has consistently refused to formulate anti-poverty measures to draw a poverty line, resulting in the poor becoming even poorer.

According to the Census and Statistics Department's General Household Survey for the third quarter of 2001, the median household income is \$18,000. However, there are as many as 140 000 families of which the monthly income is below \$4,000, accounting for 7.1% of the total number of families; and there are 520 000 families of which the monthly income is \$10,000 or below, accounting for 25% of the total number of families. The number of families with a monthly income below \$10,000 has also increased by 5%, compared with the survey result for the first quarter of the same year. This shows that more and more families earn less income as the economy deteriorates and face even greater hardships in their living. So, the fact is that more and more people have to rely on government support or social welfare services.

Should the Government first pick on the poor or people who must rely on the Government? The answer should be "No".

In fact, the elderly, single-parent families and young people who have a low level of skills or who cannot land a job are hit the hardest by poverty. Very often, they face unemployment and do not have the means to maintain a living. In fact, poverty is not what these people hope for. This situation arises because as society advances, people who have little competitiveness or who cannot adapt to the needs of society will live under straitened circumstances. The elderly or young children, for instance, are some of those people who must rely on the support from people with the means. The poor do not want to live in such plights themselves, and they are in need of assistance and support.

While the Government has always stressed the need to provide the elderly with a sense of security, it has turned a blind eye to those marginalized elderly people living in poverty, particularly those who are not eligible for CSSA and who can only rely on the Old Age Allowance (commonly known as "fruit grant"). The Government has been saying for a long time that a review is warranted. But so far, no substantive action has been taken to address the financial difficulties faced by these elderly people. The Government stated in 2000 that it would conduct studies of the fruit grant. But to date, the Government still leaves many elderly people disappointed, and their hope for an increase in their basic living expenses has been dashed.

For many elderly people who used to be eligible for the CSSA, they became ineligible for this allowance as a result of a new requirement made by the Government in 1999, which ordered that elderly persons living with their family

members cannot apply for the CSSA independently. As a result, many elderly people in need of CSSA and who are not taken care of by their children are excluded from the CSSA net. All they can do is to continue to rely on the fruit grant of several hundreds dollars to maintain a living. This is not what we wish to see. We hope that the Government can continuously provide them with greater support.

In fact, two years ago, the Government already took steps to fleece these poor people living on the CSSA. In June 1999, the Government reduced the CSSA payments. The CSSA payment for a three-member family has since been cut by 10%. Many essential living allowances, such as the spectacle allowance for children, have been abolished. Should the Government further fleece these poor people on the grounds of economic downturn, it would be very unreasonable indeed.

Over the years, we have seen little improvement in Hong Kong economy. The unemployment rate has continued to rise and there has been no improvement in the people's livelihood at all. The Government should not aggravate their situation by depriving them of assistance or reducing the welfare services, for this would drive them into an even more pitiful situation.

Furthermore, as the Honourable SIN Chung-kai of the Democratic Party has said, the first and foremost task of the Government is to exert itself to facilitate early recovery of the economy, create more job opportunities and propose measures to resolve the plights of the people. It should not rashly make a decision to reduce the expenditure on social services on which many poor people now rely. I hope the Government will continue to provide more resources in the Budget to support these poor people in need, so that they can ride out the hard times.

I hope that the Government will not take the lead to cut welfare, for this will further exacerbate the social problems.

With these remarks, I support the motion.

MR NG LEUNG-SING (in Cantonese): Madam Deputy, as Honourable colleagues have fundamentally pointed out, a final report on review of public finances was released last week before the publication of the upcoming Budget.

Although the report contains a lot of figures, the most controversial ones concern the assumption that, in accordance with the present expenditure model, the fiscal reserves, exceeding \$300 billion at the moment, will be depleted completely in seven years' time, resulting in debts in excess of \$2,600 billion in 20 years. To overcome such financial hardships, the Government must boost revenue or reduce expenditure by an average of \$35 billion per annum over the next five years in order to bring revenue and expenditure back to balance in five years' time. Certainly, different people may interpret and respond to the problems projected from these figures, derived from a series of assumptions, in a different manner. Yet I believe no one will consider it not necessary for corresponding arrangements to be made, in the belief that the public finances of the Hong Kong Special Administrative Region (SAR) is still in a satisfactory state.

Given the current economic environment, no matter one tends to look at long-term public finances with a pessimistic or optimistic attitude, public finances will still be in a critical situation, at least in the short and medium terms. The community must have a clear understanding of this reality and refrain from acting evasively like an ostrich. If the problem is not properly resolved, there will definitely be serious impact on the long-term development of Hong Kong economy.

Whether the problems in relation to public finances currently are to be considered structural in nature or not, the objective fact remains that Hong Kong is facing an economic transformation, substantial reductions in revenue generated from land and property market related activities, and constant expansion in public expenditure which is mainly incurred in non-productive commitment like ever-expanding expenditure on such areas as medical and health services, social welfare, and so on. At the same time, the Government and public bodies are lack of flexibility to adjust their establishment and salaries and benefits mechanisms even in tandem with deflation. I therefore hold the view that the Government must make an effort to broaden its sources of income and reduce expenditure in the budgets of the years to come. Of course, emphasis must be put on promoting the revival of the economy at the same time. Under the current economic environment, it is vital for the Government to put reasonable resources into stimulating economic activities and improving the employment situation. However, the right medicine must be prescribed. For instance, training and retraining provided for the unemployed must be geared to the characteristics of low-skilled workers. For example, in spite of the fact that there are 200 000 to 300 000 vacancies for home helpers, the skills training

required by such jobs covers a very small scope. The Government can indeed devote relevant resources directly to the provision of on-the-job training for local domestic helpers. At the same time, the Government can encourage low-skilled workers who have lost their jobs because economic restructuring to switch to these jobs in a bid to expeditiously ameliorate the unemployment problem.

Insofar as broadening the sources of income is concerned, even if immediate tax increases may not necessarily be conducive to economic recovery, it is still necessary for the Government to continue exploring with various sectors of the community options for broadening its tax base in the long run, such as further examining the feasibility of levying sales tax in the wholesale sector. Furthermore, the Government should face up to the reality by actively considering opening new channels of increasing revenue from betting duty, including taxation mentioned by colleagues, that is, betting duty from such activities as football gambling.

Under the current economic environment, reducing expenditure is undoubtedly more important than broadening sources of income. Supposing there is a structural problem with public finances, government and public sector expenditure on staff and relevant services will then become a key structural element. As one means to solve the problem, the Government will need to effectively control the establishment and the salaries and benefits of these organizations, reduce wastage, and enhance effectiveness. While this matter has indeed attracted considerable public attention, Members of this Council have reached a consensus in a number of specific areas too. We expect the Government to achieve more. There is one thing the public may have overlooked and, that is, some people have over the past years demanded the Government to provide better public services and take up additional and more complicated duties, including strengthening regulation of activities carried out in the free market. It has even been suggested that the Government shall handle all matters, big or small, including those encountered by the Government itself and the community. Moreover, the Government shall be responsible for providing various forms of assistance, services, or even compensation. However, we must understand that the Government is not an all-mighty robot. If it is to accede to more requests, it will have to upgrade its operation. This will require additional manpower, an enlarged framework, and more public resources. This is also one of the reasons for the constant expansion in the scale of the Government and public bodies. Therefore, in order to really achieve the objective of small government governing a big community, it is not enough to

merely ask the Government and public bodies to undergo "downsizing" exercises. The community and this Council must also reach a consensus that we have to join hands with the Government to strictly monitor any new government functions and services, and evaluate whether they are really essential and cost-effective. The Government should also conduct an in-depth and effective examination of government functions and services from the perspective of functions and effectiveness so that the problems can be followed up and solved expeditiously. Only through doing so can the Government achieve a reasonable scale and lay a solid foundation for the rationalization of public expenditure.

Madam Deputy, I so submit.

MR AMBROSE LAU (in Cantonese): Madam Deputy, Chief Secretary for Administration Donald TSANG told the press a couple of days ago, "We are not crying 'Wolf' this time. The wolf is already here. This is no false alarm but a real one." The Hong Kong Progressive Alliance (HKPA) thinks that a false alarm may at worst cause some unnecessary panic only. But if the wolf has really come, then the Government will have to face a most difficult challenge, the challenge of whether or not it can protect the people against the onslaught of the wolf.

THE PRESIDENT resumed the Chair.

A government with the people's well-being in mind, even when faced with a structural budget deficit, that is, even when the wolf has really come, will still not resort to any tax increases or reduction of social welfare services as a solution, because such measures will only deal further blows to the economy, making it even more difficult for the various trades and industries to survive, and in turn increasing unemployment and adding to the already heavy burden of the people.

The HKPA therefore expects the Budget to meet the following three requirements:

First, the Budget should not "dance with the wolf". Instead, it must first and foremost intercept the wolf, rid the people of its menace and onslaught, and

stop it from scaring off foreign investors. At present, the confidence of the community in its economic prospects has dropped to its lowest, as the study report of the Government is misinterpreted to mean that our fiscal reserves will be exhausted in six years' time, and the indebtedness of Hong Kong may be as huge as \$2,600 billion 20 years later. This kind of horrifying projection will not only plunge the people's confidence in the future into an abyss, but will also weaken foreign investors' confidence in Hong Kong and even affect Hong Kong's credit ratings by international institutions. The facts of the past five years can illustrate that the Government has often tended to act in two extremes: in one extreme, it shows a lack of any crisis awareness, seems intoxicated by some sort of blind optimism that prevents it from adequately assessing the difficulties ahead; in the other extreme, it tends to cry "Wolf" all too easily, scared by even the slightest problem, real or imagined. Both these two extremes will produce negative impacts on economic development and social stability. Drawing lessons from the experience of the past five years, the Government should try to strike a sensible balance between these two extremes. That is why the Budget should make an objective and sensible evaluation of Hong Kong's economic prospects and financial conditions, because at this time when the people are all suffering severe economic hardships, it is highly essential, for the sake of helping the people live through their difficulties and fostering an early recovery of the economy, that nothing is done to destroy the people's confidence in their prospects, to increase taxes and to reduce social services, so that they can all recuperate and regain their strengths.

Second, the HKPA hopes that after the Budget has warded off the wolf, the Government can introduce more measures to relieve the people's plight. Given the existing circumstances, even a Budget proposing no tax increases and reduction of social services is not quite enough, because this shows only that the Government has just done the least to be expected of anyone with a conscience — not trying to add to the already heavy burden of the people. But it will be most beneficent of the Government if it can still allocate resources to ease the people's plight despite the budget deficit. The HKPA hopes that the Government can do more to help the vulnerable groups of society, offer employment, training and learning opportunities to the non-engaged youths, provide market-oriented retraining to the unemployed and assist those with negative equity assets in restructuring their debts. This is the Year of the Horse, and that reminds me of the saying "As distance tests the strength of a horse, so time reveals a person's heart". Whether the Government is really sincere in helping the people tide over their difficulties will be manifested in the Budget.

Third, instead of just intercepting the wolf, the Budget must also seek to kill it. To kill the wolf, the Government must do two things. First, it must make more efforts to cut its expenses. The reduction of social services is not necessarily the only way to achieve this end. Instead, the loopholes causing the squandering of public resources both within the Government and public organizations must be plugged, organizational structures must be rationalized, efficiency must be enhanced, and the rate at which public expenditure growth exceeds that of the economy must be controlled on the prerequisite of not affecting social services. It is only by aiming to become a small government that the Special Administrative Region Government can ever expect to reduce the pressure of structural deficits. Besides, the Government must also introduce more positive policies and measures to improve Hong Kong's business environment, to offer assistance to small and medium enterprises in terms of credit facilities and the upgrading of technological standards, and to launch, as soon as possible, infrastructure projects that can enhance Hong Kong's competitiveness and create more job opportunities. A burgeoning economy with more for all, a bigger cake, metaphorically, that is, is the only effective way to generate wealth, to increase government revenue, and to really solve the problem of structural deficits.

Madam President, I so submit.

DR RAYMOND HO (in Cantonese): Madam President, over the past months, the Government has been sounding warnings about budget deficits. If there is no more any dramatic "Cry 'Wolf'" turn of events this time around, it is very likely that Hong Kong has to face a budget deficit as huge as \$60 billion. What is even more worrying is that Secretary for the Treasury Denise YUE's recently published Report on the Review of Public Finances has confirmed the existence of structure deficits in Hong Kong. In fact, most people have also long since sensed the hidden problem of unduly heavy public expenditure. But it is hoped that the Government will not thus shirk its responsibility of fostering our economic recovery and helping those in need.

In October last year, the seven political parties and the Breakfast Group jointly put forward seven proposals on easing the people's plight, and this can reflect precisely the people's aspiration in this respect. So far, only some of the proposals have been accepted by the Government. It is hoped that the Government can appreciate the people's hardship and accept the rest of the

proposals as soon as possible. In particular, it must take serious steps to expedite the progress of infrastructure and construction projects, so as to create job opportunities and revitalize the economy.

Given the very critical circumstances now, we can well appreciate the Government's need to cut expenditure and create new sources of revenue. Tax increases are of course one option to create new sources of revenue, but under the existing economic conditions, the Government must at the same time consider the people's ability lest their confidence in Hong Kong may further dwindle. Having myself considered the long-debated sales tax, I am of the view that this is not yet the right time to introduce this tax. As for the land departure tax, which was once debated very extensively, I have sought to consult the engineering sector through my homepage in relation to the Legislative Council, and not too many responses against the idea have been received. I must of course add that the Government should also consider the views of other members of the community.

As for cutting expenditure, some in the community advocate that the number of civil servants and their salaries should both be cut. I think the Government must handle this issue very cautiously, because any mishandling may well achieve the opposite result of dealing further blows to our economy and affecting the morale of civil servants. On the issue of adjusting salaries and fringe benefits, the Government must engage in thorough discussions with the representatives of civil servants. Under no circumstances should it make any unilateral decisions. For the reduction of the civil service establishment, the Government may seek to achieve its aim through natural wastage and voluntary resignation, and it must avoid any mandatory layoffs. In case there are any government employees not having enough workload, they should be transferred as far as possible to other departments in need of manpower. Government departments should apply flexibility among themselves and join hands to tackle the problem of staff deployment.

But it should also be noted that the outsourcing of government services in recent years may well lead to more manpower surpluses within the Civil Service. One example, recently discussed in the Legislative Council, is the intention of the Architectural Services Department to contract out the planning and supervision work currently undertaken by the Department itself. Although outsourcing can give more work to private companies and thus create job opportunities, it may at the same time produce very huge impacts on the duties

and responsibilities of the staff working in the Department. Though the Department has said that the staff affected will be offered retraining to enable them to take up duties in respect of supervising the work outsourced, I am still worried that its clerical grade staff or those with lower academic qualifications may not necessarily be able to benefit from this arrangement. To allay staff anxieties, and to avoid any adverse effects on staff morale, the departments concerned should, before making any decision on outsourcing, conduct serious consultation and extensive negotiations to gauge the views of their staff, in particular those to be affected by the new arrangements, so as to work out schemes acceptable to all parties. Very often, the Government will consult its staff only after formulating a policy. This type of "bogus consultation" is utterly unacceptable.

Finally, I must take this opportunity to call upon the Government once again to expedite the progress of infrastructure and construction projects, so as to create more jobs and boost the economy. The Chief Executive has recently announced a \$600 billion infrastructure construction plan, but just a few days ago, Secretary for the Treasury Denise YUE disclosed that if Hong Kong did not take any steps, it would use up its \$300 billion fiscal reserves in six years' time. I hope that as supplemented by the Government itself subsequent to Miss YUE's remarks, the budget deficit we are facing now will not affect the implementation of this \$600 billion infrastructure project. If this is really the case, I sincerely urge the Government to practically expedite the progress of such infrastructure construction projects, instead of rendering any lip-service as it did in the past.

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

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, the topic of today's motion is expectations for next year's Budget. But if Members have seen the two "grand shows", namely, the one on last Thursday about the budget deficit and the other one on this coming Friday concerning the widening of the tax base, I believe Members will not harbour any expectations for next year's Budget. It is because the Government is obviously going to cut resources and increase tax revenue, which means that the public will suffer. The approach adopted by the Government in handling the Budget now seeks to force the people to either "kill" the civil servants, that is, asking civil servants to accept pay cuts or downsizing of their establishment, or to levy new taxes targeting at the grassroots. The purpose of the Government is to frighten the people, so that

they will not have expectations for the Government. What is more, the people are forced to choose between two evils. But the people must ask: Is the Government really this poor? Are there any other options?

Indeed, it has been a usual practice of the Hong Kong Government to employ such threatening tactics in recent years. In the past, there was Mr Donald TSANG "crying wolf" to threaten the people, but the threats made by Mr TSANG pale in comparison to those employed by Miss Denise YUE, the Secretary for the Treasury. In publishing the deficit report, Miss YUE pointed out that the fiscal reserves of the Government would run out by 2008 and the Government would run up debts totalling \$2,600 billion 20 years later. She went further to say that even if the economy resumed "normal" growth, the budget deficit would remain and would even deteriorate. I must say that such exaggerations are indeed unprecedented. These conclusions are, in fact, Miss YUE's projections of the "worst scenarios", but projections of the worst scenarios are presented as if they are iron-clad facts. I must ask: What is her purpose? I think her purpose is to make people accept that the future is grim and we, therefore, should be psychologically prepared for salary cuts, tax increases, and so on. It appears that all this will surely take place. If that is the case, the Government is really doing a bad job with it. It is because if the Government has to create public opinion by sheer exaggeration to push through its policies, it will only reflect two problems. First, the Government probably knows that the policies to be implemented are not supported by the people and so, it must first create public opinion to press the people to accept them willy-nilly. The other possibility is that the Government may lack confidence in its ability to revitalize the economy and must, therefore, pave the way for itself.

Yet, this may have its good side, because many financial institutions or experts have pointed out over the past few days that the Government's study is over pessimistic. They stated that even if the various items of revenue cannot return to their highest levels, and even if they can only restore to the normal levels, the terrifying situation described in the deficit report will not take place. Furthermore, over the past few days, Mr TUNG has been announcing his major development plans for Hong Kong in future, saying that more resources will be injected in society to stimulate economic development. I very much wish to ask Miss YUE this: Is it because she lacked confidence in Mr TUNG's commitment to lead another take-off for the Hong Kong economy that she had presented those terrifying figures? Or is it because Miss YUE wanted to give a boost to Mr TUNG by criticizing Mr TUNG more and "badmouthing" Mr TUNG's policies

more, in an attempt to boost Mr TUNG's confidence in implementing his policies, given that Mr TUNG had said that he would believe what he had done was right when being criticized by all sides? I do not know if this is the attitude held by Miss YUE. If she does, it will be even more undesirable, for it is not the wish of Hong Kong society to see these negative pictures. We only hope that we can work in concert to build up our society. In the past, we did see that the Government had also resorted to exaggeration, like what it has done this time, to achieve its purpose. A case in point is its claim that 1.67 million mainlanders would come claiming the right of abode in Hong Kong.

At that time, the Government employed gross exaggerations to make the community feel that the matter was beyond dispute and that they must accept it even though they did not wish to. Insofar as the deficit report is concerned, the approach adopted by the Government has produced virtually the same result as the Government desired. I think the Secretary should really think about it, because that is not the reality. Otherwise, she would give rise to another consequence. What is this consequence? It is division in society. In fact, Miss YUE stressed days ago that the salary of civil servants has recorded a real-term increase of 23% over the past few years. This remark has already made civil servants the target of attack. This will not only make civil servants the target of attack, but will also drive a wedge between the public and civil servants, dividing them into two camps hostile to each other. What good will this do? Mr TUNG has said only recently that we must be united in order to revive the economy. Since he has appealed for solidarity among the people, why are so many public opinions created to induce division in society? How can we be united to create a stable milieu for an economic take-off?

Madam President, what Hong Kong needs is a government that can answer the needs of the people, not a government that seeks to frighten its people by dishonourable and unethical means. At present, the unemployment rate of Hong Kong has reached 6.7%, with 220 000 people being jobless. We hope that the Government can inject more resources to create job opportunities.

Nevertheless, Mrs Fanny LAW, the Secretary for Education and Manpower, has told me that while there will be 30 000 jobs to be created, only 4 000 jobs will come on stream this year. We can see a big difference between the two figures. In fact, the economy of Hong Kong very much relies on domestic consumption. If we failed to create job opportunities, how would the public have the means to spend? Civil servants have all along been a group of people with relatively stable consumption power. If civil servants are given

salary cuts, how can they help stimulate domestic consumptions? Under such circumstances, how can there be impetus for Hong Kong economy as a whole to recover?

I hope that today, the Government can think about how best to alleviate the hardships of the people. However, the Government has kept on telling us that what it is going to do is probably levying new taxes. Worse still, the new taxes will be proposed on top of pay cuts for civil servants. Indeed, the problem of levying a sales tax is even more serious.....

Madam President, I so submit.

MR HOWARD YOUNG (in Cantonese): Madam President, strictly speaking, the motion today does not fall within the scope of the consensus reached among the All-Party Alliance, because some of the views contained in it are not the same as those found in the consensus. Having said that, I am still convinced that to a very large extent, a consensus can still be reached today. Why do I think so? For as far as my understanding goes, the All-Party Alliance disapproves of introducing any new taxes this year; what is going to be the case in the future is of course a separate issue. It has been reported recently by the press that some political parties consider some specific types of taxes acceptable. But such press reports are simply incorrect. The land departure tax being discussed these days is an example, but the consensus of the All-Party Alliance is opposing the imposition of any new taxes. What is the position of the Liberal Party? When it comes to the functional sectors, what is the stance of the tourism sector? Well, I have conducted a consultation exercise just today. A land departure tax is supposed to affect the tourism sector most, but many from the sector have told me that they too are prepared to accept its imposition. Yes, I mean it — this afternoon, even some from the senior management of the tourism sector told me so. Admittedly, not all in the tourism sector think so, but the number of those who accept the idea is by no means small. Does this stance run counter to the consensus of the All-Party Alliance? No, because we know that before a new tax can be introduced, the Government will need to conduct studies, draw up a piece of legislation, get it through the stage of enactment and make preparations for its actual implementation. When the whole process is completed, it will be the 2003 financial year already. Therefore, there will be no new taxes this year, but this does not mean that there will be none in the future.

Although we may hold different views of the projections of the Secretary for the Treasury — in particular, we may differ on whether her long-term projection carries too heavy an overtone of "Cry 'Wolf'", I still believe that we do agree that at least in the short run, the Budgets will definitely be marked by huge deficits. I also believe that it is no "Cry 'Wolf'" to say that there will be deficits in the Budgets of the short-term future. What should the Government do then? As far as the short term is concerned, we think that our existing fiscal reserves can still enable us to afford a one-off measure of introducing no new taxes and no reduction of social services in the next financial year, and we may even be able to introduce some relief measures to boost the economy. Well, with all this reasoning, I must confess what we have in mind is in fact the Budget for the new financial year due to commence shortly.

When it comes to the reduction of social services, we think that the Government is more than being able to do without any reduction; not only this, the commercial sector even thinks that in many cases services can be increased without involving any additional resources. We are a bit sensitive to the injection of additional resources, because this may often mean manpower increases within the Civil Service. But the motion does not mention this point, and it only mentions the idea of no reduction in social services. So, we in the Liberal Party will support the proposal.

Naturally enough, when it comes to the idea that tax increases should be avoided, we will all interpret "increases" as coming from new taxes and higher rates of existing taxes. In this respect, I do not think that the political parties can always reach a full consensus. But since we see that the motion moved by Mr SIN Chung-kai today is also about the avoidance of tax increases, we in the Liberal Party are prepared to vote for it. Members may be able to reach a consensus now, and in that case, it can be put forward together with the motion for debate. As for revenue increases, we can consider a number of possible options. For example, we may consider whether to increase the profits tax, or we may explore which parts of the personal income tax can be increased — an increased rate for the upper strata or two different rates. The consensus that can be reached now is this: The rate in this respect should not be raised at least in the next financial year; we think that this is a proposal outside the scope of consensus of the All-Party Alliance, but still it represents what we all agree to.

With these remarks, I support the motion.

MR FREDERICK FUNG (in Cantonese): Madam President, the budget deficits of Hong Kong have once again become the talk of the town. Last week, the Secretary for the Treasury referred to this as a "structural and persistent fiscal problem", and she also gave a detailed array of statistics and several models to prove that the alarm had been sounded for the public finances of Hong Kong, that the Government would not be unable to make ends meet on a long-term basis. This means that every year over the coming five-year period, the Hong Kong Government must either cut its expenditure or open up new sources of revenue, or do both, in order to amass \$35 billion to make up for the shortfall left by the deficits. This, together with the three short-term revenue proposals thrown out to gauge people's responses yesterday, makes us worried that the Government may impose new taxes in the coming financial year to tackle or solve the budget deficit problem.

Some suspect that the Government's release of this highly pessimistic report at this very sensitive moment on the eve of the announcement of the Budget for the next financial year might have been induced by an ulterior motive or an intention to scare people into submission. But the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I do think that try as we may to question the motive of Government and the credibility of its statistics, no one can possibly assert outright that this is not an issue of structural deficits, or that the problem of structural deficits simply does not exist. That is why we should focus pragmatically on what measures the Government is going to put in place to deal with our budget deficits in the next few years. We must follow the measures adopted by the Government, so as to ascertain whether they have affected or will affect the livelihood of the common masses. In this connection, the ADPL and I, in principle, do not oppose the Government's attempts to eliminate the threat of budget deficits in the long run through cutting expenditure and creation of new sources of revenue. Our only concerns are the targets, extent and timing of the relevant measures and whether the Government will pay any heed to the livelihood of the grass-roots people.

It is an incontestable fact that the people of Hong Kong have been battered by the effects of economic downturn over the recent years. The latest unemployment rate is as high as 6.7%, meaning that nearly 220 000 people are now jobless, and not only this, the problem of wealth gap has become increasingly serious. Madam President, I am sure that the Chief Secretary for Administration, the Financial Secretary and the Policy Secretaries all know only too well that our Gini Coefficient has climbed to a record high of 0.525 in 30

years. Therefore, though we very much appreciate the Government's frustration over the huge structural deficit that may emerge and the consequent need for it to achieve a balance in expenditure and revenue, we still maintain that the Government should not make the lower strata and the vulnerable groups of the community the targets of its measures. Nor should it use the need for fiscal balance as an excuse of reducing existing welfare expenditure and lowering the standards of welfare services, and even less should it impose any new taxes next year, before the economy recovers. Quite the contrary, the ADPL and I think that with respect to our existing fiscal reserves and the two major sources of taxes, namely, the profits tax and the salaries tax, we actually still have some room for manoeuvre.

To begin with, the fiscal reserves of Hong Kong now stand at \$365 billion, roughly equivalent to 18 months of government expenditure, a requirement set down in the public finances guidelines. To be honest, I also think that as an outwardly-oriented economy, Hong Kong must really maintain huge fiscal reserves to ensure its financial stability. But is the existing level of fiscal reserves reasonable? Is it much too conservative, theoretically and practically, to maintain fiscal reserves that amount to one and a half years of government expenditure? The ADPL is of the view that fiscal reserves equivalent to one year of government expenditure, that is, about \$200 billion, will be more than enough. In other words, as long as we can maintain more than \$100 billion in fiscal reserves, we will be able to take our time tackling our structural deficits with lots of flexibility in the next few years.

Second, the question of whether the building up of fiscal deficits in Hong Kong is related to its tax base is in some measure related to the equity and stability of the tax regime. For this reason, the ADPL and I recommend that the Government should consult the public on two types of taxes in the time to come and then come up with a recommendation. And, the two types of tax we have mentioned can both be adjusted.

The first type of taxes is profits tax. It is proposed that the profits tax rate for a company earning more than \$10 million of profits should be raised from 16% to 17% in order to realize the principles of equitable tax burdens and redistribution of wealth. That way, the wealth gap can be narrowed.

Second, for salaries tax, we propose to abolish the standard rate, so that the marginal tax rate for high-income makers each earning \$1.5 million or more

a year can be raised to 17%. It is estimated that this proposal can generate an additional revenue of \$2 billion to \$3 billion per annum for the Treasury. We are also convinced (especially because many top government officials like our Chief Executive and Principal Secretaries have recently said so) that following the current period of economic downturn, the economy of Hong Kong will improve. Will things become better when the economy improves, when there are more revenue than now from land sale proceeds and the investment returns of our fiscal reserves? Will this bring about a favourable turn of events?

To sum up, the ADPL and I hope that the Government will not try to victimize the common masses, will not dig deeper into their pockets, while tackling the problem of structural deficits. As for the imposition of new taxes next year, I hope that the Financial Secretary can shelve this very idea.

Madam President, I so submit.

MRS SELINA CHOW (in Cantonese): Madam President, yes, whenever we discuss the topic of imposing new taxes, I am sure that Members will certainly feel surprised if I do not say something about the sales tax. But for the time being, I do not think that I should raise any arguments about the sales tax, because our motion today is about the imminent Budget. The Financial Secretary has stated that the sales tax will not be imposed for the time being, but I really hope that this tax will never be imposed. This is my long-standing stance, the position of the sector I represent, and I will stick to it. A Member said that the motion today is not part of our "All-Party consensus"; strictly speaking, I admit that it is not. But many Members have spoken clearly and forcefully for the proposal in the motion, and in the papers today, there are also headlines of "All-Party Actions" and "Four Major Political Parties Joining Hands to Curb Tax Increases". So, in fact, the consensus is all very clear: We all demand the Government to refrain from proposing any tax increases in the Budget for the next financial year.

When it comes to the demand on no tax increases, we all wish to put a forceful message to the Financial Secretary: the Government must not propose any tax increases in the Budget. I am not sure whether the eight political parties can really reach a consensus on this message because that was not discussed during their meeting, but today, I can see that Members' views about this issue are very loud and clear. And, at least, we in the Liberal Party do wish to say "No tax increases, please". I of course do not quite know how the political

parties are going to consider the matter after the Budget has been announced. Therefore, in line with the position of myself, the sector I represent and the Liberal Party, and also having listened to Members' remarks, I insist that there should be no tax increase proposals in the Budget under discussion, that is, the Budget to be announced next week, notwithstanding the serious budget deficits as presented by the Government and irrespective of the validity of "Cry Wolf".

This is the consensus among the majority of Honourable colleagues, and the message is in fact very strong. I hope that the Financial Secretary (I am glad to see his return to the Chamber now) and Secretary Denise YUE can clearly hear this very strong consensus. I hope that they can get the message. Although the political parties may not have the opportunity to discuss the issue of government revenue with the Financial Secretary one by one, the Liberal Party still hopes that the motion today can move the Financial Secretary and enable him to get this message: Whether or not the motion today represents the consensus of all the eight political parties, the message that there should be no tax increases (at least in the imminent Budget) is very strong and clear. It is hoped that this position of Members can bring about a Budget with no tax increases next week. Thank you, Madam President.

MR LAU PING-CHEUNG (in Cantonese): Madam President, last Thursday, the Government announced that the unemployment rate for the period from November last year to January this year was 6.7%. On the same day, the Government also received the Final Report by the Task Force on Review of Public Finances. According to the report, the budget deficit this year may well reach \$66 billion, and that if the expenditure pattern of the Government remains unchanged, the existing \$370 billion in fiscal reserves will be used up seven years later. These two pieces of news are really worrying.

Mr SIN Chung-kai has moved a motion today which urges the Government not to increase taxes and reduce social services in the next financial year. The motion also expresses the hope that the Government can take steps to ease the people's plight, so as to help revitalize the economy. I think that since we still possess huge fiscal reserves, we can afford to wait and withhold drastic moves, observing the economic trends in the meantime. Therefore, I think the motion can be supported.

However, as the people responsible for monitoring public expenditure, we Members do have the duty to consider one question in greater depths. What are

we going to do if the economy fails to rebound in the future and if our fiscal reserves thus fall to a certain alarming level? According to the projection of the Task Force, our reserves may drop to \$327 billion in 2002-03, further down to \$272 billion in 2003-04, and still down to \$217 billion in 2004-05. When should we take steps to reverse this falling trend? If we can conduct rational discussions and seek a common ground on the principles of public finances and expenditure, the debate today will certainly become much more meaningful.

Quoting an analogy made by economic commentators, one can actually say that public finances are actually very much like household finances. Even an average housewife living in Ngau Tau Kok knows very well that when there is not enough income to meet expenses, the only solutions are the creation of new sources of income, frugality and borrowing. But what is so complicated with public finances is that whatever schemes a government proposes to generate additional revenue, to cut expenditure and to borrow, there are bound to some who are adversely affected, and who may thus put up opposition. But this does not mean that we should, as proposed in the motion, refrain from creating additional revenue and cutting expenditure. I am afraid that if we continue to adopt such an approach, even when we want to borrow money or issue bonds, no one would possibly be willing to lend the Government any money.

Experts from different disciplines have expressed many different views on the report by the Task Force on Review of Public Finances. Some academics have even suggested that the existing problem has been caused by cyclical economic factors, not by any structural ones as argued by the Task Force. If this is really case, then when these cyclical problems disappear a few years later, should we return to the expenditure pattern before 1997, with \$20 billion a year from land sales, making up about 12% of total government revenue? That would mean the restoration of the policy of high land prices, which may weaken our overall competitiveness. Will we then have a bubble economy once again?

The Task Force says that our fiscal deficits are caused by structural factors, but I think this viewpoint is much too conservative. The investment returns of our fiscal reserves have all along been classified as recurrent revenue; before 1997, such returns usually represented 5% of both the Government's revenue and expenditure. The problem was thus not very serious. But with their merging with the Land Fund in 1997, the fiscal reserves have since increased in total size, and the proportions they represent in recurrent revenue and expenditure have risen drastically. We know that government expenditure (on

such items as civil servant salaries, public facilities and social welfare) is not directly proportional to the investment returns of the fiscal reserves; rather, they are determined by different factors. When the two move in different directions, particularly when the fiscal reserves decrease and expenditure increases, the fiscal reserves will be used up very quickly. We must pay attention to this point.

Some academics have attributed the current situation to over optimism of the then Financial Secretary, when the financial turmoil first started in 1998-99, in trying to boost the economy and shake off the recession simply by increasing the personal allowance for salaries tax and lowering the profits tax. As a result of this, the tax base has become even narrower, thus aggravating the problem of structural deficits.

Madam President, if Mr SIN Chung-kai's motion today cannot lead to sensible discussions and attempts to reach a consensus on how best to eliminate the budget deficits, what difference can it make when compared with the tax reduction measures of the Government in 1998-99? I so submit.

MR CHAN KWOK-KEUNG (in Cantonese): Madam President, in less than 10 years following his ascension to the throne, Emperor Suiwen of the Sui Dynasty was already able to bring forth a period of prosperity, and the Imperial Treasury was stacked with huge quantities of different valuables. When compared with Emperor Wen and Emperor Jing of the Western Han Dynasty, who had to work for almost 70 years during their reigns before they could make the country prosperous and powerful, Emperor Suiwen was some 60 years quicker. But the Western Han Dynasty lasted more than 200 years, while the Sui Dynasty had a brief life span of just 30 years or so. Does Hong Kong wish to preserve its fiscal reserves at all costs, or does it wish to bring forth a more prosperous period for itself? That would have to depend on what the Government is going to do in the next few years — how it is going to revitalize the economy, create more jobs and really store wealth among the people, and whether it will give up the stance of preserving the fiscal reserves at all costs.

The Sui Dynasty possessed immense wealth in its early years, but it failed to see the need to return wealth to the people. Under an economic policy biased towards agriculture, it completely ignored the need to redistribute wealth and achieve economic diversification, thus leading to an economic imbalance. This,

together with the extravagance of Emperor Suiyang, eventually rocked the very foundation of the country and led to its defeat by the Tang Dynasty. The moral of this story is that the Government of Hong Kong must realize that the concentration all wealth in the court will not ensure lasting rule and stability if nothing is done to make use of the treasury money to cater for the needs of economic development.

The pressing task now is that the Government should adopt a more forward-looking approach and assess how much lost grounds the ammunitions it still has can enable it to regain, instead of just focusing on when the fiscal reserves will be used up.

Members all know that the Government may perhaps use up all the fiscal reserves or even has to incur huge debts. But this is just a forecast, a forecast that has not factored in the possibility that the economy of Hong Kong may well pick up again in the next 10 years. If there can be sustained economic recovery, if people can recover one after another, literally turning Hong Kong into a "happy valley", then businessmen will be willing to make investments here and all people will have a job. When this happens, the situation with the fiscal reserves may not be as pessimistic as projected by the Government.

The unemployment rate has reached a record high; is it true that having watched the situation with folded arms, the Government still wants to fleece the people? Reducing the personal allowance and the imposition of new taxes will be tantamount to increasing Treasury revenue at the expense of the impoverished masses. If it really does so, even if there are still huge fiscal reserves 10 years later, Hong Kong will have been long dead, with no vitality at all by then.

We have in fact put forward many proposals on revitalizing the economy and creating more jobs, one example being the development of environmental industries. But the Government has so far refused to make any investments in that. Whose fault it is, when an industry that can take on many low-skilled workers is made to die before our very eyes?

When I was listening to a radio programme the day before yesterday, I heard of a complaint from a man operating a recycling workshop in Tin Shui Wai. He said that he had spent \$1 million on developing a deserted plot of land for the business, but because of insufficient capitals, his workshop could not be equipped with water and electricity supplies and thus could not operate. He had

wanted to apply for a loan under the finance scheme for small and medium enterprises, but the lending criteria of the banks were much too strict. The Government, on the other hand, was unable to help, for the banks were given all the responsibility of operating the scheme. He was thus very disappointed.

The administrative efficiency of the Government is really a headache to all of us. All government officials are reluctant to consider realistic circumstances and seek quick solutions for the people's convenience. They all confine themselves to the Ivory Tower, not knowing what immense hardship the people are suffering.

What I mentioned above is an example. There are obviously ways to help small and medium enterprises tide over their difficulties, but then nothing can be done in practice. Amidst the economic downturn, the unemployment rate will naturally rise. In the end, our society will suffer fatal injuries. By then, the fiscal reserves, however large they may be, will be unable to help.

I am not asking the Government to hand out all the fiscal reserves. I only wish to say that we would be extremely lucky if only our government officials can wake up, refrain from procrastination, raise their efficiency and give assistance to more people to deliver them from their plight.

Madam President, I so submit.

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

(No Member responded)

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, I am grateful to Mr SIN Chung-kai for moving this motion today, and I thank those Members who have spoken just now. Though my response will be very brief, I do not think Members will think I do not respect their valuable ideas.

In fact, since the middle of last year, the Financial Secretary has been consulting Members of the Legislative Council, political parties, District Councils, business associations, economists and the media for their opinions. He has been listening broadly through various channels the expectations of

different social strata of the Budget. In consulting Members, the Financial Secretary has repeatedly made it clear that he would consider carefully suggestions put forward by all parties in formulating the Budget of the coming year.

The valuable comments raised about the next Budget are by and large similar to those mentioned to the Financial Secretary on other occasions over the last few months. Thus, I believe the Financial Secretary must have considered Members' comments carefully.

Members' speeches today also contain comments on the report submitted by the Task Force on Review of Public Finances. I understand the clerk of the Panel on Financial Affairs is trying very hard to arrange a special meeting next month to discuss the report. At that time, I will be answering questions, *seriatim*, raised by Members today.

Madam President, I hope Members can be patient and wait for one more week. Next Wednesday, the Financial Secretary will announce the Estimates of Revenue and Expenditure in the Budget next year. Members may then know what response the Financial Secretary has towards their comments made today and those raised several months ago.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr MAK, I know you have pressed the button to indicate your intention to speak. When I wanted to invite you to speak you were not in this Chamber, but you can still speak in this debate. I now therefore invite you to speak.

MR MICHAEL MAK (in Cantonese): I am sorry, Madam President. Thank you for your indulgence.

Madam President, as projected in the Final Report by the Task Force on Review of Public Finances released by Secretary for the Treasury Denise YUE last Thursday, the consolidated budget deficits in 2001-02 will be as much as \$66 billion. Computations based on the current fiscal reserves of a mere \$369 billion show that all the fiscal reserves will be used up in 2007-08, and in 2011-12, there may even be a debt of \$343 billion. This is just like giving the people

of Hong Kong an injection causing chronic heart failure, telling them that they are sure to die, and that the hard-earned money they have paid in taxes will all be used up, with also a possibility of "negative equity assets". The purpose of this intimidating tactic of the Government seems very simple — to "fleece" the people — that is, to make them pay "more, more and more".

Some argue that given the current situation, tax increases and reduced social services can help relieve the problem of budget deficits. With respect to tax increases, I totally oppose the idea in principle. However, on the premise of not affecting the people's livelihood, I can accept such proposals as increasing the tobacco and alcohol duties. However, the unemployment rate is so high now, and according to the Census and Statistics Department, as at January 2002, as many as 219 000 people, or 6.7% of the total workforce, were jobless. There are also numerous cases of "downsizing" and wage cuts by local companies. Amidst all these gloomy economic conditions, any additional taxes that affect the people's livelihood, such as the sales tax, will only add to the plight of the people. I will therefore never give my support. Moreover, a reduction of social services can reflect nothing but a total disregard for the people's well-being.

Let me refer to the sector I represent as an example. There is now a very serious imbalance between public and private medical institutions, with a utilization ratio of 94:6. It is small wonder that even with a recurrent revenue of \$285,100,000, the Hospital Authority still projected in its progress report tabled at the general meeting on 24 January 2002 that it would have a deficit of \$225 million. Some may think that the imposition of accident and emergency department charges is the best compromise solution. But I wish to point out that educating people on not abusing the relevant services will be far more effective. Secretary for Health and Welfare Dr YEOH Eng-kiong should also make more efforts to give assurances to those with the means and willingness to pay, so that they can be urged to use private-sector medical services. Apart from relieving the problem of heavy utilization in public medical institutions, this can also raise people's awareness of medical costs, making them pay more attention to their own health.

There is of course no instant solution to the problem of budget deficit, which is why steps should be taken to increase people's health care knowledge. One example is primary health care, a topic which I frequently mention. If people can have a better understanding of their mental and physical health and the significance of a sound social circle, and if we can provide better protection in terms of the environment, food safety and occupational safety, people will be

able to prevent diseases and maintain sound health more effectively. I am sure that in the long run, this can gradually ease the burden on public sector medical services.

On employment, since the continuous ageing of our population will definitely lead to more demands for personal and elderly care services, I think the Government should try to create more jobs in these areas.

Fiscal reserves are meant for contingency in times of difficulties. If they are allowed to diminish continuously because of structural deficits, how can the Government's budgetary principles keep in line with the broad direction of "keeping expenditure within the limits of revenues" set down in Article 107 of the Basic Law? How then can people lead a stable life? I hope that the Budget to be announced by the Financial Secretary can identify the causes of our structural deficits and prescribe the structural remedies required. That way, the hard-earned money of people can be put to good use. This is the only ultimate solution. With these remarks, I support the motion.

PRESIDENT (in Cantonese): Secretary for the Treasury, do you wish to supplement your remarks?

(The Secretary for the Treasury indicated not to speak)

PRESIDENT (in Cantonese): Mr SIN Chung-kai, you may now give your reply. You have up to four minutes 22 seconds.

MR SIN CHUNG-KAI (in Cantonese): Thank you, Madam President and all those Members who have spoken on the motion today. I am willing, and prepared, to accept the very brief reply from the Secretary for the Treasury. I understand that the Financial Secretary will complete his Budget this week.

Actually, as Members should know very clearly, I have never said that this motion represents any consensus of the eight political parties. I have never said so, even in my speech earlier on. However, as mentioned by several Members, although this motion has not been moved with the consensus of the eight political parties, Members' speeches do show that they all share a very strong common view on it. To begin with, there should be no tax increases. The Financial Secretary has in fact made it very clear that the Government will not introduce

tax increases in the next financial year. However, at the same time, the Government has also painted a very clear picture: there will be huge deficits in the future. Tax increases or reduction of social services, whatever the case may be, are bound to produce great shocks in the community. I hope that the Government or the new Financial Secretary can, while seeking a consensus with the eight political parties, come up with some drastic reforms. Of course, as I mentioned in my speech earlier on, the year 2002-03 is not the right time for such major reforms. I hope that Members can support this motion. The motion is just meant for 2002-03, the only intention being to enable people to live through this difficult period.

We of course also hope that the Government can introduce more measures to ease people's plight. Let me say once again that in other countries, two measures were taken after the "September 11 incident" to boost the economies there — tax reduction and increased public expenditure. Our Government should have the same courage to tide over the current difficulties together with the people.

With these remarks, I hope Members can support the motion.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr SIN Chung-kai be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Second motion: Promoting community spirit.

PROMOTING COMMUNITY SPIRIT

MR TAM YIU-CHUNG (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

In my district work, I have met quite a number of people who help others enthusiastically. They give no thought to their personal gains or losses and spare no efforts to actively participate in community services for a long time, helping needy neighbours and people in difficulty. Although their good deeds are not earthshaking, they are like sweet dew that continuously nourishes the community, making the community more harmonious and filled with love and care.

I would like to introduce two typical examples of such persons. One of them is Ms PANG from Tuen Mun and I would like to call her "bread angel". She is bringing up two sons on her own, and despite the difficult life, she still actively participates in voluntary community services to bring warmth to people who need help. Every evening, she pulls a trolley and collects bread from several bakeries in the On Ting Estate and Chi Lok Fa Yuen in Tuen Mun. She then visits the single elderly persons door to door and distributes the collected bread to them and asks after their well-being. Ms PANG thinks that the hard effort she makes every day simply brings the single elderly persons something to eat. But the 100 or so elderly persons who wait for her every day will be filled with warmth at the sight of Ms PANG.

Another one is Ms KWONG from Yuen Long. She initiated and organized the Tin Shui Wai volunteer hairdresser team. She leads enthusiastic volunteers to provide regular hairdressing services in the community. They provide services to the elderly in centres for the elderly and care and attention homes as well as the institutionalized mentally handicapped and patients in hospitals who need the services. On the Mid-Autumn Festival one year, Ms KWONG saw a young man sleeping in a garden and she took the initiative to find out why he was doing so. The young man was unemployed and did not have a fixed place to stay. Ms KWONG brought the young man to the Labour Department and helped him find a job and she later brought him to the home for street sleepers, where he finally got a place to stay.

Nowadays, the economy is in the doldrums and people are generally under immense pressure, and with suicide and family violence incidents occurring

repeatedly recently, the social atmosphere is all the more suffocating. Yet, there are actually quite a few good persons around us, such as Ms PANG and Ms KWONG, who are doing good deeds. We wish that there would be more good persons and good deeds and neighbours would offer mutual help and protection so that other households would help when incidents occur in one household. It would then reduce hostility and enhance harmony, and family tragedies similar to the incident that occurred in Tsz Wan Shan in January this year in which three people were dead would not occur again.

There were a total of 66 homicide cases last year and more than 40% of them involved family disputes and nine children aged under 12 were innocently killed, more than double that of the year before. To prevent family tragedies, other than relying on the comprehensive community support services provided by the Government, it is more important to cultivate a community spirit of mutual support, care and love among residents. But the Government has not done enough to promote the growth of voluntary agencies and development of mutual support among residents, thus, the construction of such social capital as mutual trust, value orientation and social network was not effectively carried out, weakening the capabilities of individuals and families in solving their problems in life. In the policy address of 2000, the Chief Executive mentioned the "third sector" concept for the first time and stated that this non-profit-making or volunteer work chain outside the market and the Government can often find a way out for social problems that otherwise can hardly be solved by the market and the Government. Besides a highly-effective modernized market economy and a small but capable government, I hope that Hong Kong would also have a voluntary service sector that are continuously developing and full of vitality. The Community Investment and Inclusion Fund recently approved by this Council was the first step made to consolidate the development of the third sector policy. Through this Fund, the Government hopes to encourage people to care for and help one another, promote community participation and enhance the functions of different social groups.

The establishment of the Community Investment and Inclusion Fund made a step forward in affirming the demand of the disadvantaged and promoting community development. However, to promote the community spirit of mutual care and love, we must first improve the existing community development and family services and strengthen the support of the community network. At present, apart from various social service agencies, quite a few agencies also provide community services, for instance, the District Co-ordinating Committees

on Family and Child Welfare Services, the Steering Committee on New Arrival Services, the Support Teams for the Elderly and other voluntary agencies. They should play a positive role in preventing family violence, helping new arrivals to adapt to the community and giving domiciliary support to the elderly. However, these agencies or bodies encounter a lot of difficulties in realistic operation. First of all, as a result of the complicated government structure, different executive departments are in charge of different areas and the communication between government departments is inefficient. Therefore, the service agencies often have to waste a lot of time making referrals. Secondly, as a result of the frequent changes in the officers in charge of various areas, a stable liaison mechanism cannot be established between the departments and the agencies, thus slowing down the processing of cases. This is the case of professional agencies or bodies, needless to say residents' voluntary agencies. Even though they are highly enthusiastic, they would inevitably suffer setbacks and feel disheartened. The prerequisite to the development of community services is to unify all areas of the executive departments and establish a stable corresponding mechanism.

The accumulation of social capital cannot be measured objectively but the Government is lop-sidedly carrying out cumulative effect management of social services. To cope with various assessments, social service agencies have to spend a lot of resources in such internal work as working out targets, calculating figures or submitting reports and they would certainly spend relatively fewer resources on residents. Under the pressure of the Enhanced Productivity Programme, the quality of service is also inevitably affected. For instance, at present, a new arrival service team only comprises three members but its annual target of cases to be handled is 600, that is, each team member has to handle two new cases every three days. Hence, they can hardly follow up each case in detail. To a certain extent, the Tsz Wan Shan family tragedy has condemned with blood this management culture that excessively emphasizes figures. The Government must adjust this management culture so that the service agencies can give full play to their people-oriented spirit, explore problems more acutely, and provide support and counselling to those in need, assist them in self-help and mutual support, and relieve their distress or difficulties in life.

In the face of a complicated system of individuals, families, groups and the community, the problems that we encounter are created by various factors that affect one another. The Government must adopt the integrated form of services and flexibly use such resources as human and material resources and facilities to

help the residents solve various problems. More importantly, the Government must support the formation of various forms of mutual aid organizations among residents and make use of the strength of the residents to settle disputes in a more directly and speedily manner, thus reducing contradictions. Our social capital has an important component in organizations that build up people's network and relationship, for instance, mutual aid committees and co-operative societies. Social capital can be gradually established and accumulated, but similarly damaged, through different measures, activities and daily contacts. For example, while the redevelopment of old districts calls for new planning for the development of old districts, it would inevitably break up the relationship and support networks established among the residents in the past. As a result of the lack of understanding and contacts among residents in newly developed districts, we must emphasize the community relations support network in order to cultivate the spirit of mutual help among the residents.

In the course of developing Tuen Mun and Tin Shui Wai into new towns in the past, there were lots of youth problems and family problems as a result of the lack of a community support network. Therefore, when the Tung Chung new town was developed, some social service agencies and district bodies assisted the residents in establishing a community support network at once. When the residents were invited to choose their flats, they organized briefing sessions and flat inspection tours to establish a channel for liaison among agencies, groups and residents as well as among residents. After the residents had moved into their flats, they tried to understand the views and needs of the residents through such channels as residents' assemblies, and to encourage the residents to participate in various activities to improve community facilities, for instance, expanding bus services and improving the allocation measures. They also organized a women's team and a youth team to build a closer relationship among the residents through various cultural, recreational and social functions as well as cultivate the community spirit of helping the weak and the poor, respecting the old and loving the young and of mutual support among residents. The Government should absorb the experience and assist the residents of newly developed housing estates and districts in establishing self-help organizations through the service agencies. In so doing, it would enhance mutual trust and the sense of security of residents and foster ties among neighbours, establishing an effective resident support network.

As a result of the rapid changes in the economic structure, a large number of workers have been marginalized, pushed out of the labour market and

excluded, and they cannot enter or re-enter the mainstream economy. These marginalized and excluded individuals or groups such as new arrival women and ethnic minorities are deprived of their rights to participate in economic activities. Their unpleasant experience is long lasting, even across generations. For these groups that are excluded from the mainstream economy, we cannot only expect them to rejoin the mainstream market rapidly after retraining. Therefore, we must look for other outlets. Developing the community economy through promoting the community spirit is a desirable method. It can allow marginalized workers to create with their own hands opportunities of participation in economic activities so as to realize their value and contribution.

In respect of objectives and priorities, the Community Investment and Inclusion Fund established by the Government fails to break away from the conventional nature of welfare and volunteer services, restricting attempts to explore and test modes of community economy. The Government should give priority consideration to community economic activities that can give the community vitality and bear potential for continuous development. It should also give priority consideration to community economic activities that see participation by the disadvantaged and that are non-profit-making in principle. It would then be able to help the disadvantaged improve their quality of life through self-help and mutual support.

All in all, the Government should implement matching policies and measures to establish a suitable social milieu to achieve such objectives as strengthening community and family functions, promoting social integration and establishing a caring community. Madam President, to conclude my speech, I would like to quote a remark made by the "bread angel" mentioned by me earlier. Ms PANG said, "if more people are willing to help one another without asking for a reward, every member of the community would live happier."

With these remarks, I beg to move.

Mr TAM Yiu-chung moved the following motion: (Translation)

"That, as the economy is in the doldrums and people are under immense pressure, with suicide and family violence incidents occurring repeatedly recently, this Council urges the Government to allocate additional resources to improve services and actively promote the development of the "third sector", so as to optimize the social capital, promote community

development services, encourage self-help and mutual support among the public, strengthen the community support network, enhance the capabilities of individuals and families in solving their problems in life and prevent family violence, for the purposes of cultivating the community spirit of mutual support, care and love among residents."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr TAM Yiu-chung be passed.

MR MA FUNG-KWOK (in Cantonese): Madam President, as a result of the persistent economic recession and the fact that the unemployment rate has been hitting new highs, quite a few people, especially the lower class, have found life all the more difficult. As a result of emigration or cross-boundary employment, family members are separated and children coming from the Mainland are in lack of care, and such problems as the increase in drug abuse by youth, night drifters and the suicide rate have made the family problems in Hong Kong more evident and acute. The number of family violence cases has continuously increased and the series of family tragedies that occurred recently also reflect that the problem is aggravating.

I recall that before the '70s when our economy had not yet taken off, we had harmonious relations with our neighbours and people helped one another. People in difficulty were also cared for and supported by neighbours and relatives. Although people were under immense pressure, they were more capable of coping with adversities. Unfortunately, with urban development and economic restructuring, the harmonious relations among neighbours have become weaker and weaker, and people tend to mind their own business, which is definitely undesirable. I very much agree that the Administration should make more efforts to promote the community spirit. However, in the face of a huge budget deficit, few resources can be injected and we really have to rack our brains in finding the resources required.

The Director of the Social Welfare Department (SWD) has stated earlier on that, with the existing resources, the SWD will reorganize the priorities of work and establishment of the SWD in the light of the community's aspirations in respect of social welfare. This kind of thing is definitely correct, but it is more important to consider how more and better services can be provided with the

existing resources. In my view, family solidarity and actively promoting the "third sector" concept are directions for consideration.

To effectively promote the community spirit, we must adopt a "family-centred and community-based" strategy. In fact, "family" has always been regarded as the basic unit of society with very important social functions. Therefore, the family-centred concept should not only be applied to the promotion of the community spirit but also be incorporated into the whole philosophy of social policies. Without explicit directions, the Government can hardly ensure that various policies would share a common objective and can match and complement one another instead of being contradictory to and counteracting one another. Thus, at this stage, I hope that the Administration would expeditiously reach a consensus with the participating social service agencies about family solidarity and enhance mutual co-operation, especially to actively promote the role and development of the third sector.

Putting it simply, the third sector includes all non-profit-making bodies independent of the Government. Their members of different background have common beliefs, ideals, objectives and interests. These members will get together to develop their interests and specialty, upgrade standards, put their beliefs into practice, and establish the culture of serving the community. They will turn individual interests into a driving force that promotes social development and provide their members with channels for social participation. Although these bodies may have different core objectives, the efforts made by each of them would promote social development and bring about a community that is full of vitality and characterized by multi-culture and personality.

Without the profit-making motives and objectives of commercial organizations and being independent of the Government, the third sector can play a unique role that government and commercial organizations cannot possibly play, and participate in such work as soliciting charitable donations by the public, volunteer work, serving the disadvantaged and establishing a community culture.

For instance, the third sector has co-operated with artists in beautifying footbridges, provided household repair services in collaboration with fitting-out workers to the elderly and single-parent families, and organized the chronically ill to provide counselling services and support to their chronically ill and their families. Recently, third sector organizations have attempted to implement a community service vouchers system in the Wan Chai District, which is a very

good attempt that merits promotion. More importantly, these examples reflect that the third sector can make up for the insufficiency of the existing services.

Madam President, Mr TUNG Chee-hwa, the Chief Executive, has also mentioned the development of the third sector in his policy address, and the Government and the Central Policy Unit have also organized seminars on this subject. However, an explicit direction for the development of the third sector has not yet been set, needless to say practical. A relatively more specific initiative is the establishment of the \$300 million Community Investment and Inclusion Fund but its effectiveness has yet to be proved over time. Yet, it can be asserted that we should not merely rely on the Fund to encourage mutual concern and support among members of the public.

As a result of the economic downturn, many organizations have substantially reduced their support and subsidy for the third sector and the resources of the third sector have thus become a concern to us. If the Government could not allocate more resources, it should consider how it could promote co-operation among the third sector and government and commercial organizations. For instance, it could assist social service organizations in developing partnerships with the business sector and encourage people to participate more in volunteer work. The Government could also consider establishing channels for communication at the district level to encourage various sectors to explore community needs together and step up co-operation and communication. Through mobilizing people to participate in volunteer service, the spirit of mutual care and acceptance would be realized and the contradiction and exclusion among different classes would be eliminated. Hence, we would be able to promote social harmony and build up a united and cohesive society.

With these remarks, I support the motion.

MR ABRAHAM SHEK: Madam President, in Hong Kong, to have an "encounter of the third kind" for the underprivileged of our society might not be an extraterrestrial experience, but it definitely is a psychological and mental relief for many of them. The "third sector" or the "third kind" generally refers to the various non-profit-making non-governmental organizations (NGOs) and the individuals working in them. With the social good in mind, they help to resolve social problems by establishing and working through their own system and network.

In recent years, many elderly singles, victims of domestic abuse, mainland immigrants, chronic disease patients and their families, have benefitted from the support of their local NGOs in the setting up of various mutual support groups, self-help programmes and social networks. There were many stories of success bearing testament to the effectiveness of these groups, programmes and networks.

The benefits brought by the above were tremendous. There will always be a time when the Government alone cannot provide an effective solution to a social problem, even though the Government has abundant resources in hand. When such a situation occurs, the Government needs a partner who is quick to respond to changing social needs and flexible in deploying resources to satisfy those needs. In a nutshell, someone who has a finger on the proverbial pulse of the community. By serving as the Government's partner, the NGOs help to rebuild our social capital by promoting social cohesion and participation in district programmes in the community. It is through this social capital building process that the residents' capabilities in solving their own problems in life can be enhanced, and in the longer term, the development of our society as a caring and compassionate one can be stimulated.

It is recently reported that a group of unemployed women, mostly in their forties, have pooled their resources in producing handmade crafts for sale. Given suitable encouragement and help, groups such as this show that they can improve their quality of living through network building and mutual help.

In this regard, today's motion provides a timely opportunity to discuss ways to help promote this self-initiative by individual members of the community and foster the development of the third sector. To show his support for the third sector, the Chief Executive announced in his policy address last year the decision to establish a \$300 million Community Investment and Inclusion Fund. The Fund is a breath of fresh air for the NGOs and the grass-roots sector, but it is still not enough to solve the ever-increasing financial pressure that many local NGOs are facing.

Not long ago, the welfare sector has criticized the new lump-sum subvention policy as a government initiative to cut welfare spending. Now the sector is facing an even greater challenge as the Government is expected to reduce public spending further in the face of a budget deficit problem. Welfare organizations and the NGOs are concerned that it will not be long before the

welfare sector's share of the cake shrinks dramatically. This is likely to worsen the already intense competition for government resources among the NGOs. And this in turn will affect the NGOs' quality of service.

In fact, some of the welfare services have already suffered in quality, as the providers of these services have been fervently finding ways to cut corners in preparation for the anticipated economic "storm". In one elderly day centre run by a NGO, the regular supply of traditional Chinese soup to its elderly members has been reduced from five times a week to twice a week. It is also common for these NGOs to change part of their permanent posts to contractual or part-time jobs, and offer the salary at a fraction of the original amount.

Under the prevailing economic climate, where can we find additional resources to enlarge the slice of cake for the welfare sector, which is so crucial to maintaining service quality and its sustainable development? The answer may be an early formation of a comprehensive subvention policy for the "third sector". As a long-term goal, the policy should aim at developing a close partnership among the Government, the NGOs and the private sector. The private sector, especially the professionals, should be encouraged to participate in the social capital building process. They can offer help in the form of giving donations or sponsoring venues for activities. The NGOs can achieve sustainable growth only when they receive collective support from all parts of the community.

I do not believe that the Government should spend millions and millions of dollars to encourage the development of community spirit. Community spirit within the community can only be developed through love and compassion among its own people.

With these remarks, I support the motion.

MR WONG YUNG-KAN (in Cantonese): Madam President, the economy is in the doldrums and as a result of serious unemployment problem, many people have become unemployed, under-employed or low-income workers. Besides facing the difficulties and hardships brought by reduced income, the techniques and talents that many skilled workers used to master have gradually depreciated and there is no market demand for their techniques and talents. As the economy is in the doldrums, there has recently been an increase in family violence, child abuse and suicide cases. To solve these social problems, the Government

should change the former modes of service delivery and explore the potentials of the community and provide more diversified services that meet the social needs. I agree that the Government should allocate more resources to promote co-operation between NGOs and the Government so that the NGOs would run and administer public affairs within the community. The Government should also establish the concept of a community and strongly promote the community spirit to enhance the sense of belonging among people, mitigate social conflicts and foster social stability.

Promoting the community spirit, reinforcing the community network and giving better support to people, especially the disadvantaged, are desirable directions. The Government should try its best to bring the vitality of the grassroots into full play, develop the potentials of non-governmental voluntary agencies and strengthen the abilities of different groups so that they can become partners of the Government in producing, operating and administering public affairs, in order to create vitality, meet the demands of the public and improve community life.

The objective of promoting the community spirit is to encourage people to organize themselves spontaneously. The participants may not only be volunteers and it may not only rely on any group or voluntary agencies for co-ordination and leadership or adopt social work methods or social welfare concepts. Instead, it can make a breakthrough and adopt such innovative modes of operation as co-operative or co-ordinated societies, and depend on the individuals and professionals in the community to develop alternative diversified services. These small-scale co-operative societies will run small businesses such as cleanser teams, tuck shops, Chinese word processing, speed printing and hairdressing, so that the spirit of mutual support and co-operation can be cultivated among the members and the co-operative societies. Co-operative societies may not necessarily be profit-making commercial organizations. While giving the participants financial rewards, they also promote mutual support and harmony of the grassroots. Therefore, the Government should subsidize the establishment of co-operative societies to promote the development of a mutual support network.

Madam President, what the disadvantaged need most at the moment may not necessarily be charitable and welfare assistance, but assistance to help them strengthen their self-help abilities. Promoting the community spirit, cultivating a community of mutual support, co-operation and care that pool wisdom and

efforts can improve the quality of life of the residents on the one hand, and let the participants regain meaning and dignity in life on the other. Everybody would then stand on his own feet and hold the initiative in his own hands, and the residents would live together harmoniously. This is the objective of community work. The Democratic Alliance for Betterment of Hong Kong also thinks that promoting the community spirit should achieve the six purposes below:

- (a) enhancing the sense of belonging of people to the Government of the Special Administrative Region;
- (b) absorbing talents in the community through advisory or policy-making bodies to assist in promoting policies and community development;
- (c) cultivating talents that are helpful to the community to group them into a force in the community;
- (d) serving as a safety valve for the public to let dissatisfactions off their chest;
- (e) giving feedback to policies to improve and perfect policies; and
- (f) relieving the burden of the Government as the public provides such resources as expertise and manpower in the course of participation.

The experience and examples of success in foreign countries have proved that promoting the community spirit is effective in rebuilding the community economy, enhancing social harmony and promoting sustainable development. In 1999, the British Government established the Social Resources Fund to provide funds to dozens of community to subsidize community groups and organizations in organizing social programmes. For instance, organizing tour activities during the Community Festival, subsidizing the neighbourhood organizations such as subsidizing the photocopying fees and travel allowances related to volunteer child care services. The funds would usually be given to the recognized disadvantaged or extremely poor communities. The Fund was established with the object of providing the community with a small amount of money to encourage the community to voluntarily participate in volunteer work, thereby developing the spirit of mutual support in the community.

Some voluntary groups in Hong Kong have started to adopt community economic development to solve the problems in a poor community. The St. James' Settlement launched a two-year Community Oriented Mutual Economy Project last year. The project uses time coupons to let the residents and small shops in the Wan Chai District reorganize into community networks of various sizes in order to enhance mutual trust, care and communication among the residents in the community. The kaifong can mutually exchange and share their specialized skills to achieve the objective of community inclusion and make the best use of talents and everything as well as the favourable geographical position so that everybody would get what he needs.

As the economy is in the doldrums, people in the community have an increasingly stronger feeling of incapability and helplessness. Through building the community economy, the residents can participate in the construction and development of the community to which they belong. In this process, the residents can grasp more resources and information, learn how to voice their aspirations and reflect their suggestions as well as build up a satisfactory community through efforts made by everybody.

Madam President, I so submit.

MISS LI FUNG-YING (in Cantonese): Madam President, concerning the future development of Hong Kong, the Government of the Special Administrative Region has used a lot of figurative descriptions, for instance, "New York and London in Asia and Manhattan Plus" in the past and the "cosmopolitan in Asia" lately. In talking about the future of Hong Kong, government officials emphasize financial and trade prosperity, professional elites and modernized facilities, but the Government has all along mentioned little about the social capital, humanities and room for citizens behind the development of a city into a cosmopolitan.

At the end of last year, the Government decided to establish a \$300 million Community Investment and Inclusion Fund, and it undoubtedly filled up the void. Before the Spring Festival, the Finance Committee of this Council approved the allocation of \$100 million as advance capital for the establishment of the Fund. However, additional resources may not necessarily be able to mobilize social groups or strengthen the social capital. I agree that, in tandem with social

development, new community service items should be added, especially under the present circumstances that the economy is in the doldrums, the unemployment rate has risen and family violence incidents often occur. Thus, it is essential for new items to be added to enrich community services. Yet, the development of social services must be sustained and consistent. If we forget about the old services after ushering in new ones, the effectiveness would not be evident, and we would waste resources and fail to get the expected results.

The healthy strength of all groups and communities has to be accumulated and consolidated bit by bit. The Government assisted the residents in organizing Owners' Corporations and Mutual Aid Committees in the past with the original intent of promoting mutual support among the residents. It actually mobilized a lot of residents to participate. When we look back, we wonder why some Owners' Corporations, and Mutual Aid Committees, in particular, exist in name only now. Some Mutual Aid Committees are operating normally only because some enthusiastic members have taken pains to maintain the operation. Has the Government summed up the crux of the problem? Can the functions of these groups be further enhanced? "Past experience, if not forgotten, is a guide for the future", if the Government does not sum up these experiences and lessons today, I am afraid that, when we sum up the experience of the \$300 million Community Investment and Inclusion Fund established by the Government three years later, we would similarly find that money would have been spent with little participation from the people.

Non-governmental organizations often lack professional talents and money. The organization of the disadvantaged has the heart to serve the kaifongs and grassroots and they hope that the Government would provide them with strong support and co-ordination in terms of resources. However, it is disappointing that some government departments, that is, the "yamen (衙門)" that we have mentioned, are far removed from the masses. Even if people approach them for assistance in person, they may ultimately meet with a rebuff. Many a time their strong enthusiasm, after several rebuffs, would have little left. For example, there are vacant flats in the old housing estates under the Housing Authority and the Housing Department, can such flats be rented to community or NGOs at preferential costs for use as offices or for organizing neighbourhood activities? Madam President, I met with a rebuff and was rejected when I did so. The departments concerned often emphasize that they are restricted by certain rules, so, even if the vacant flats have to be rented to community groups, the groups

have to file applications to the Inland Revenue Department for tax exemption and becoming non-profit-making bodies. How do the departments concerned define non-profit-making bodies? Even workers' unions are defined as interest groups because they only strive for workers' interests and they are sectoral interest groups. Hence, I hope that various government departments can review the outdated policies in the light of social development and adopt new concepts for more effective implementation of policies.

In Hong Kong in adversity, mutual care among people and the assistance and support given by community services are very important. In the longer-term perspective, to make Hong Kong a genuine cosmopolitan, it requires the Government to inject more resources other than promoting economic development and the community culture of mutual support and accumulating social capital.

With these remarks, I support the motion.

MS AUDREY EU (in Cantonese): Madam President, when the economy is in the doldrums and when there is disparity between the rich and the poor, it is appropriate for the Honourable TAM Yiu-chung to propose a motion on promoting community spirit.

As stated in the motion, this Council urges the Government to allocate additional resources to improve services, strengthen the community support network for the purpose of cultivating the community spirit of mutual support, care and love. However, Madam President, to cultivate the spirit of mutual love, we rely not only on money and it is most important for there to be an atmosphere of mutual love and understanding in the community. To this end, the Government must take the lead to eliminate discrimination, stigmatization and division in the community and create equal opportunities.

In recent years, social division has been aggravating in Hong Kong. Some of the disadvantaged such as Comprehensive Social Security Assistance (CSSA) recipients, mental patients and new immigrants are stigmatized and even rejected. Does not the Government of the Special Administrative Region have to shoulder some responsibilities?

I recall that soon after the reunification, the Government intended to reduce CSSA payments and the saying that "CSSA nurtures lazy bones" spread like wildfire. I am not sure if government officials were glad to ride on the trend to push through their end, but they had not refuted strongly at that time. During the right of abode in Hong Kong proceedings, in order to invite the National People's Congress to interpret the Basic Law to override the judgement made by the Court of Final Appeal, the Government stated that 1.68 million mainlanders would rush into Hong Kong with implications on medical care, welfare, education and other facilities, and it successfully caused the mainstream public opinion to side with the Government.

The 180 000 civil servants have recently become the target of attack by the Government. Earlier on, the Treasury published an anonymous complaint letter by a government typist, criticizing that typists are pretty idle. Is it appropriate for the Treasury to publish the anonymous letter with allegations that cannot be followed up? Is that what a responsible Government should do?

When the Government published the report on the review on public finance the other day, it mentioned that the liabilities would reach an astonishing \$2,600 billion 20 years later. The media views subsequently demanded the Government to reduce government expenditures on civil servants. It must be noted that the relevant figure has been calculated on the assumption that government expenditure would continuously increase at the existing rate. In fact, it is impossible for public expenditure to increase endlessly.

Madam President, I do not oppose reviewing the remuneration of civil servants and the civil service system, but the Government should convince people with reasons and it should never merely rely on public relations tactics to deal a blow at the morale of civil servants and induce social contradictions, which would ultimately upset social stability.

The motion today mentions promoting the development of the "third sector". Dr Edgar CHENG, former Head of the Central Policy Unit, pointed out earlier that Hong Kong should develop the third sector. And he also pointed out that if the existing mode of subvention for non-governmental organizations (NGOs) remains unchanged, it would become a black hole with a bottom that can hardly be seen, thus, they should try their best to raise funds from the people and be less reliant on the Government.

The remark made by Dr Edgar CHENG made us worry about whether the Government wished to use the development of the third sector as the pretext to reduce subsidy. In fact, NGOs play an important role in providing social services and promoting the community spirit and culture, and the Government should create better conditions for them. If NGOs constantly have to worry about everything, how could they serve the public wholeheartedly?

I do not oppose the injection of more capital by the people or the business sector. Through tax concessions, the Government can encourage enterprises or individuals to make donations or foster co-operation between enterprises and service agencies, and it can also encourage enterprises to let their staff participate in volunteer work. According to the survey findings published by the Government last month, the charitable donations took up 0.2% of the Gross Domestic Product last year but only 10% of the donations came from the business sector. The figures show that there is still ample room for growth.

To cultivate the community spirit of mutual care, the prerequisite is encouraging community participation. A survey conducted by the Agency for Volunteer Service at the end of last year showed that only 22% of the people had participated in organized volunteer work and there were only 11 000 active volunteers registered with the Agency. That Hong Kong people are not keen at volunteer services and have a weak sense of service is perhaps due to the fact that they do not have a sense of their identity as Hong Kong people and they lack a sense of belonging to Hong Kong.

To establish a sense of identity, it is most effective to start doing so from childhood, especially school education. The Government can make reference to the practices of Western countries and encourage or mandatorily require students to provide community services. Then, students can walk into the community and understand how people in different strata live. The Community Investment and Inclusion Fund to be launched by the Government soon should give priority to projects that encourage community participation, especially projects that would continue for a long time and are helpful to the establishment of community support networks. The community spirit of mutual support, care and love would then be cultivated.

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

DR DAVID CHU (in Cantonese): Madam President, the Government has injected substantial resources into social welfare. Nevertheless, asking the Government to assume all the responsibilities is not the most efficient and reasonable approach. Social welfare expenditure has already accounted for 12.5% of total government expenditure. Given that public resources are limited, the Government should mobilize more social forces to resolve social problems. Meanwhile, the establishment of community support networks and the development of the "third sector" are practicable directions in which we can take our work forward. The so-called "third sector" means voluntary non-governmental forces in the community other than government departments and service targets. These groups have their own financial sources and organizational structure, and they do not have to rely on the Government in whatever they do. In fact, social welfare organizations in Hong Kong used to operate without government financial support. Most of them started to receive government subsidies only in the last two decades or so. To deal with social problems by developing the "third sector" has become the trend in many advanced countries. For example, the United Kingdom has been actively advocating community support programmes in recent years, and the objective is to reduce its heavy burden in providing direct financial support to social services. Through the leadership of voluntary groups or NGOs, residents in the community are organized to contribute joint efforts in resolving various social problems within the community. We may refer to overseas' experience in the development of the "third sector" and enhance the functions of the community, in order to provide more support to families with problems.

In fact, a lot of social problems originate from individual families. However, by the time families have their own problems and when they need help and support, what organizations can they turn to? In the past, the community and neighbours provided most of the support, however, in the wake of social transformations and changes in the living environment, today's neighbourhood relationship is alienated, and the functions of the community have greatly diminished. A lot of family tragedies happened because the people involved have taken the problem too much to heart at a certain point. Had their neighbours been able to console them and show concern in daily life, they may have been able to sense the abnormal behaviour before it was too late, and those tragedies should have been prevented. For this reason, cultivating the community spirit of mutual support, care and love among residents is one of the effective ways to mitigate domestic problems. However, it is not an easy task to achieve these goals. Besides the provision of necessary support to all NGOs

and residents, the Government should take concerted actions in its policies and measures in various aspects, in order to build up a suitable social milieu. For example, the Government should promote community education and encourage social integration, mutual understanding and mutual care among different social strata, with a view to achieving social harmony.

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

DR RAYMOND HO: Madam President, when a society is in prosperity, generally speaking, people will not have much to worry about. They do not need to worry about food, shelter or money. They have less stress in life. It is because the unemployment rate in a well-to-do society is usually low and people can satisfy their basic demands with their income. However, when a society is in economic doldrums, it will have to face many social problems. For example, the unemployment rate and the number of people committing suicide, family violence or other criminal offences such as theft and robbery will be on the increase. Hong Kong has been in economic depression for several years. Other than finding ways to solve our economic issues, our Government should find ways and means to solve these social problems as well. In my opinion, promoting community spirit may help alleviate the problems.

Over these years, news about suicide was reported from time to time. Some people committed suicide because they had lost their employment or were worried that they would be made redundant and remain out of a job forever. Undeniably, the unemployment rate in Hong Kong keeps on rising. The last unemployment rate reported was 6.1%, but the latest figure has already risen to 6.7%. It is expected that it will continue to climb. Under these circumstances, it is possible that the number of suicide cases and incidents of family violence will increase as well.

Even though the Government has already launched various programmes to provide short-term employment vacancies, news about layoffs are reported almost everyday and unemployment is still one of the major reasons leading to suicide in Hong Kong nowadays. In my opinion, while financial difficulty is a major reason in suicide cases, the psychological conditions of those people who commit suicide cannot be neglected. Some people are worried about their future so much that they commit suicide even before the actual problems occur. I do feel that if people have a more positive outlook on life and the future, they

will have more confidence in themselves to face various kinds of difficulties and will treasure their lives more. Therefore, the spiritual support of family members, friends or even neighbours is very important. Although people in trouble can ask social workers to help them or listen to their problems, social workers sometimes are not close to them geographically and they need to handle more than one case at the same time. Family members, friends and neighbours can act as counsellors as effectively as social workers, so why not encourage people to talk to those in difficulties and share with them their problems when they are in low spirits?

Community spirit is not common in Hong Kong at present. I think that our Government should promote the idea of the "third sector" to the public, encourage people to share their feelings with other people and offer help to those in need. By doing so, people will be able to live in harmony and the rate of unhappy events such as suicide and family violence can hopefully be reduced.

Madam President, I so submit. Thank you.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, in recent years, discussions of the third sector have emerged in the West. What this means is that instead of the Government or private sector organizations, voluntary organizations will provide social services or community self-help, in order to solve the aggravating social problems. The Government of the Hong Kong Special Administrative Region (SAR) is catching up with this trend as well. Dr Edgar CHENG, former Head of the Central Policy Unit, has repeatedly suggested the development of the third sector. It must be pointed out, however, that the objective behind the advocacy for the development of the third sector by the SAR Government and the governments of Western countries is to make the community solve its own problems. In other words, this means that the community should be financially less dependent on the Government. It is certainly a good thing for the Government, which is whinging about its short of funds every day, if the "black hole" of public expenditure can be filled up. It is sad, however, to note that the attitude taken by the SAR Government on the third sector issue is that it is only trying to reap benefits out of the third sector but it does not want to make any investments. The result of this is that the community is forced to solve all the problems by itself, and when that fails, it is left alone in destruction.

One of the roots of the problem is that the greatest objective of the Government in developing the third sector is due to financial considerations. For the Government, developing the third sector is meant to reduce the expenditure on public services. With this major consideration in mind, the resources which the Government gives to public organizations will be reduced. Then how can quality services be provided? When the ultimate goal of community development is to let the community resolve its own problems, then would this be a correct approach to take?

When the government approach is cutting resources, it is hard for the third sector to gain any growth. Once resources are cut, it is only natural that service quality will decline. What good will it bring to the community? The foundation of the third sector is the so-called social capital, such as confidence in the community and the support for it, as well as the spirit of mutual benefit among the residents. All of the above can only be established with the input of resources. But unfortunately, what the Government is doing is exactly in the opposite direction. It has scrapped step by step programmes of community organization, such as the neighbourhood community development schemes which I have often mentioned. These schemes should be of great help to effective community organization work, but the Government has ignored them. This has caused a lack of effective organization at the community level, giving rise to many problems in respect of community solidarity and development. In addition, there seems to be a fear for the growth of the communities displayed in government policies, instead of showing a concern for it. The policy of lump sum grant subvention launched recently aims at allocating resources among the voluntary agencies by way of tender. As a result of this, voluntary agencies are forced to offer a low price and they have to compromise the quality of their services. When resources are scarce, some of the extra organization work done in the past has to be dropped. Problems also arise in these voluntary agencies, for the staffs are threatened by layoff and "downsizing", and so on. When the staff are faced with such difficulties themselves, how can they help the residents to develop their community with full commitment?

In our opinion, if the Government continues to develop the third sector with the major objective of saving resources, that will ultimately evolve into another form of contracting out services. When services are contracted out, it is hard to ensure their quality. Hence, community development can never be effective.

Another problem related to the development of the third sector is that there is a lack of matching policies and administrative measures for it. The recycling

work which I have helped some community groups is an example. We all know that recycling is beneficial to the environment. It can protect it as well as create jobs. Unfortunately, only the Environment and Food Bureau is there to offer any help. All other departments simply sit back and do nothing. Some of the groups wished to rent some premises in public housing estates, but they were required to pay rents at market rates. How can these groups afford the rents? In addition, the subsidy which the Environmental Conservation Fund granted to these groups was only one third of the amount which they applied for, and the subsidy approved did not include expenses on fitting and decoration, and various utilities charges. The funding which the groups get in the end is small, but they still have to accept it as there is no other choice. With such a meagre grant, how can the groups go about doing the things they really want to do? Even if these groups can start their work in the end, the lack of funds will greatly undermine the effectiveness of their efforts.

The recycling work mentioned by me just now can promote solidarity among the residents of a community, and it can also create employment and improve the environment. The Government should therefore put more efforts into promoting this kind of work. It is unfortunate to see government departments just care for their own business and there is no co-ordination between departments like the Labour Department, the Housing Department, and so on. What good is this and how will this help the development of community groups? If we want to promote the development of the third sector and if government departments are nonchalant and uninterested about this, how can community groups sustain their work?

Madam President, if the Government is serious about the development of the third sector, then it should commit more resources to assisting community work, fostering solidarity and promoting a common ground among the residents. It must not do exactly the opposite by slashing community resources right from the outset. I also hope that there can be better co-ordination among different Policy Bureaux.

Madam President, even a kid knows that one has to put in efforts before one can expect to achieve anything. The Government should not just hope that the goal of developing the third sector or community self-help is achieved while it completely ignores the responsibility it has to shoulder and the resources it should put in.

I so submit.

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, people who live in an old tenement building or a village often visit their neighbours. They would chat just about anything and they would share good food with one another. They would care for each other and offer help when anyone is in need. All in all, they are like members of a big family. But now one can only find these scenes in a movie or in television drama. In the 1960s and the 1970s, in the squatter areas or in the public housing estates in Hong Kong, the relationship between neighbours was close. With the take-off of the economy and the emergency of high-rise buildings and private housing estates, people move into suites and the former close contact among neighbours just start to disappear. After living in the same building for many years, many people do not even know the names of the people living next doors and there are also a lot of people who have nothing to do with their neighbours even till their dying days. Friendship with neighbours just ceases to exist. In my opinion, even as society changes and the relationship one has with his or her neighbours may take on another form, the spirit of mutual support in the community must not be abandoned.

Human needs are both spiritual and material. The promotion of the community spirit can help satisfy people's spiritual needs in social life, self-respect and self-actualization. Even in the virtual world on the Internet, people still want to form cyber communities, foster a close link with friends and enhance their sense of belonging to the website they belong. From this we can see the importance of communal life to human beings.

Quite a number of family tragedies happen because people are unable to bear the problems they have and they may want to put a drastic end to their problems. If these people can get a helping hand from their friends and neighbours, these tragedies will have been avoided. In the prevention of emotional disturbance, help from neighbours are often more effective than that from social workers. On the prevention of family tragedies, apart from providing more support and counselling to families, a more effective way is to cultivate the community spirit of mutual support. What the Government can do is to mobilize through voluntary agencies members of the public to take part in community work and build up community support networks. With the help of their neighbours, families with problems will not be left alone and helpless. Their potential risks will be discovered in time and followed up by social workers when necessary, so the time bombs in family tragedies can be defused before they explode.

The Chief Executive mentioned in last year's policy address the setting up of a \$300 million Community Investment and Inclusion Fund to encourage

mutual concern and aid among people. This is a good start that should be welcome and supported. We hope that the Government can encourage the business sector and members of the public to give donations to the Fund, motivate the public to develop their own initiatives, provide more resources, strengthen community networks, and provide better support to families and services for the physical and mental well-being of young people, women and the elderly. These will hopefully improve the quality of living in the community, enhance social cohesion and build a more harmonious and caring society.

The promotion of the community spirit will help prevent and alleviate the problem of youth gangs and will make school education more effective. At this time of an economic downturn, the people of Hong Kong should adopt a positive approach to life and they should develop a readiness to help others. Neighbours should help and care for each other, making our society a more caring one. The Government should make more publicity on live examples of people helping themselves and others, and promote sports and leisure activities in the community and parent-child education activities. Voluntary workers teams should be formed to offer support to the socially disadvantaged in the community. These teams can visit the elderly singletons and families living in caged homes. Other activities like the collection of used textbooks and temporary child caring service, and so on, should be organized. All these activities will promote mutual aid in the community, foster greater community cohesion, and build a peaceful, healthy and happy community. All in all, if efforts can be made to promote the community spirit, to foster better communication among neighbours so that the people can offer comfort and encouragement to each other, it will help people solve their problems on the one hand, and build a greater sense of mutual help among neighbours on the other. Then they will be able to tide over their difficulties and build a better future together.

With these remarks, I support the motion.

MR LAW CHI-KWONG (in Cantonese): Madam President, I rise to speak on behalf of the Democratic Party in support of Mr TAM Yiu-Chung's motion.

Today's motion is concerned about the economy, which is in the doldrums, people under pressure, and suicide and family violence. There are three broad themes in it. The first one is about allocating additional resources to improve services; second, promoting the development of the "third sector"; and third, community development. Since the three themes are broad and appear in the same motion, I can only conduct a focussed discussion on each.

The Democratic Party certainly agrees that in dealing with such problems a pressure, family violence and suicides, there must be additional resources allocated to improve services. We must, however, not lose sight of the mode, the means, the framework and operation through which services are provided. If improvement can be made in these areas, effectiveness can be improved.

In dealing with family violence, in particular, we must look at the relevant laws, such as laws on family violence, child abuse and the numerous arrangements relating to divorce, since many cases of family violence are related to marital or divorce problems. Indeed, we must look into the reform of such laws.

Of course, another important issue is family policy. Last year, I moved a motion debate on family policy. Often times, a friendly community environment and a friendly work environment to engender harmony, co-ordination and mutual help among family members are related to the general social policy. So, work should be done in this area.

Family violence involves a range of issues, which the Panel on Welfare Services will discuss at the next meeting, when I will submit papers on detailed issues relating to family violence, various legal aspects mentioned just now and other matters we have to deal with.

The third sector does not just refer to social services. I heard earlier many different definitions for the third sector, one of which is the group of organizations outside the "Government" and the "market", such as non-governmental organizations (NGOs) we often refer to. The so-called NGOs by and large refer to that group. However, the problem is that NGOs, being inclusive of non-governmental organizations, may lead people to misinterpret the third sector as inclusive of profit-making organizations. Thus another name called non-profit sector emerges, which subsequent evolution calls the non-profit sector as the third sector. Therefore, I hope Members may think about the promotion of the development of the third sector as related to more than just social services. It should include other types of services, such as those provided by non-profit-making groups on culture and recreation, and they also belong to the third sector. They also constitute an important component in the development of the civic community. If we can do well in cultural and recreational activities, we can indeed eliminate many of the problems relating to violence and the family and we can enhance harmony in the community. This is a perspective entirely from the point of view of the development of the

community, not just that of the development of social services. Obviously, the development of the third sector is an important factor in the development of the community as a whole.

What are the problems now facing the third sector in its development? One of the big problems is the urgent need for modernization and professionalism in the organizational management of the third sector. Very often, people working in the third sector regard themselves as a general executive or a general secretary so that much is left to be desired in the area of management. We must therefore promote modernization in the organizational management of the third sector, and yet in terms of operation, the professional development of its members is also very important. Obviously, the development of the third sector (as many colleagues have mentioned) means the development of resources, which involves fund-raising. Among the many developed regions, Hong Kong is the only place without the so-called fund raiser organizations to deal with fund-raising activities with self-discipline. There are however many international organizations of this nature to promote fund-raising activities in other parts of the world. If there were fund raiser organizations, fund-raising would be made more effective and solutions would be found to allay doubts cast on the transparency and payment of commissions involved in fund-raising activities. This is what should be done in promoting professionalism and in assisting fund-raising activities.

Certainly, there is another issue, a very important one, which is that we should not treat the third sector as a government department. However, the two should have a division of labour. Indeed, the third sector, being a sector, should in fact operate closely with the other two departments (that is sectors). How do they foster a partnership? The Government, enterprises and the third sector organizations are very important to future development. As I said just a short while ago, the wide range covered by the third sector is certainly too wide to be put under the full responsibility of the Health and Welfare Bureau as it is today. We can imagine that the range of work may possibly be related to the Leisure and Cultural Services Department or the Home Affairs Bureau, or even some non-profit-making groups or organizations. I do not know whether the Hong Kong Tourism Board is a non-profit-making organization — it should be one conceptually and so it is another third sector entity. So, there are many issues to tackle.

The third theme is about community development. In this Council, I have raised many issues about community development and I totally agree with

Mr TAM Yiu-chung on the arguments mentioned in his motion. Regardless of what is said in the motion, the crux of the problem lies in the absence of a Policy Bureau within the Government to take charge of matters in connection with community development policies. Of course, in conceptual terms the policies should be the responsibility of the Home Affairs Bureau but the Bureau has never regarded the policies part of its portfolio. The Community Investment and Inclusion Fund is a good beginning but the work is now handed over to the Health and Welfare Bureau, whose Secretary always said I handed the work over to him. I do hope the Government can define its position clearly by assigning a Bureau to deal with community development as part of the development of the entire community. I hope Dr YEOH, Secretary for Health and Welfare, may take up the responsibility of community development as a matter of policy. The corresponding measures should emerge gradually. Thank you, Madam President.

MR HENRY WU (in Cantonese): Madam President, I support the motion on "promoting community spirit" moved by Mr TAM Yiu-chung. I think no one will oppose promoting the community spirit and so I would not spend time talking why the community spirit should be promoted. The focus of my speech will be on why the third sector should be induced to realize the community spirit.

To promote the community spirit proactively and effectively, the participation of the third sector is indispensable. The so-called "third sector" means the non-profit-making voluntary agencies or voluntary workers groups which do not belong to the Government or business institutions. These are the civilian groups. There are lots of advantages of organizing community activities through the civilian groups and some Honourable Members have mentioned them earlier in the debate. I would just like to dwell on the following four points:

First, the flexibility of the institutional framework and the scope of the activities of the civilian groups can raise efficiency and increase cost-effectiveness;

Second, using the civilian groups to encourage more participation from the public will help mobilize the potentials for such work in the people;

Third, with public participation and contribution, it is hoped that public commitment to solving social problems can be enhanced;

Fourth, public participation can further enhance social cohesion among people from all walks of life.

There are quite a number of civilian groups and voluntary agencies in Hong Kong which are actively developing the community spirit and building community support networks. Work in this area has always been in progress, only that it has not received enough concern and attention in society.

Therefore, the motion today makes a lot of sense, for it can make the Government and the public reaffirm the importance of community spirit and the third sector. At this time of economic hardship and high unemployment rate, the pressure of life and the pressure of work which the people are experiencing has made the community very much like a pressure cooker with pressure slowly building up inside. If the pressure inside the cooker is not released, then one day it is bound to explode. To release pressure, one has to let go of oneself and one of the ways is to talk to other people. So a community support network can play an important role in this respect.

One of the ways of relieving the pressure in people is the phone-in hotline which gives people an outlet to air their grievances. As the Chairman of the Executive Committee of The Boys' and Girls' Clubs Association of Hong Kong, I know that the Association offers a telephone counselling service for children. Over the past decade, the service has lent a listening ear to the large number of children who call in and share their problems. The number of calls received rose from about 3 500 in 1997 to more than 6 000 within a short span of four years. The number of calls received has almost doubled. From these calls, we know that apart from study problems, the children are most disturbed about the relationship with their parents. Problems with the parents are increasing in recent years. We know from these calls that very often parents tend to vent the pressure of life they experience on their children, often unknowingly. Some Honourable Members mentioned earlier that the rise in family violence cases like beating up and scolding the children reflected such a state of affairs. So with regard to the major goal of promoting the community spirit, we should never neglect the children who are relatively more passive than the adults.

It is an indisputable fact that the pressure of life faced by the people of Hong Kong is becoming heavier. It is believed that we will have quite a long time of economic hardship. People as individual members of the community,

the community as a whole and the Government will all have to fight a hard battle and undergo a severe test.

At this time of adversities, I think the people of Hong Kong who have seen so much of the rough times will cling on to the spirit of perseverance and equip themselves to face the hardship. When the rough times are over, they can stand up again quickly with renewed strength. In addition, we ought to encourage mutual support in our community, foster cohesion and unity, give full play to the forces of the third sector, enhance the capabilities of individuals and families in community development and solving their problems in life, and to prevent family violence, so that people from all social strata and groups can live peacefully and show their care and support for each other.

The role to be played by the Government in this is not just avoiding social division when formulating policies, but also ensuring efficient use of resources. The latter should be made a vital long-term objective. In fact, the amount of public expenditure on social services in recent years has risen from \$20.8 billion in 1997 to \$30.2 billion this year. In last October, the Chief Executive proposed in his policy address the provision of an initial \$300 million grant to establish a Community Investment and Inclusion Fund to promote mutual concern and support in the community. All these are illustrative of the determination on the part of the Government to improve social services.

It remains, however, that irrespective of the amount of resources provided, there is a ceiling to it. Therefore, resources must be used most efficiently, so that various efforts in the promotion of community spirit can be carried out effectively. Such efforts especially apply to the provision of support to families and encouragement given to the business sector to offer training opportunities for those who need them. These are two aspects to which the Government should pay extra care.

Madam President, I so submit.

MRS SELINA CHOW (in Cantonese): Madam President, with the economy in the doldrums and restructuring progressing, social changes in Hong Kong are rapid. Inevitably, this will bring about a lot of social and family problems. As mentioned in the original motion, the sluggish economy makes people live under

immense pressure and a host of social problems arise. I think this is a concern shared by all Honourable Members.

The original motion suggests the Government to actively promote the development of the third sector, so as to make more civilian groups organize more community mutual aid programmes at their own initiative and to promote mutual support in the community. The Liberal Party supports such a policy direction for if government efforts in this respect are done well, not only will the life of the people be improved, but their sense of belonging to the community can be enhanced too. The financial burden of the Government in terms of welfare expenditure can be eased as well.

Take the example of the time voucher system put on trial by the St. James Settlement in Wan Chai, the residents there can offer their skills to serve other residents and they can exchange goods and services in return on an equal basis. This kind of self-help scheme can foster a sense of partnership and mutual support among the residents and make them more self-reliant. This will in the end ease government burden in terms of welfare spending and of manpower and other resources.

Therefore, the Liberal Party is of the view that the Community Investment and Inclusion Fund as proposed by the Chief Executive in last year's policy address is a good idea. The objective of setting up the Fund is to give priority funding to schemes which foster participation in community affairs, and those which target at the grass-roots neighbourhoods and the disadvantaged social groups with a view to improving community services. This move made by the Government is the first and a vital step in promoting the development of the third sector.

It goes without saying that the Liberal Party hopes that the Government can start its work in respect of the Fund at the soonest, but we are also concerned about the practical results which this Fund can bring. For in the past the Government has made grants to set up various funds, but it is doubtful whether these funds are well spent and have met the targets they have set out to achieve. So in the view of the Liberal Party, the authorities concerned should try to perfect the operational details and supervision of the Fund so that the money can be spent in the best way.

Madam President, during the past 10 years or so when our society made such tremendous progress and when a lot of social capital accumulated, our

investment on social welfare and social services increased as well. We are talking about a great need. But growth in this respect should not be something taken for granted. We all understand that any form of excessive welfarism will only undermine the competitiveness of a society.

Over the past few years, government spending on welfare rose from \$14.1 billion in the year 1996-97 to \$29.8 billion in the year 2000-01. The growth in welfare spending during this five-year period has been amazing and this also shows welfare spending has become a heavy burden on society.

We are now facing a serious budget deficit crisis. Things have become different from what we used to have in the past. Can we now add more funding to each and every kind of social service without ever giving serious thoughts to it? In such circumstances, the Liberal Party thinks that besides trying to improve community services, the Government should also make a serious review of the existing resources, to see whether they are fully utilized and how they can be redeployed to ensure that the kinds of social services which are in most urgent need can be accorded priority in the allocation of resources. This will also ensure that public resources used in the provision of social services are all put to the best use.

For this reason, the Liberal Party has some reservations about the motion moved by Mr TAM Yiu-chung today. Our opposition has nothing to do with the work or the objectives proposed. It is due to Mr TAM's mention of the need to increase resources. If it is said that resources are to be deployed so that they can be used more effectively, then we will surely not raise any objection. But Mr TAM's motion clearly states that additional resources are to be allocated, so the Liberal Party has reservations about that. As the Government now faces shrinking revenue in many respects and its efforts in cutting expenditure have not been that effective, so if we want to increase spending to improve the provision of services, I think we will ask, "Is this a real wolf or a fake wolf?" We may have to face a wolf which is growing in size. I believe that will impact even more seriously on society ultimately.

I so submit.

MR FREDERICK FUNG (in Cantonese): Madam President, we can often read in the papers these days stories of suicides and family violence. The number is

so great that it can be said to be unprecedented. Economic factors may of course be one of the reasons leading to such social problems. Another factor which cannot be overlooked is the weakening of the functions performed by families. In the past, the traditional Chinese family with its great size provided a closely-knit network of support for its members. When people came across any problems, they would quickly get support and help from other members of the family. But with the changes which have taken place in society, a continuously increasing number of nucleus families, and coupled with the weakening of the importance people attach to families, families fail to play the vital role of providing support as they used to in the past. So if family members meet any crisis, not only will other relatives unable to offer any help, even their next of kin may be unable to give any immediate help. Hence, family problems are becoming more serious than ever.

To offer a solution to this state of affairs, I think the Government should provide some resources and devise some matching policies to strengthen the functions performed by the family. More support should be given to families. The concept of the family should be enhanced in the people. All these will help make a person's home his last refuge rather than a place for conflict and strife.

Mr TAM Yiu-chung's motion emphasizes promoting the development of the third sector to cultivate the community spirit of mutual support, care and love among residents. I agree very much with this point. I would like to raise four points here which I think the Government should pay attention to when developing the third sector.

First, with respect to promoting mutual support in the community, I think there has to be some changes in the lifestyle, thinking and values of the people. Take the Clean Hong Kong Campaign as an example. The Government has used more than 10 years to promote it, and it is only after 10 years that the effect of the Campaign can be seen. If a favourable social climate is to be formed, I would think it will likewise take a very long time. So to promote the development of the third sector, a long-term approach should be taken. The Government should not expect any marked achievements to be seen in a short time, and it should not give up when no achievements are seen or very few people take part in it.

Second, in promoting the development of the third sector, emphasis should be placed on the participation of the public and their playing a central role. This will enable the public to bring their potentials and creativity into full play

and to seek innovative breakthroughs in the service delivery mode adopted by the voluntary agencies and subvented organizations. As many members of the public lack experience in this respect, the Government should not use economic return as a criterion to measure the success of promoting the third sector. Such efforts should be seen as a kind of social investment and in the process the public should be encouraged to form a mentality of caring for their community so that their sense of belonging to their community can be enhanced.

Third, when promoting the development of the third sector, other countries and places will encourage private sector participation, so as to increase the social resources for the development of the third sector. As a matter of fact, many private sector organizations in Hong Kong sponsor and take part in community concern activities, such as paying visits to the elderly and improving community facilities. The Government can draw reference from overseas experience and encourage and invite private sector participation. Also, the Government can play the role of a co-ordinator to act as the bridge between private sector organizations and community groups, thereby fostering co-operation between both.

Fourth, in promoting the development of the third sector, the Government should encourage mutual help among members of the public. However, I hope that the Government will not use this as a reason or excuse for reducing its commitment to social services, or to shift the responsibility for social services or their expenses onto the public.

To promote the development of the third sector will certainly bring about monumental changes to society, especially in changing people's values. The contribution in this respect is very great indeed. The setting up of the Community Investment and Inclusion Fund is a good start, but in our opinion, this is not enough. We need to gather more experience in this respect, make a review of its effectiveness and make further efforts to promote it. I do not wish to consider the plan from a negative perspective, I only hope that the Government can take all factors into consideration, especially the needs of the community groups and the public, when it promotes this Fund and the development of the third sector. I hope such needs can be accorded priority and that the Fund can still be in operation after three years, so that it can continue to make contribution to the development of the third sector.

I so submit. Thank you, Madam President.

MR MICHAEL MAK (in Cantonese): Madam President, with the slowdown of the economy and the increasingly heavy financial pressure faced by the public, the entire Special Administrative Region is overwhelmed by fears of layoffs, pay cuts, overtime work, and so on. Many people are not happy and they are in low spirits. The unemployment rate as announced by the Census and Statistics Department recently hit an all-time high of 6.7%. Some scholars have described the situation as precarious. Moreover, family tragedies occur frequently and the cases are getting more and more horrifying. It looks as if there is nothing worth celebrating for at this time of the Chinese New Year and there is nothing positive in the outlook of our society.

In the wake of the financial turmoil, there appears a social class of owners of negative equity assets. They are under constant financial pressure and they are disillusioned with their future. It is tragic when people have lost their reason to live as we can see many people kill themselves because of great financial stress. How can the Government do nothing about these tragedies?

Madam President, I have more than 20 years' of experience in serving the mentally ill and doing community service, I think that if people are constantly under stress, fear, anxiety, boredom, pressure and worries, they are very likely to suffer from mental illness. Figures provided by the Hospital Authority show that the number of people hospitalized because of mental illness has been constantly on the rise, from 9 407 in 1996-97 to 13 623 in 2000-01. In such a short span of five years, we have seen an increase of 45%, and the situation is indeed worrying.

In fact, one of the ways of coping with pressure is to share with friends and relatives. For those without relatives, a good relationship with the community, and the care and comfort from neighbours are a coolant for these lone fighters in the heat of life's battle. It is sad to see some people who are not so capable of coping with their emotional problems will find themselves in great troubles when they are hit by problems like unemployment, and so on. If they do not know how to vent their pressure, they may release it onto their family members, or even choose to end their lives.

Promoting the development of the third sector and encouraging mutual support among the people at their own initiative, thereby strengthening the community support network and optimizing the social capital, will have positive effect on the prevention of tragedies and enhancing social cohesion. The

famous scholar in political science and sociology, Anthony GIDDENS, in the book entitled *The Third Way* published in 1998, states that to resolve social problems, the government should join hands with communities so that the latter can foster good relations among the residents at their own initiative. And one of the indispensable element is help from the third sector.

The third sector is a force in the community besides the Government and the private sector market. The functions it produces in co-ordination, cohesion and mutual aid are actually important functions produced by resources in society. They are essential in upgrading the quality of our society and can check erroneous ideas from the outset, thus preventing the incidence of tragedies.

However, to develop the third sector does not mean that the Government can slash substantially its expenditure on social welfare and sit back and do nothing about it thereafter. Commitment will have to be made continuously. The Central Policy Unit commissioned a consultancy study last year on the role of the business sector in promoting the development of the third sector in Hong Kong. The study report points out that donations from the business sector account for about 10% of all the charitable donations in Hong Kong and amount to at least about \$1.4 billion. Their support for the third sector is of great importance. However, as our economy is caught in a quagmire, donations from the business sector cannot be taken for granted. Therefore, the Government has to take up the responsibility to maintain the welfare system and give assistance to the disadvantaged groups in society through the funding it gives to the third sector. On the other hand, the Government should devise policies which will match the efforts of the third sector and refrain from making bureaucratic interventions and impose harsh demands on these organizations. For so doing will hamper their flexibility. Only in this way can the third sector be given room to develop successfully and the needy be really given the assistance they require.

With these remarks, I support the motion.

MR LAU PING-CHEUNG (in Cantonese): Madam President, the slab public housing blocks completed in the 1960s and 1970s are not as good as the harmony blocks completed in recent years, whether in terms of facilities, designs and area per occupant. But all of us would admit that when it comes to neighbourhood ties, there is much more harmony in old public housing estates than in harmony blocks or concord Home Ownership Scheme blocks. One possible explanation

is that the design of old public housing estates was very poor, with windows that did not allow natural convection of air currents. Besides, society at that time was less affluent; very few tenants could afford air-conditioners, or the electricity capacity of housing estates was simply unable to accommodate air-conditioners. In any case, it was very hot and stuffy in public housing units. So, in order to let fresh air in, most residents would keep their wooden doors open and hang pieces of cloth on their metal gates. This of course would sacrifice their privacy, but it was precisely because of this lack of privacy that tenants were able to "understand" one another much better. Interpersonal relationship and communication improved, thus nurturing the virtue of neighbourhood care.

In contrast, with increasing material affluence, most families have now installed air-conditioners, and they no longer have to keep their wooden doors open for ventilation. That way, neighbourhood communication has decreased. Madam President, this is indeed a big irony in the age of material affluence.

The third sector is a solution to social problems much advocated by sociologists in recent years. The Community Investment and Inclusion Fund proposed by the Chief Executive in the policy address last year has roughly the same functions and objectives of promoting community participation and strengthening community networks. At this time of economic downturn, it will be most meaningful if this spirit of mutual concern and aid among neighbours can be realized in some mutual aid schemes.

In an age of drastic and rapid changes, it is no longer possible for a person to solve his problems all on his own, and outside assistance is required. Social workers are trained professionals, but because of resource constraints, we cannot possibly rely entirely on them to solve the many different sorts of problems. One example is the problem of "night drifters". When we find the problem worsening, we set up teams to locate these youngsters who like to hang around at night and take them to safe places. Then, when problems with the elderly become serious, we immediately set up many different kinds of centres for them. But eventually, we may really have to ask, "Does society really have the unlimited resources to cope with all those ever-changing social problems?"

I am very glad to learn that many voluntary agencies, motivated by the concept of the third sector, have started to recruit volunteers in the community, or set up "service for service" schemes, to provide assistance to those in need. And, those thus assisted have also helped others to solve their problems.

Madam President, I belong to the architectural sector, and I know that in the United States, many architects are building houses for the poor without asking for any payment. The designs of these houses have been simplified, so that even laymen can help in the construction process. Poor people who have no money to buy construction materials can help others construct their houses and earn "work hours" to redeem houses. I understand this is not practicable in Hong Kong, but I believe we can work out some other alternatives. For example, the Housing Authority has recently sent a delegation to Japan. Although I was not a member of the delegation, I have still read its report, and from it, I learnt that the designs of housing estates in Japan are all very simple, with lots of public areas reserved for residents' social activities and functions. I hope that when developing our own housing estates in the future, we can learn from the experience of housing estates in Japan and reserve more public areas for residents' social activities. That way, the spirit of mutual aid among neighbours can be cultivated.

With these remarks, I support the motion.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, the poor economic conditions and massive unemployment in recent years have led to increasingly serious family problems. Divorce and domestic violence are the frequent subjects of news stories. "Poor couples often have quarrels", as the saying goes. And, the several family tragedies that occurred in the past two months have really saddened us very greatly. All this is in fact just the tip of an iceberg. Government statistics show that the number of domestic violence cases last year was more than 34 000, representing an increase of 20% over the 28 000 or so cases recorded in 1997-98. Of the 66 homicide cases last year, 28 cases, or nearly 40%, involved domestic disputes. Besides, requests for assistance due to family problems have also been on the rise. The number of hotline cases received by the Harmony House has risen also by nearly 40%, from some 4 830 in 1997-98 to about 8 100 in 2000-01. All this shows that more and more people are now frustrated by family problems which will not only hurt adults, but also inflict immense harm on children in their mental growth.

Madam President, if we recall what the society of Hong Kong was like between the 1950s and 1980s, we will notice that the relationship among family members, workmates and neighbours was very harmonious. Everybody was ready to help one another out, to care for one another. This was particularly the

case in public housing estates, where neighbours got along harmoniously, where people living in the same street all knew each other well. In this way, community networks were established, slowly, and, unnoticed. Unfortunately, when economic restructuring later came, everybody found it necessary to lead a busy life to make a living. As a result, alienation set in. This has been compounded, as also mentioned by the Honourable LAU Ping-cheung, by the development strategy for our new towns, which tears all original community networks apart. The redevelopment of old public housing estates and urban renewal have also undermined community networks. As a result, community mutual aid and solidarity has become much weaker than before.

In the 1997 policy address, the Government highlighted its hope to bring forth a caring society, but after this, the Government does not seem to have done enough in this direction. Actually, the Government can materialize this hope, turn our society into a caring one, through the implementation of integrated policies. It is precisely for this reason that over the years, the Legislative Council has been urging the Government to formulate a family policy to rectify the lack of co-ordination in this respect. But having listened to the views on this issue, the Government has not tried to tackle the problems resulting from fragmented policies. Eventually, all these problems have surfaced one after another over the past few years of economic difficulties.

Madam President, in the recently announced policy address, the Government proposes the establishment of a Community Investment and Inclusion Fund. The Hong Kong Federation of Trade Unions (FTU) thinks that this is a very significant measure, signifying that the Government has taken the first major step. But how can this Fund help re-establish the original community networks, now already faded and fragmented? The establishment of the Fund is of course important, but what is even more important is how the Government is going to make use of this Fund and work with non-government organizations to deal with our existing social problems. The establishment of the Fund is just the first step. The Government should do much more than that.

For example, I have been advocating the establishment of a small-business economy. I suppose this is one possible way of building up community networks in Hong Kong. Hong Kong is mainly a market economy, and for this reason, the Government of the Special Administrative Region (SAR) has been adopting a policy of non-intervention. But in reality, in the process, many small businesses have gradually been engulfed by large, monopolistic, consortia.

As a result, it is now very difficult for small businesses to gain a footing in the market. But the Government must not overlook the significance of small businesses. As pointed out by Mr LAU Ping-cheung, town planning in Japan is characterized by the reservation of huge areas for the development of small businesses in individual communities. Why have we not done so? I believe the existence of such small businesses will gradually help us re-establish our community networks. When I was small, I lived in Lee Tung Street, where the kaifongs in the whole street were all friends. At one end of the street, there were some cooked food stalls, and at the other end, fruits were sold. We all knew one another well. Very often, when parents were busy and we children played in the street, many kaifongs would come and look after us. Actually, similar small businesses can over time eliminate the alienation and divide found in some communities. I think the Government should consider this idea.

But how can community networks be established? In this connection, the most important point is how the Government is going to create the right kind of environment and atmosphere that can foster mutual trust and aid among people. In this regard, besides government efforts, the role of the third sector is also very important. The Government has admitted that some problems can only be solved by the third sector. That is why in the 2000 policy address, the Government stated that if we were to solve our problems and upgrade the quality of society, we would have to develop the third sector. Of course, as pointed out by some Members, it will not be acceptable to us if the Government focuses only on developing the third sector and ignores its responsibilities or simply stands aside with folded arms. On the development of the third sector, there are in fact many areas that need promotion, and we should seek to promote them in conjunction with the existing service providers. For example, it is also very important to find out how we can make use of our taxation policy to get money from more people in the community (including wealthy capitalists who have reaped so much profits) for the Fund and for the development in this respect. I think that if the Government always looks at the third sector from the perspective of saving resources, it will be taking the wrong direction. The building up of the third sector is conducive to our efforts of fostering community care and concern.

Madam President, I think the most pressing task before the Government now is that it must try to identify the causes of our neglect of community care and concern during our development over the past few decades. One reason for these problems is that society has all along emphasized the individual as the

centre of development. But mutual concern, care and aid within society are also very important. It will be very good if, before we take any step forward, we can just consider how we can foster more care and concern, because this is indeed very important. I think (as was once raised by the SAR Government) that in the area of labour relations, the offering of more holidays and assistance by employers to employees also counts a lot.

Madam President, it seems not at all appropriate of me to raise all these points at this time of economic difficulties. But I must say that during a recent seminar organized by an organization, I noticed that some employers were in fact willing to do this, because they thought that although employees could no longer bargain anymore, they were still valuable assets of their companies. How we can enable employees to enjoy more leisure and more room is very important. I hope that the Government can take the lead in promoting such a culture. Thank you, Madam President.

MISS CHOY SO-YUK (in Cantonese): Madam President, perhaps due to the fact that I grow up in a village I find it particularly impressed by helpful neighbours and the mutual care shown among them. The sense of identity and the sense of belonging may sound very abstract apparently without much substance. Nevertheless, it is this intangible but important nature of these senses that provides its members a safety net. When they are confronted with frustrations, their feeling of being a member of the community and being cared for will certainly help them get over their *contretemps* though substantive assistance may not be forthcoming. Moreover, in most cases, what turns out to be fatal is the feeling of being alone and helpless, not financial problems that in all likelihood can be solved.

Almost invariably, city-dwellers find that they are alienated from each other despite the close proximity of their dwelling places. In the past, people living in the same village might have to walk some distance for a chat but they always managed to have something to talk about for hours on end whenever they met. However, people living in urbanized areas such as public housing estates or private buildings nowadays live close to each other but many of them just say "good morning" to their neighbours if they do meet, followed by an uneasy silence.

Madam President, we cannot turn the clock back and I do not intend to reminisce about the past. I just wish to point out that a sense of belonging is an

effective agent that bonds members in the community together. Government policies issued from the top down alone cannot germinate that sense overnight. Instead, each member should make a conscious effort to foster harmonious interpersonal relationships and let people find their roots in the community.

Alienation and inconstancy of human relationships may not necessarily be the characteristics of the Hong Kong community. What matters is the concern we show towards what takes place in the community and our willingness to take the first step to do some good deeds. Actually, good people and good deeds are around us but they may just not be conspicuous. Take the example of Ms PANG, mentioned by Mr TAM Yiu-chung. Ms PANG strove to help people who were worse off than she was, despite her own unfortunate past. The positive attitude that she adopted in facing the reality without complaint, in working extremely hard to make contribution, was meritorious in strengthening the bonding in the community and won the applause from people around her.

Yes, there is a positive effect to building the community spirit in publicizing good people and good deeds. However, altruistic individual deeds or enthusiasm shown by people in a certain district alone cannot do. There must be appropriate government policies in support to ensure resources are fully utilized so that a community may develop its own set of services in the light of its own circumstances. Failing this, any talk about building up close community networks is only academic.

Madam President, in his policy address released last October, the Chief Executive proposed to provide a \$300 million grant to establish a Community Investment and Inclusion Fund to facilitate co-operation between non-government organizations and the Government, the co-operation being outside the Government and the market so that both may take charge of the operation and management of the public affairs in the area. This proposal has changed the traditional social welfare policy by changing from giving assistance direct to the needy people to placing resources in the volunteer groups in the community so that they can plan services that fit the community. Conceptually, this can be regarded as a kind of progress but at present there is still room for improvement in some areas.

Take the example of women who take part in the economic activities of a community. It has been a fact that fewer women than men work. As the economy deteriorates, more grass-roots women become unemployed or

underemployed. Thus, if women could organize themselves to provide various services in their respective communities, these women would better identify with their own communities and unemployed women might find jobs so that idle labour may be put to productive use and these women could regain their confidence. Regrettably, as some women concern groups have pointed out, out-of-date ordinances such as the Co-operative Societies Ordinance get into their way because when grass-roots women wish to organize co-operative societies, they must register under the Ordinance. This constitutes a constraint for women wanting to develop small businesses. Other constraints include the number of members of a co-operative society must not be less than 10; members must make two times the contribution to mandatory provident fund, co-operative societies are subject to more restrictions than companies of a commercial nature; there is a lack of flexibility, and so on. All these mean a lot of constraints for the women.

To encourage community members to sincerely contribute to and take part in community affairs, in improving the community, thereby fostering a sense of belonging, the Government must, in addition to providing suitable regulations and laws, consult widely and listen to public views so that people can know that their participation will indeed bring about improvement in the community.

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

MR IP KWOK-HIM (in Cantonese): Madam President, for some time it was said that in Hong Kong the notion "neighbours are dearer than distant relatives" applied. Soon after the War, population in Hong Kong grew rapidly. At the time, resources were scarce and life was difficult. Mutual help among neighbours was not just a virtue but a realistic need of life. One might borrow soy sauce from a housewife next door, children might get help with their studies from senior form pals living nearby, neighbours were most willing to help in minor renovation work in the dwelling (such as painting, moving chairs and tables), and neighbours might share home-made snacks at new year time or festivals. I trust Members in this Chamber must have experienced one or more of these little episodes. Indeed, in those days, mutual help among neighbours was part of everyday life and "neighbours are dearer than distant relatives" was a matter-of-fact notion.

Then, the Hong Kong economy began to take off and the people left the difficult times behind. People began to live in an affluent society and Hong

Kong enjoyed nearly 30 years of prosperity. However, we cannot have the best of both worlds. When air-conditioners and colour television sets become necessities, when everyone is used to locking themselves in their own self-contained quarters and when neighbours do not care to know the names of each other, the notion of "neighbours are dearer than distant relatives" degenerates into a theme found only in out-moded Cantonese movies, and mutual help among neighbours, fiction. While everyone managed to know some good-Samaritan neighbours in the old days, helpful neighbours have become a rare species these days. As we reminisce about the past, we cannot help asking: What in the way of life we were used to have we missed while living in prosperity now? We find tragedies as reported on newspapers do in fact reveal that some among us might have lost the abilities our parents possess to cope with adversities, especially during an economic recession when milk and honey stop to flow.

I trust Members of this Council, as representatives of the public, must know very well the difficulties facing our economy and the predicament of Hong Kong people. So, when the Government faces deficits structural in nature, urging the Government to allocate additional resources to improve services may be criticized as an inopportune call.

In his motion, Mr TAM Yiu-chung demands that the Government should "promote community development services, encourage self-help and mutual support among the public, and strengthen the community support network." That in fact means utilizing the community work experience of voluntary agencies to boost people's confidence in facing adversities and to improve oneself in the face of overwhelming odds. Many Members have mentioned that some community centres in Wan Chai implement a financial co-operative plan in which "time coupons" are issued to the unemployed so that they may barter by providing services in return for daily necessities. In this way, the unemployed may gain some self-respect or enhanced confidence from work that generates rewards. If similar plans can be implemented throughout all communities, Hong Kong will certainly take on a new look.

Last Sunday, the Democratic Alliance for Betterment of Hong Kong (DAB) commended 10 volunteer workers who helped promote mutual care in the community. A Ms CHEUNG, who lives in the Central and Western District, had a record of long community service by contributing her effort and money. Ms CHEUNG and I have known each other for a long time. She has in recent years been suffering from lumbago for which she has to put on a girdle.

Despite this, she insists on providing community service on a voluntary basis, showing her kindness to people living in the neighbourhood and the elderly who live alone. Since July 2000, Ms CHEUNG has accumulated 300 hours of voluntary work. Volunteer workers like her are doing their fair share of good deeds, however humble, for the community. These good deeds may not appear great but they certainly meet the immediate needs of the neighbours and the elderly, making all the difference to people living nearby. Good people and good deeds like this will certainly inspire the people so that the spirit of mutual help can be extended to across all communities, fostering solidarity among disadvantage groups in the communities, and these groups will feel the truth in the notion "neighbours are dearer than distant relatives".

The DAB urges the Government to promote community spirit and allocate additional resources to promote community development work, and to search for more good people and good deeds so that the general public may feel some warmth in the bleak economy. It would be an unexpected gain for Hong Kong if, during an economic downturn, a warm and caring community with a personal touch is established.

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

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

(No Member responded)

SECRETARY FOR HEALTH AND WELFARE: Madam President, I am grateful to the Honourable TAM Yiu-chung for moving this motion, and to Honourable Members for their views on a number of important issues. Indeed, this debate is most timely and I fully share the concerns expressed by Members, not only over recent tragic incidents but also about the more fundamental and longer-term concerns surrounding the enhancement of community support and mutual help.

I shall briefly cover the underlying factors associated with the problems to provide the context, highlight what the Government is doing to seek to address these and other specific manifestations of the problems, and say a few words about the development of a more caring society and the role to be played by the

Government, the business sector and civil society including the non-government sector, academia, the media and so on.

Strengthening social relationships, enhancing family functioning, and helping individuals to address and resolve their problems have been the cornerstones of government welfare policies. To achieve this, we work on three fronts. Firstly, to identify, understand and tackle at source the common issues and risk factors that impact on individuals and families. Secondly, to prevent these risk factors from developing into acute incidents by adopting focused responses. And thirdly, to enhance the resilience of the community against adversity by fostering the development of community spirit.

Many Members have touched on the relationship between our current economic situation and the well-being of individuals and families in the community. As Hong Kong is an externally-oriented economy, the Asian financial turmoil, the September 11 incident, and the incipient slowdown of the global economy have affected all in our community, in particular those who are less well-off. The consequential rising unemployment and job instability have all created negative pressures on individuals.

Given this background, it is still distressing to learn of family tragedies such as those observed in recent weeks. Many have asked why these had happened and what can be done to prevent their occurrence in the future. This involves understanding the complex interactive relationship which exists between risk and protective factors in violent abuses and suicidal behaviour. Research identifies a list of pre-disposing risk factors which pose latent risks to individuals, that increase the likelihood of initiating violence or abusive behaviour as compared to others in the population. These can be individual or family characteristics or experiences, as well as socio-cultural circumstances, covering a range of biological, psychological, socio-cultural and environmental factors.

Physical and psychological health is, certainly, of great relevance. Conditions such as depression, feelings of hopelessness and helplessness, low self-esteem, negative self-image, impulsivity, psychiatric disorders, lack of personal drive and coping skills could induce some individuals to resort to violence.

Extensive research has concluded that those previously exposed to violence as a child are likely to have a higher propensity to turn to violence in the later stages of their lives. Individual perceptions such as the rigid acceptance of

traditional concepts of man's entitlement to superiority and control over family members, inappropriate expectations of children (particularly of young children) and positive attitudes towards aggression may only aggravate other deep-rooted problems. And these factors may be compounded by substance abuse involving drugs or alcohol.

It is widely accepted that socio-cultural risk factors can also have an overall influence on individuals' psychological well-being. These factors include fragmentation or polarization of society, permissive attitudes towards suicide and violence, the prevalence and exaggeration of media coverage of tragic and violent incidents, social exclusion, the absence of a solid social support network, as well as negative peer influence. To take domestic violence as an example, gender stereotyping, the widespread assumption and social expectation of a man's superiority, as well as the acceptance of violence in the media and society, may all contribute to this social ill.

These risk factors, which often appear in both domestic violence and suicide cases, increase the likelihood of violence under certain circumstances, in particular when confronted by stressful life events, such as unemployment, family disintegration, spousal conflict or financial crisis. It is also evident that some factors, especially those related to physical and psychological well-being, as well as personal behavioural problems such as substance abuse, serve as common underlying risk factors for various forms of violence.

Counteracting the risks are the many protective factors which serve as buffers against the negative impact of adversity. They enhance resilience and serve to counterbalance these risk factors. The protective factors function at three levels: those at the personal level, including psychological and physical health and strength; at the family level, supportive interaction and connections with the family; and thirdly, at the community level, a caring and supportive social network, the opportunity to help others, encouraging role models, as well as easy access to medical and social services can provide support and strength from outside the family network.

There is significant overlap of the risk and protective factors for suicide and domestic violence. For example, alcohol and other substance abuse, depression, personality disorders, impulsivity are risk factors for both. Possession of life skills, strong families connections, supportive relationships with friends, community support and access to social services are common protective factors.

It is clear that not everyone bearing latent risks factors will automatically resort to extreme behaviour. Protective factors serve as a counterbalance dynamic that can positively interact with the risk factors. One dimension of complexity is that although risk and protective factors have been identified for both domestic violence and suicide, however, the characteristics of the individuals involved in each of these patterns of behaviour are heterogeneous. The relevance and interaction of these factors need also to be considered in the context of the specific incidents and need to be individualized. Interventions need, therefore, be both universal and specific. In essence, it is the complex interaction of all of these factors coupled with an individual's own circumstances at a given point in time, which will determine behaviour — self-inflicted harm, violent behaviour and abuse. Because different individuals respond differently, there can be no common solution. Tackling the issues will require addressing this interaction between the risk and protective factors and involve the development of cross-sectoral strategies and multi-faceted initiatives, adopting an holistic approach. As pointed out by Mr TAM Yiu-chung, strong support from the familial and community network as well as the existence of a caring social environment, serve as universal intervention which can substantially reduce the likelihood of extreme behaviour. But others also have their part to play. For example, the mass media should be sensitive to the negative influence which may be generated in society by their illustration of violence and suicide.

In relation to government efforts, I will now turn to the part played by the Government in both preventive and remedial aspects. In the face of the impact brought about by economic restructuring, the Government's focus is on fostering an environment which encourages and provides opportunities for upward social mobility. At the same time, we need to take care of the socially vulnerable, in particular those with limited capability to move upwards. As such, we have in place both short-term and long-term policies and measures to secure their standard of living, improve their situation and provide them with opportunities for economic and social participation. Efforts are directed to stimulating economic growth and creating jobs, facilitating human investment and increasing social investment. Human and social investment through education, training and retraining, will raise the capability, productivity and competitiveness of our workforce, and help those unable to benefit from the changing economy in the short term. I am sure Honourable Members are familiar with the detailed measures that are in place, and will recall the detailed account that I provided at the motion debate on alleviating the disparity between the rich and the poor held in November 2001.

Welfare services serve as another major means of strengthening social relationships, enhancing family functioning, and helping individuals resolve their personal problems. Before I go into the briefs of the services available, I wish to draw Members' attention to the fact that the Government has laid great emphasis on the provision of social welfare services over the past decade. Recurrent public expenditure on social welfare in 1992-93 was \$7.6 billion. Today, it stands at \$30.2 billion. On the issue of resources, the issue is not only about investing additional resources, but also about whether resources have been allocated to the right strategies, whether resources have been applied to the right programmes and whether the resources have been managed to achieve the desired outcomes.

Let me now turn to some of the specific threats to our community and our measures to address domestic violence. There is no doubt that the rapid demographic, social and economic changes in Hong Kong have undermined family solidarity and resulted in an increasing incidence of marital breakdown, divorce, single parenthood and a rising number of social pathological incidents involving family violence. In 2001, over 2 400 newly reported battered spouse cases were recorded. In view of the rising trend of family problems and to render more responsive and targeted assistance, the Government has adopted a three-pronged approach to strengthen support for families. At the primary level, we work to strengthen preventive work and the early identification of families at risk through extensive outreach efforts. At the secondary level, we have started to transform the current network of family service centres into integrated family service centres in order to provide a package of integrated and easily accessible services for families. And at the tertiary level, we have specialized service units to provide intensive and immediate crisis intervention.

To quote just a few examples, Integrated Family Service Centres will be set up in selected districts to provide a continuum of preventive, supportive and remedial services. The work of the 19 Social Welfare Department's Group Work Units located throughout the territory has been refocused and they now provide targeted resources and support services to vulnerable families. Fourteen Family Support Network Teams have been set up to provide outreach and networking services to vulnerable families for the early identification of problems and timely intervention. A Family Crisis Support Centre has recently been set up as a "time-out" facility for families under extreme stress to help manage their emotions and seek positive solutions to their problems. And a fourth women's refuge centre will open next month.

On the question of suicide, apart from family and domestic violence, the problem of suicide has also aroused considerable public concern and attention. Members will be aware that a wide range of generic services are in place which incorporate programmes to help prevent and reduce the incidence of suicide. These include the provision of counselling services, a comprehensive range of health and welfare services for those suffering from severe depression or stress, and community education and publicity programmes aimed at developing resilience and encouraging individuals and family members to seek early help during times of adversity. A Centralized Statistical Information System has also been set up for the collection and analysis of suicide-related data with a view to enhancing our understanding of the problem.

To strengthen work in this area, we will provide additional resources to support suicide prevention work. The Hospital Authority will shortly launch an Elderly Suicide Prevention Programme at an annual cost of \$24 million to detect and treat depression amongst the elderly with a view to preventing suicide. The Social Welfare Department will also provide enhanced training for 400 social workers in handling suicide-related cases over the next two financial years. The Samaritan Befrienders Hong Kong has recently also been given over \$10 million to conduct a three-year pilot project to operate a Suicidal Crisis Centre for those individuals who are assessed to have concrete suicidal plans or who have a high suicidal risk.

Suicide is a complex issue and we must continuously improve our understanding of the problem to enhance the effectiveness of all interventions. To that end, we are working with various organizations to see how best to achieve this, and in as short a timeframe as possible.

In relation to services that contribute to personal well-being, another focus of our work is to help build up the strength of individuals to serve to protect or reduce social or personal risks. For instance, apart from the family services which I have mentioned, educational and promotional programmes conducted as part of our family life education programme serve to enhance family functioning and strengthen family relationships. The Department of Health will also implement, in the next financial year, a territory-wide parenting programme, which aims at equipping parents with the necessary skills to bring up happy and well-adjusted children. For the psychological well-being and development of our young people, the Department's new Adolescent Health Programme under the Student Health Service will help promote and improve the psychosocial health and development of our young people.

On cross-governmental efforts, it is evident that efforts to prevent and combat these adverse problems are complex and necessitate multiple access points that involve cross-sectoral co-operation and co-ordination. It is therefore necessary, as highlighted by Members, in view of the challenges faced by these multi-sectoral programmes, that we have in place strategies which can co-ordinate the Government's inter-disciplinary efforts to combat and address these problems. To this end, the Government's inter-disciplinary committees to address these issues play a vital role. For example, the Working Group on Suicide is working to enhance understanding of the issues relating to suicide and to examine the adequacy of existing strategies and programmes through a multi-faceted approach. On the other hand, the Working Group on Combating Violence, amalgamated from the Working Group on Battered Spouses and the Working Group on Sexual Violence, works to strengthen co-operation and co-ordination among the government departments handling and combating domestic and sexual violence. In addition, following recent discussion on the family violence issue at a Fight Crime Committee meeting, an inter-bureaux discussion will be held to examine the issue from a strategic viewpoint.

In terms of promoting a caring society, I believe that Members will appreciate from my remarks so far that the many different measures are in place to address specific social issues from both preventive and remedial perspectives and in a co-ordinated and holistic way. We accept that all these could be done better. Notwithstanding the above, we fully accept that our work should not only be confined to tackling specific issues. Our mission is also to build up and enhance the resilience of our community as an entity.

I share Members' views about the importance of community spirit to the well-being of society. A caring society infused with community spirit provides the breeding ground for the development of social cohesion and resilience. There are several essential elements that serve as necessary nutrition for a caring society, namely mutual assistance, community participation, social inclusion and cross-sectoral co-operation. Dedication and contribution by members of the community, in the form of mutual help and assistance, can draw together a pool of vital resources which individuals and families throughout the community can use to address their personal and social problems. But this has to be supported and sustained by continuous and extensive community participation by various social groups. The social capital built up helps to strengthen a community's role in supporting individuals and families, and will ultimately foster social cohesion and a sense of belonging within the community.

Apart from the social glue in the form of community participation and mutual assistance, another important component of a caring and harmonious society relates to the concept of social bridges and social inclusion. Only by providing every member of the community with the opportunity to be involved in community life, can social isolation, exclusion and polarization be eliminated. In turn, social inclusion is an essential element that brings different social groups closer together, which is conducive to the development of social stability and harmony. On the other hand, cross-sectoral co-operation serves as an important driver to bring society closer together. The resources and talents of the public, private and non-profit sectors need to be optimized and further enhanced through cross-matching, collaboration and co-operation. This will help to increase the resources available within the community to tackle and counter social threats and problems.

I shall now turn to the third sector. While we recognize the role played by community participation and cross-sectoral co-operation in building a caring society, we also appreciate the important role of the third sector, which functions as a bank which pools together and, in turn, further generates social capital. The "third sector", as we heard Honourable Members defined, generally refers to organizations which are neither profit-oriented businesses nor governmental agencies, so called, non-profit organizations. It has a long history as a major dynamic force contributing to social development all over the world. The nature of most non-profit bodies, which is featured by its close engagement in community life and flexible organizational structure, enables them to be sensitive to the underlying social dynamics, to provide speedy responses and solutions to social problems.

We, in Hong Kong, have benefitted from the energies and dynamism of the third sector for a long time. Recognizing its role and potential, the Chief Executive highlighted in his 2000 policy address our commitment to foster a vibrant third sector. The Government's primary role is to facilitate the development of this vibrant third sector. And we are studying the environment, policies, systems and institutions needed to further enhance this. However, the foundation of the third sector necessarily resides in civil society, and its growth is derived from social capital. The service-provider status of many non-profit agencies is also supported by substantial government input. Using the welfare sector as an example, \$7.2 billion has been earmarked as recurrent subvention to non-governmental organizations (NGOs) in 2001-02, representing 90% of recurrent public expenditure on direct welfare services. And there is certainly

no intention on the Government's part to ask the third sector to replace the subvention that the Government is currently providing.

In regard to volunteerism, for the third sector to flourish, financial support alone is not sufficient. For active participation and involvement of civil society in community and public affairs, in the form of voluntary work, is an integral feature and a major source of energy for the third sector. The promotion of volunteerism is actually one of the foci of our policy objective on welfare services. In 1998, we launched a territory-wide Volunteer Movement jointly with the Hong Kong Council of Social Service and other NGOs. In 1999, a Steering Committee on Volunteer Movement was set up to formulate overall promotional strategies for the Movement. The strategies not only target at the expansion of the Movement, but also seek to integrate volunteerism into daily life. I am keen for us to increase the visibility and popularity of volunteering amongst different sectors. But perhaps most important of all, we need to promote a culture of volunteering as being an integral way of life as a form of personal empowerment and as contributing to an individual's sense of well-being. To date, we have already over 266 000 individuals and over 760 organizations registered under the Volunteer Movement. However, it is clear that there is still room to do more and we will continue with our efforts to promote the merits of volunteerism.

As regards the Community Investment and Inclusion Fund, in the current economic climate, we fully understand the pressures that many individuals and families are facing and that this could generate greater demands on our social capital. In this context, the Chief Executive announced, in his 2001 policy address, a plan to set up a \$300 million Community Investment and Inclusion Fund, to provide an additional boost to our efforts to promote and encourage community participation and social inclusion. Our objective is to bring the community close together by encouraging mutual concern, support and assistance, as well as by strengthening the social network throughout the community. The Fund will be used to help strengthen our community's role and capacity to support individuals and families, and in turn to foster social cohesion and a sense of belonging within the community. We also intend to use the Fund as a vehicle to encourage and facilitate cross-sectoral co-operation specifically between the private and non-governmental sectors.

The Fund represents a new mode of interaction between the Government and the community. The resources will not be consumed by conventional top-down initiatives. Rather, these will be used to encourage bottom-up solutions

from local groups in the community to address their own issues and to promote their own well-being. This is in line with our strong belief in the essential role played by both the civil society and the private sector in fostering social cohesion and resilience.

In the area of community building, one other major area of work for fostering community spirit relates to our long-standing policy objective on community development. The Home Affairs Bureau and Department continue to work to foster a harmonious community with broad public participation in local affairs and to develop a strong sense of belonging to Hong Kong. Work in this area spans over a number of fronts, including implementation of the District Administration Scheme, which provides an effective communication channel between the Government and the public and promotes public participation in district affairs. The maintenance of a local liaison network, including area committees, mutual aid committees, owners' corporations, encourages public participation in community affairs. Specific programmes and activities are also launched to promote community participation and community building, such as Clean Hong Kong, Promotion of IT Usage among Grassroots Women, as well as the Summer Youth Programme.

In conclusion, I trust that my remarks have given Honourable Members a better understanding of the Government's concern for and efforts to counter specific social problems, as well as to promote a caring society. As I have spelt out, government efforts alone can never be enough. A community spirit, as evidenced by an enhanced sense of self-help, mutual-help and a strengthened community support network, is an essential source of energy for grooming social stability, cohesion and resilience. This will effectively strengthen the whole society against adversity. It is not simply a question of allocating additional resources as I discussed, although these will be provided when justified and when it is not possible to redeploy existing resources. Contributions from the third sector, from businesses, corporations and individual members of the community are just as important. Only with the shared responsibility and concerted efforts from all can we hope to build up our community spirit and cohesiveness. This is an important focus at any time for a community, but particularly when economic conditions are at the present day less favourable.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr TAM Yiu-chung, you may now reply and you have 51 seconds.

MR TAM YIU-CHUNG (in Cantonese): Madam President, first of all I would like to thank Members and the Secretary for speaking in favour of my motion. During the debate, I came to understand that Members from the Liberal Party had reservations about the suggestions to allocate additional resources to improve services, as mentioned in my motion. But I would like to add that in my motion I did not request the Government to allocate any specific amount of money. After all, the Government did in the past allocate additional resources to improve services from time to time in the light of its needs and financial capabilities.

I moved my motion aiming chiefly at arousing the concern of the Government and the public about the issue, to which Members have responded through their speeches.

I thank Members once more for their support and hope that they can reach a consensus on the way forward and work together in promoting the community spirit.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr TAM Yiu-chung be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 6 March 2002.

Adjourned accordingly at half-past Nine o'clock.

Annex I

WRITTEN ANSWER**Written answer by the Secretary for Security to Miss Cyd HO's supplementary question to Question 3**

In his replies to the supplementary questions, the Secretary for Justice drew to Members' attention the provisions of Article 5 of the Convention on the Rights of the Child and its relationship to Article 7. I enclose for Members' information the title page and the chapters relating to Articles 5 and 7 of the Implementation Handbook for the Convention on the Rights of the Child prepared by the United Nations Children's Fund. While recognizing the primacy of the role of a child's natural parents, Article 7 should also be read having regard to Article 5 which acknowledges the possible involvement of members of the child's extended family in his or her care. The passages beginning with the last paragraph on page 77 and continuing on page 78 and the paragraphs beginning at the bottom of page 106 are particularly relevant.

As the Secretary for Justice explained in his reply to the follow-up question by the Honourable Albert HO, it is not that "parent" is defined to include other members of the family, but that the relationship of a child to other members of the family and the extent to which they have been involved in bringing up the child may be relevant when looking at whether, in any given case, there has been compliance with Article 7. That is not, however, to play down the importance of ensuring that, as far as possible, a child is cared for by a natural parent and, that where, for any reason, direct care is not possible, contact is maintained on a regular basis.

Implementation Handbook

for the Convention on the

Rights

of the

Child

prepared for UNICEF

by Rachel Hodgkin and Peter Newell

Parental guidance and the child's evolving capacities



.....

Text of Article 5

States Parties shall respect the responsibilities, rights and duties of parents or, where applicable, the members of the extended family or community as provided for by local custom, legal guardians or other persons legally responsible for the child, to provide, in a manner consistent with the evolving capacities of the child, appropriate direction and guidance in the exercise by the child of the rights recognized in the present Convention.

Article 5, together with article 18 in particular, provides a framework for the relationship between the child, his or her parents and family, and the State. The article provides the Convention on the Rights of the Child with a flexible definition of "family" and introduces to the Convention two vital concepts: parental "responsibilities" and the "evolving capacities" of the child. The article also signals clearly that the Convention regards the child as the active subject of rights, emphasizing the exercise "by the child" of his or her rights.

In no sense is the Convention "anti-family", nor does it pit children against their parents. On the contrary, the Preamble upholds the family as "the fundamental group of society and the natural environment for the growth and well-being of all its members and particularly children". Several articles emphasize the primary responsibility of parents and place strict limits on State intervention and any separation of children from their parents (articles 3(2), 7, 9, 10, 18); one of the aims for education is the development of respect for the child's parents (article 29). ■

Summary



**Extracts from
Committee on the Rights of the Child
Guidelines for Reports to be submitted by States Parties under
the Convention**

For full text of *Guidelines for Periodic Reports*, see Appendix 3, page 604.

Guidelines for Initial Reports

"Family environment and alternative care

Under this section, States Parties are requested to provide relevant information, including the principal legislative, judicial, administrative or other measures in force, particularly how the principles of the 'best interests of the child' and 'respect for the views of the child' are reflected therein; factors and difficulties encountered and progress achieved in implementing the relevant provisions of the Convention; and implementation priorities and specific goals for the future in respect of:

(a) Parental guidance (article 5);

...

(CRC/C/5, para. 16)

Guidelines for Periodic Reports

"V. FAMILY ENVIRONMENT AND ALTERNATIVE CARE

A. Parental guidance (art. 5)

Please provide information on family structures within the society and indicate the measures adopted to ensure respect for the responsibilities, rights and duties of parents or where applicable the members of the extended family or community as provided for by local custom, legal guardians or other persons legally responsible for the child, to provide appropriate direction and guidance to the child, further indicating how such direction and guidance are consistent with the child's evolving capacities.

Please indicate any family counselling services or parental education programmes available, as well as awareness campaigns for parents and children on the rights of the child within family life, and training activities provided to relevant professional groups (for example, social workers) and indicate if any evaluation has been made of their effectiveness. Please also indicate how knowledge and information about child development and the evolving capacities of the child are conveyed to parents or other persons responsible for the child.

Information should also be provided on the measures adopted to ensure respect for the principles of the Convention, namely non-discrimination, the best interests of the child, respect for the views of the child, the right to life and survival and development to the maximum extent possible, as well as on the progress achieved in the implementation of article 5, any difficulties encountered and the indicators used."

(CRC/C/58, paras. 62-64 The following paragraphs of the *Guidelines for Periodic Reports* are also relevant to reporting under this article: 24, 43, 46, 88; for full text of *Guidelines*, see Appendix 3, page 604.)

**"States Parties shall respect
the responsibilities, rights and
duties..."**

Article 5 introduces to the Convention the concept of parents' and others' "responsibilities" for their children, linking them to parental rights and duties, which are needed to fulfil responsibilities. Article 18 expands on the concept of parental responsibilities (see page 227). In it, States

Parties are required to "use their best endeavours" to ensure recognition of the principle that both parents have common responsibilities for the upbringing and development of the child: "Parents or, as the case may be, legal guardians, have the primary responsibility for the upbringing and development of the child. The best interests of the child will be their basic concern." Beyond this, the Convention does not specifically define "parental responsibilities". But as is the case with

the definition of the best interests of the child, the content of the whole Convention is relevant. Parents have responsibilities, in the terms of article 5, to appropriately support "the exercise by the child of the rights recognized in the present Convention".

The *Guidelines for Periodic Reports* seeks information on "the consideration given by law to parental responsibility, including the recognition of the common responsibilities of both parents in the upbringing and development of the child and, that the best interests of the child will be their basic concern. Also indicate how the principles of non-discrimination, respect for the views of the child and the development of the child to the maximum extent, as provided for by the Convention, are taken into account." (para. 65)

The implication is that the concept of parental responsibilities should be reflected and defined in the law, using the framework of the Convention.

During discussion of Belgium's Initial Report, a Committee member pointed out that "article 19 of the Convention encouraged States Parties to adopt appropriate measures to protect children from all forms of violence and abuse. The presentation of evidence against parents and guardians was extremely difficult. Several countries had accordingly begun to define parental responsibility and authority in their civil legislation, including both concepts of dialogue, negotiation and the participation of children in family life with the aim of trying to avert ill-treatment entirely. The Committee believed that the response to abuse should go beyond criminal sanction." (Belgium SR.224, para. 38)

In response, a representative of Belgium said that article 371 of the Civil Code would very shortly be amended: "The old article stated that a child of any age owed honour and respect to his parents. The new article, however, stipulated that a child and his father and mother owed each other mutual respect, whatever their age. In legal terms, the word 'mutual' could imply that certain types of conduct by a parent towards his child were not in conformity with the wording used." (Belgium SR.224, para. 64)

The Committee noted with approval the relevant legislative developments:

"... The Committee particularly welcomes the adoption of a comprehensive legal framework to ensure full conformity with the Convention and ... the revision of article 371 of the Civil Code, which will now provide for 'mutual respect between parents and children'..." (Belgium IRCO, Add.38, para. 5)

The Convention thus challenges concepts that parents have absolute rights over their children, which the Committee has noted are traditional in many societies but already changing to some degree in most. The rights and the duties that parents have derive from their responsibilities for the welfare of the child, that is to act in the best interests of the child:

"The Committee further notes that insufficient attention has been paid to the principle of the best interests of the child both in legislation and practice, as well as to the respect for the views of the child in school, social and family life. In this regard, it is noted that, as recognized by the State Party, the civil rights and freedoms of the child are to be exercised subject to parental consent or discipline, thus raising doubts as to the compatibility of this practice with the Convention, notably articles 5 and 12..."

"Appropriate measures should also be adopted by the State Party with a view to ensuring respect for the views of the child in family, school and social life and to promoting the exercise of the rights by the child in a manner consistent with his or her evolving capacities." (Zimbabwe IRCO, Add.55, paras. 16 and 30)

A particular example of the need for State respect for the responsibilities, rights and duties of parents is in relation to children involved with the system of juvenile justice. The United Nations Standard Minimum Rules for the Administration of Juvenile Justice, the "Beijing Rules", requires that parents must be notified about the apprehension of a juvenile and that the child has the right to have his or her parent/guardian present (a right qualified in article 40 of the Convention by the "best interests" principle) and, generally, the right to participate in the proceedings (rules 7(1), 10(1) and 15(2)). Rule 18(2) requires that "No juvenile shall be removed from parental supervision, whether partly or entirely, unless the circumstances of her or his case make this necessary."

"... of parents or, where applicable, the members of the extended family or community as provided for by local custom, legal guardians or other persons legally responsible for the child, ..."

The broad definition of family in the Convention on the Rights of the Child reflects the wide variety of kinship and community arrangements within which children are brought up around the world. The importance of the family is emphasized in the Preamble to the Convention: "... the





family, as the fundamental group of society and the natural environment for the growth and well-being of all its members and particularly children, should be afforded the necessary protection and assistance so that it can fully assume its responsibilities within the community", and "... the child, for the full and harmonious development of his or her personality, should grow up in a family environment, in an atmosphere of happiness, love and understanding".

Article 5 acknowledges the extended family, referring not only to parents and others legally responsible but also to the extended family or community where they are recognized by local custom.

The *Guidelines for Periodic Reports* asks for information on "family structures within the society".

In the outline for its General Discussion on "The role of the family in the promotion of the rights of the child", the Committee on the Rights of the Child stated:

"The basic institution in society for the survival, protection and development of the child is the family. When considering the family environment, the Convention reflects different family structures arising from various cultural patterns and emerging familial relationships. In this regard, the Convention refers to the extended family and the community and applies in situations of nuclear family, separated parents, single-parent family, common-law family and adoptive family. Such situations deserve to be studied in the framework of the rights of the child within the family. Relevant measures and remedies have to be identified to protect the integrity of the family (see, in particular, arts. 5, 18 and 19), and to ensure appropriate assistance in the upbringing and development of children." (Report on the fifth session, January 1994, CRC/C/24, Annex V, p. 63)

The International Covenant on Civil and Political Rights upholds, in article 23, the family as "the natural and fundamental group unit of society... entitled to protection by society and the State" and sets out, in article 24, the child's right to "such measures of protection as are required by his status as a minor, on the part of his family, society and the State". In two General Comments in 1989 and 1990, the Human Rights Committee emphasizes the flexible definition of the family, which "is interpreted broadly to include all persons composing it in the society of the State Party concerned" (Human Rights Committee, General Comment 17, HRI/GEN/1/Rev.2, p. 25).

And in General Comment 19 of the Human Rights Committee: "The Committee notes that

the concept of the family may differ in some respects from State to State, and even from region to region within a State, and that it is therefore not possible to give the concept a standard definition. However, the Committee emphasizes that, when a group of persons is regarded as a family under the legislation and practice of a State, it must be given the protection referred to in article 23. Consequently, States Parties should report on how the concept and the scope of the family is construed or defined in their own society and legal system. Where diverse concepts of the family, 'nuclear' and 'extended', exist within a State, this should be indicated with an explanation of the degree of protection afforded to each. In view of the existence of various forms of family, such as unmarried couples and their children or single parents and their children, States Parties should also indicate whether and to what extent such types of family and their members are recognized and protected by domestic law and practice." (Human Rights Committee, General Comment 19, HRI/GEN/1/Rev.2, p. 29)

"... to provide, in a manner consistent with the evolving capacities of the child, appropriate direction and guidance in the exercise by the child of the rights recognized in the present Convention"

The wording here emphasizes the child as the subject of the rights recognized in the Convention, referring to the exercise "by the child" of these rights.

When it ratified the Convention on the Rights of the Child, the Holy See made a reservation "... That it interprets the articles of the Convention in a way which safeguards the primary and inalienable rights of parents, in particular in so far as these rights concern education (arts. 13 and 28), religion (art. 14), association with others (art. 15) and privacy (art. 16)". (CRC/C/2/Rev.5, p. 20).

In its Concluding Observations, the Committee expressed concern about the reservation, "... in particular with respect to the full recognition of the child as a subject of rights."

The Committee went on to recommend "... that the position of the Holy See with regard to the relationship between articles 5 and 12 of the Convention be clarified. In this respect, it wishes to recall its view that the rights and prerogatives of the parents may not undermine the rights of the child as recognized by the Convention, especially the

right of the child to express his or her own views and that his or her views be given due weight." (Holy See IRCO, Add.46, paras 7 and 13)

Some other reservations and declarations have underlined parental authority. For example, the Republic of Kiribati stated that it "considers that a child's rights as defined in the Convention, in particular the rights defined in articles 12-16 shall be exercised with respect for parental authority, in accordance with the I-Kiribati customs and traditions regarding the place of the child within and outside the family". Similarly, a declaration from Poland stated that such rights "shall be exercised with respect for parental authority, in accordance with Polish customs and traditions regarding the place of the child within and outside the family".

Singapore made a wider reservation, that the child's rights and in particular those in articles 12 to 17 "shall in accordance with articles 3 and 5 be exercised with respect for the authority of parents, schools and other persons who are entrusted with the care of the child and in the best interests of the child and in accordance with the customs, values and religions of Singapore's multi-racial and multi-religious society regarding the place of the child within and outside the family." (CRC/C/2/Rev.5, pp. 23, 29 and 30)

The Committee has frequently expressed concern where countries do not appear to have fully accepted the concept of the child as an active subject of rights, relating this to article 5 and also to articles 12-16:

"The national legislation and practice should take into full consideration, in the light of article 5 of the Convention, the capacity of the child to exercise his or her rights, namely in the field of citizenship." (Mexico IRCO, Add.13, para. 8)

"... the Committee notes that an understanding of children as a subject of rights does not appear to be fully reflected in legislative and other measures in the State Party..." (Nicaragua IRCO, Add.36, para. 9)

"The Committee wishes to emphasize that the Convention provides for the protection and care of children, and in particular for the recognition of the child as the subject of his or her own rights..." (Iceland IRCO, Add.50, para. 13)

"...It is important that awareness be developed of the child as a subject of rights and not only as a recipient of protection..." (China IRCO, Add.56, para. 33)

The Committee has consistently stressed this view of the child during its examination of States Parties' reports. And it has strongly emphasized that upholding the rights of the child within the family is not exercised at the expense of others'

rights, in particular those of parents, but, on the contrary, strengthens the rights of the entire family. Thus, a Committee member said during discussions with Burkina Faso: "... it was important, in striving to implement the Convention's provisions, to promote the true spirit of that instrument to the effect that it was not a question of seeking 'child power' but of showing that upholding the rights of the child strengthened the rights of the entire family, and that, with regard to parenthood, the emphasis should not be on authority but on responsibility." Another member agreed that "it was wrong to interpret the assertion of children's rights as in conflict with those of parents; the rights of the child and of the family went hand in hand" (Burkina Faso SR.136, paras. 51 and 53).

On the same subject, the *Manual on Human Rights Reporting*, 1997 states: "With the Convention, children's rights are given autonomy – not with the intention of affirming them in opposition to the rights of adults or as an alternative to the rights of parents, but in order to bring into the scene a new dimension: the consideration of the perspective of the child within the framework of the essential value of the family. The child is therefore recognized in his or her fundamental dignity and individuality, with the right to be different and diverge in his or her assessment of reality." (*Manual*, p. 445)

The Committee sees the family as crucial to the realization of the child's civil rights. In the outline for its General Discussion on the role of the family in the promotion of the rights of the child, it stated:

"The civil rights of the child begin within the family... The family is an essential agent for creating awareness and preservation of human rights, and respect for human values, cultural identity and heritage, and other civilizations. There is a need to consider appropriate ways of ensuring balance between parental authority and the realization of the rights of the child, including the right to freedom of expression." (Report on the fifth session, January 1994, CRC/C/24, Annex V, p. 63)

At the end of the General Discussion, the Committee reached some preliminary conclusions:

"Traditionally, the child has been seen as a dependent, invisible and passive family member. Only recently has he or she become 'seen' and, furthermore, the movement is growing to give him or her the space to be heard and respected. Dialogue, negotiation, participation have come to the forefront of common action for children."

"The family becomes in turn the ideal framework for the first stage of the democratic experience for each and all of its individual



members, including children. Is this only a dream or should it also be envisaged as a precise and challenging task?"

The Committee affirmed that the Convention is "... the most appropriate framework in which to consider, and to ensure respect for, the fundamental rights of all family members, in their individuality. Children's rights will gain autonomy, but they will be especially meaningful in the context of the rights of parents and other members of the family to be recognized, to be respected, to be promoted. And this will be the only way to promote the status of, and respect for, the family itself." (Report on the seventh session, September - October 1994, CRC/C/34, para. 183 et seq.)

The *Manual on Human Rights Reporting*, 1997 further stresses the point: "The family is also particularly well-placed to be the first democratic reality the child experiences - a reality shaped by the values of tolerance, understanding, mutual respect and solidarity, which strengthens the

child's capacity for informed participation in the decision-making process." (*Manual*, p. 446)

Article 5 makes clear that the nature of parental direction and guidance is not unlimited; it must be "appropriate", be consistent with the "evolving capacities of the child" and with the remainder of the Convention. Several States Parties made reservations upholding parental authority (see above, page 70); and others, in their Initial Reports, have referred to the "traditional" authority of parents. Article 5 stresses that parental authority is far from unlimited, and article 18 emphasizes that the child's best interests will be the parents' "basic concern".

In its Initial Report, the United Kingdom suggests that article 19 of the Convention has to be read in conjunction with article 5 and that "appropriate direction and guidance" of the child "include the administration, by the parent, of reasonable and moderate physical chastisement to a child" (UK IR, para. 335). In discussion with United Kingdom Government representatives, a Committee member stated: "There was no place for corporal punishment within the margin of discretion accorded in article 5 to parents in the exercise of their responsibilities. Other countries had found it helpful to incorporate a provision to that effect in their civil law..." (UK SR.205, para. 72)

Similarly, a Committee member noted during discussion of Senegal's Initial Report: "The Committee recognized the existence of traditional attitudes and practices, but firmly believed that those that went against the interests of the child should be abolished. The belief that to spare the rod was to spoil the child was one such attitude: it was preferable to provide guidance than to inflict corporal punishment." (Senegal SR.248, para. 73)

Thus, when reading article 5 in conjunction with article 19, the Committee is clear that parental "guidance" must not take the form of violent or humiliating discipline, as the child must be protected from "all forms of physical or mental violence" while in the care of parents and others. The Committee has consistently upheld the view that corporal punishment is not compatible with the Convention and has recommended its prohibition, including within the family (see article 19, page 242).

Using the concept of "evolving capacities" has avoided the need for the Convention to set arbitrary age limits or definitions of maturity tied to particular issues. The "evolving capacities" of the child is one of the Convention's key concepts - an acknowledgement that children's development towards independent adulthood must be respected and promoted throughout childhood. It is



Parental guidance and evolving capacities

The Bulgarian Constitution (1991) proclaims two basic principles: "(a) the child alone exercises his or her own rights depending on his or her developing abilities, and (b) parents and other persons who by law look after the child have the right, responsibility and obligation to provide adequate guidance to the child in such cases where this does not come into conflict with the child's own competence. Thus, Bulgarian legislation entrusts parents to be the legal representatives of their minor children and to provide guidance to their adolescent children only in their best interest.... The law recognizes the competence of adolescents to conduct legal actions 'with the consent of their parents'. From the point of view of their age minors are not permitted to carry out actions of legal consequence. Their legal representatives (parents and guardians) carry out such actions on their behalf... They can, however, act on their own without needing the consent of the parents in 'carrying out ordinary minor deals for satisfying their current needs and in disposing of anything they have acquired through their own labour'... Parental consent is required for children taking jobs if they are under 15; parents, though, are not entitled to any proceeds from their children's earning..." (Bulgaria IR, paras. 93-94, 96)

linked to article 12's requirement that the views of children should be given "due weight in accordance with the age and maturity of the child". The concept is repeated in article 14: parents and legal guardians may provide direction to the child, in relation to the child's right to freedom of thought, conscience and religion, in a manner consistent with his or her evolving capacities.

Article 1 defines "child" as every human being below the age of 18 or below the age of majority if achieved earlier (see page 1). At the same time article 5 emphasizes the path to maturity, which must come from increasing exercise of autonomy. Much of the information sought by the Committee in its *Guidelines for Periodic Reports* in relation to article 1 (definition of a child) on any "minimum legal ages" set for various purposes relates to the recognition of the child's growing autonomy and independent exercise of rights: for example legal and medical counselling without parental consent; medical treatment or surgery without parental consent; sexual consent; giving testimony in court; participating in administrative and judicial proceedings, creating and joining associations and so on (see article 1, page 5, for further discussion).

In many countries, children acquire certain rights of self-determination well before the age of majority; they often gain full adult rights on marriage, which in some States is permitted at the age of 14 or 15. In a few countries the concept of "evolving capacities" is further reflected by a general provision in legislation that once children acquire sufficient maturity or understanding, they may make decisions for themselves when there is no specific limitation on doing so set down in the law.

The *Manual on Human Rights Reporting*, 1997 links the concept of "evolving capacities" with articles 12 and 13. Parents are expected to provide appropriate direction and guidance to the child: "But in this endeavour they are required to act in a manner that takes into consideration the evolving capacities of the child, his or her age and maturity. In the light of article 12, a system of shared, positive and responsible dialogue should thus prevail. In fact, parents are particularly well placed to build the capacity of children to intervene in a growing manner in the different stages of decision, to prepare them for responsible life in a free society, informing them, giving the necessary guidance and direction, while assuring children the right to express views freely and to give those views due weight (articles 12 and 13).

Children's opinions will thus be taken into account, although not necessarily endorsed, and children will be given the possibility of understanding the reasons for a different decision being taken. Children will become active partners, with appropriate skills to participate, rather than a passive reflection of parents' wishes." (*Manual*, p. 446)

Preparation for parenthood

As indicated above, the Committee has noted that the traditional view of the child as a "dependent, invisible and passive" member of the family persists in some States. The Committee has highlighted the need to prepare parents for their responsibilities. The *Guidelines for Periodic Reports* seeks information on parenting education programmes and on counselling for parents, and how knowledge about child development and the evolving capacities of the child are conveyed to parents and others responsible for children. In addition, the *Guidelines* requests information on any evaluation of the effectiveness of such educational measures (for further discussion, see article 18, page 228).

The Committee has emphasized the need to prepare parents adequately for their responsibilities (see further comments under article 18, page 228):

"The Committee stresses the need for greater efforts in developing family education and awareness of the common parental responsibilities of both parents in the light of article 18 of the Convention..." (Jamaica IRCO, Add.32, para. 24)

There exists a growing recognition of the importance of early child development within the family for the prevention of violence and other forms of crime, both in childhood and later life. This recognition provides further motivation for developing comprehensive support and education programmes for parenting and preparation for parenthood. For example, the United Nations Guidelines for the Prevention of Juvenile Delinquency, the "Riyadh Guidelines", proposes: "Measures should be taken and programmes developed to provide families with the opportunity to learn about parental roles and obligations as regards child development and child care, promoting positive parent-child relationships, sensitizing parents to the problems of children and young persons and encouraging their involvement in family and community-based activities" (para. 16).



Implementation Checklist



● General measures of implementation

Have appropriate general measures of implementation been taken in relation to article 5 including

- identification and coordination of the responsible departments and agencies at all levels of government (article 5 will be particularly relevant to **departments concerned with family law and family support**)?
- identification of relevant non-governmental organizations/civil society partners?
- a comprehensive review to ensure that all legislation, policy and practice is compatible with the article, for all children in all parts of the jurisdiction?
- adoption of a strategy to secure full implementation
 - which includes where necessary the identification of goals and indicators of progress?
 - which does not affect any provisions which are more conducive to the rights of the child?
 - which recognizes other relevant international standards?
 - which involves where necessary international cooperation?

(Such measures may be part of an overall governmental strategy for implementing the Convention as a whole).

- budgetary analysis and allocation of necessary resources?
- development of mechanisms for monitoring and evaluation?
- making the implications of article 5 widely known to adults and children?
- development of appropriate training and awareness-raising (in relation to article 5, likely to include **training of all those working with and for families, and education for parenting**)?

● Specific issues in implementing article 5

- Does the definition of "family" for the purposes of the realization of the rights of the child correspond with the flexible definition of the Convention?
- Is there a detailed legal definition of parental responsibilities, duties and rights?
- Has such a definition been reviewed to ensure compatibility with the principles and provisions of the Convention?
- Does legislation ensure that direction and guidance provided by parents to their children is in conformity with the principles and provisions of the Convention?

Birth registration, name, nationality and right to know and be cared for by parents



Text of Article 7

1. *The child shall be registered immediately after birth and shall have the right from birth to a name, the right to acquire a nationality and, as far as possible, the right to know and be cared for by his or her parents.*
2. *States Parties shall ensure the implementation of these rights in accordance with their national law and their obligations under the relevant international instruments in this field, in particular where the child would otherwise be stateless.*

Article 7 provides for the registration of children and for children's rights to a name and a nationality and to know and be cared for by their parents.

The article reflects the text of article 24(2) and (3) of the International Covenant on Civil and Political Rights: "24(2) Every child shall be registered immediately after birth and shall have a name. (3) Every child has the right to acquire a nationality". The Human Rights Committee General Comment on article 24 of the Covenant notes: "In the Committee's opinion, this provision should be interpreted as being closely linked to the provision concerning the right to special measures of protection and it is designed to promote recognition of the child's legal personality"

(Human Rights Committee, General Comment 17, HRI/GEN/1/Rev.2, p. 25).

As the *Manual on Human Rights Reporting*, 1997 notes, article 7 of the Convention on the Rights of the Child also contains a "new right" – the right of the child to know and be cared for by his or her parents (*Manual*, p. 430). The right is qualified by the words "as far as possible". It may not be possible to identify parents, and even when they are known, it may not be in the child's best interests to be cared by them.

Article 7 should be read in conjunction with article 8 (preservation of identity, including nationality, name and family relations), article 9 (separation from parents), article 10 (family reunification) and article 20 (continuity in upbringing of children deprived of their family environment). ■

Summary



**Extracts from
Committee on the Rights of the Child
Guidelines for Reports to be submitted by States Parties under
the Convention**

For full text of *Guidelines for Periodic Reports*, see Appendix 3, page 604.

Guidelines for Initial Reports

“Civil rights and freedoms

States Parties are requested to provide relevant information, including the principal legislative, judicial, administrative or other measures in force; factors and difficulties encountered and progress achieved in implementing the relevant provisions of the Convention; and implementation priorities and specific goals for the future in respect of:

(a) *Name and nationality (article 7);...*”

(CRC/C/5, para. 15; see also paras 20, 22 and 24)

Guidelines for Periodic Reports

“IV. CIVIL RIGHTS AND FREEDOMS

A. Name and nationality (art. 7)

Please indicate the measures taken or envisaged to ensure that every child is registered immediately after birth. Please also indicate the steps undertaken to prevent the non-registration of children immediately after birth, including in view of possible social or cultural obstacles, inter alia, in rural or remote areas, in relation to nomadic groups, displaced persons, as well as asylum-seeking and refugee children.

Please provide information on the measures taken to sensitize and mobilize public opinion on the need for birth registration of children, and to provide adequate training to registry personnel.

Please also provide information on the elements of the child's identity included in the birth registration and the measures adopted to prevent any kind of stigmatization or discrimination of the child.

Please indicate the measures adopted to ensure the child's right to know and be cared for by his or her parents.

Please provide information on the measures adopted pursuant to article 7, paragraph 2, to ensure the child's right to acquire a nationality, in particular where the child would otherwise be stateless. Reference should also be made to the implementation of this right in relation to children born out of wedlock, and asylum-seeking and refugee children. Please indicate the criteria applied for the acquisition of nationality and whether the child is allowed to acquire the nationality of both parents.”

(CRC/C/58, paras. 49-53. The following paragraphs of the *Guidelines for Periodic Reports* are also relevant to reporting under this article: 24 and 83; for full text of *Guidelines*, see Appendix 3, page 604.)

**The child's right to be
“registered immediately
after birth”**

**The importance of universal
registration**

The registration of all children is important for a number of reasons identified by the Committee:

First, registration is the State's first official acknowledgement of the child's existence: it rep-

resents a recognition of each child's individual importance to the State and of the child's status under the law. Where children are not registered, they are likely to be less visible, and sometimes less valued, citizens.

The Committee has expressed concern about those countries that failed to ensure universal registration:

“...Such a situation implies the non-recognition of these children as persons before the

law, which will affect the level of enjoyment of their fundamental rights and freedoms. In addition, such children are not included in relevant statistical and other information on children and their situation, therefore, cannot be properly monitored." (Madagascar IRCO, Add.26, para. 10)

"The Committee is concerned at the difficulties in ensuring the registration of children after birth, as well as at the problems faced by children who have not been registered in the enjoyment of their fundamental rights and freedoms." (Philippines IRCO, Add.29, para. 11)

"The Committee is concerned at the insufficient steps undertaken to ensure birth registration of children, particularly those living in remote areas, and to the adverse effects arising therefrom for the enjoyment of their fundamental rights." (Nepal IRCO, Add.57, para. 16)

If the existence of children is not officially confirmed in the first place, there can be no confidence that their disappearance or death will be recorded either. The Committee expressed concern that in Peru

"...due to the internal violence, several registration centres have been destroyed, adversely affecting the situation of thousands of children who are often left without any identity document, thus running the risk of their being suspected of involvement in terrorist activities."

The Committee recommended that:

"Specific measures should be undertaken to provide undocumented children fleeing zones affected by internal violence with adequate identity documents." (Peru IRCO, Add.8, paras. 8 and 17)

Second, birth registration is an essential element of national planning for children – providing the demographic base on which effective strategies can be built. Without registration, for example, it is unlikely that countries can have an accurate knowledge even of their infant mortality rates, a key indicator for child survival strategies (see also the importance of infant death registration, article 6 page 93). While the costs of securing universal registration may be high, particularly in countries with dispersed rural populations, the benefits are substantial, not least in relation to efficient use of resources.

As the Committee has commented, registration is necessary:

"...to facilitate the effective monitoring of the situation of children and thus assist in the development of suitably appropriate and targeted programmes" (Nicaragua IRCO, Add.36, para. 15).

Obstacles to universal registration

Bolivia acknowledged that despite having some of the strongest legal provisions for compulsory free registration in Latin America, the practice was far from adequate:

"...A great many children are not registered immediately after their birth for various reasons: ignorance of the parents, especially in the rural area, and the lack of the infrastructure for registration in remote localities, registration which is generally in the hands of improvised staff with little training, no knowledge of the law, and unable to speak Spanish, the official language, correctly." (Bolivia IR, para. 79)



"The Committee suggests that special efforts be developed to ensure an effective system of birth registration, in the light of article 7, to ensure the enjoyment of the fundamental rights of the Convention by all children without discrimination and as a meaningful tool to assess prevailing difficulties and to promote progress." (Senegal IRCO, Add.44, para. 22)

"The Committee recommends that special efforts be developed to guarantee an effective system of birth registration, in the light of article 7 of the Convention, to ensure the full enjoyment of their fundamental rights by all children. Such a system would serve as a tool in the collection of statistical data, in the assessment of prevailing difficulties and in the promotion of progress in the implementation of the Convention..." (Ethiopia IRCO Add.67 para. 29)

Third, registration is a means of securing children's other rights – such as their identification following war, abandonment or abduction, enabling children to know their parentage (particularly if born out of wedlock), gaining them access to state benefits and protection through legal age limits (for example in employment, recruitment to the armed services or in the juvenile justice system) and reducing the danger of trafficking in babies or of infanticide. The Human Rights Committee General Comment notes: "The main purpose of the obligation to register children after birth is to reduce the danger of abduction, sale of or traffic in children, or of other types of treatment that are incompatible with the enjoyment of the rights provided for in the Covenant. Reports by States Parties should indicate in detail the measures that ensure the immediate registration of children born in their territory."



(Human Rights Committee, General Comment 17, HRI/GEN/1/Rev.2, p. 25).

Honduras reported to the Committee on the Rights of the Child that "As regards children in particular, there is no regulation in Honduran law to preserve their identity in a specific and unconditional way. The result is that there are large numbers of unidentified children. This means that they are civilly non-existent and thus deprived of their names and nationality" (Honduras IR, para. 43). The Committee commented: "Despite the measures taken by the Government of Honduras to improve and facilitate the registration of children, the Committee remains worried that difficulties persist in providing children in Honduras with the necessary registration certificates and that the absence of such basic documentation detailing the child's age and family affiliations may hamper the implementation of a child's other rights, including his/her access to public health services and to the necessary protection that a child should be accorded under the system of the administration of juvenile justice." (Honduras IRCO, Add.24, para 12)

"The Committee is concerned about the continuing difficulties encountered in ensuring birth registration, particularly of children born out of wedlock..." (Sri Lanka IRCO, Add.40, para. 14)

"Serious concerns remain as to the effectiveness of measures taken to ensure the registration of all children, through the household registry. As acknowledged by the State Party, absence of registration may be due to parents' lack of knowledge of the relevant law and policy and of the negative effects of non-registration on children's legal status. The migration of people from their traditional place of residence may cause similar difficulties. Deficiencies in the registration system lead to children being deprived of basic safeguards for the promotion and protection of their rights, including in the areas of child trafficking, abduction, sale and maltreatment, abuse or neglect..."

"...The Committee, while noting that the State Party has adopted measures to reduce the under-reporting of girl children, recommends that urgent measures be taken to develop more widespread awareness of the importance of registration. In the light of recent developments such as population movements within the country, the Committee also recommends that the State Party consider the possibility of reviewing the effectiveness of the existing system of registration." (China IRCO, Add.56, paras. 16 and 37)

"... the Committee recommends that an adequate system of registration of refugee children be established to ensure their rights are protected." (Ethiopia IRCO, Add.57, para 29)

When and how children should be registered

According to the Convention, the child should be registered "immediately after birth" which implies a defined period of days rather than months. However, if for any reason children are not registered or if their records have been lost, then the omission should be made good by the State.

Universal registration first requires that domestic law makes registration a compulsory duty both of parents and of the relevant administrative authorities, with appropriate sanctions (for example Colombia was asked by a member of the Committee what its sanctions were in cases of non-registration or late registration and how registration was secured, particularly in rural areas and for families displaced by violence (Colombia SR.114, para. 19)). Other persons may also be placed under legal duties to declare births – for example professionals attending the birth or the owners of a house (or captains of ships) in which a birth takes place.

Second, the commitment of resources is needed.

The Committee has encouraged flexible methods of registration, for example:

"The Committee encourages the State Party to adopt all appropriate measures to ensure the birth registration of all children, including those born in rural areas and on commercial farms, and encourages the efforts designed to establish registration units at schools and clinics." (Zimbabwe IRCO, Add.55, para. 27)

"Children's birth registration should be given priority to ensure that every child is recognized as a person and enjoys his/her full rights. The Committee encourages further steps to ensure the birth registration of children, including the establishment of mobile registration offices and registration units in schools." (Nepal IRCO, Add.57, para. 31; see also Nicaragua IRCO, Add 35, para. 16, Mongolia IRCO, Add 48, para. 22)

The *Manual on Human Rights Reporting*, 1997 notes: "Birth registration should be ensured by States Parties to every child under their jurisdiction, including to non-nationals, asylum seekers, refugee and stateless children...In some situations, however, practical difficulties may be encountered in the registration of children. States Parties' reports have shown that this is often the case in relation to children born from nomadic groups, in rural or remote areas where birth registration offices may be lacking and access to them may, in view of their distance, pose additional problems to the children's families. Similar problems may arise in situations of emer-

gency, including armed conflicts. In such circumstances, States have to adopt solutions which, being designed to ensure the implementation of this right, are also appropriate to the specific particularities of such situations. In this regard, the establishment of mobile registration offices has often shown to be an effective option." (*Manual*, p. 430)

What details should be registered?

Although the Convention does not specify what must be registered, other rights (to name and nationality, to know parentage, family and identity) imply that registration ought, as a minimum, to include:

- the child's name at birth,
- the child's sex,
- the child's date of birth,
- where the child was born,
- the parents' names and addresses,
- the parents' nationality status.

Other information – for example the parents' occupations, the child's siblings or his or her ethnic status – may also be useful for statistical purposes.

The registration of the baby's parents may prove problematic. It is hard to find reasons, so far as the child is concerned, why the baby's mother should not be registered, although such an omission is permitted in France, to the expressed concern of the Committee (see below, page 105):

The matter of naming the father is more complicated. The State is likely to have an interest in both parents being registered so that they can subsequently be required to maintain the child. For example, Colombian law states: "Every minor has the right to know who are his or her parents. The State has a corresponding duty to give every opportunity for ensuring a responsible primogeniture". Colombian State officials may therefore subpoena a presumed father to agree to recognize a child born outside marriage or may initiate proceedings if he refuses to do this, providing genetic profiling for this purpose (Colombia IR, paras. 81-4). However, given that birth registers tend to be public documents, the child's right to privacy may be jeopardized, for example in a case where the father has an incestuous relationship with the mother. Belgium reported that it allowed registration of the single filiation from the mother in such circumstances (Belgium IR, para. 124). Under the Convention the child does have a principled right to know this information, but it need not be contained in data found in the public domain. The *Guidelines for Periodic Reports* asks about "the measures adopted to prevent any kind of stigmatization or discrimination of the child" (para. 51).

Examples of early and late registration

An office or a representative of the Civil Register is found in every Costa Rican hospital, so that within a few hours of a hospital birth (over 96 per cent of Costa Rican births are in hospital) the mother is visited and the necessary data taken. Since 1988, an official health booklet has been drawn up on each child. It includes, among other information, the child's fingerprints. This process has made it possible to identify several abandoned babies (Costa Rica IR, paras. 106-7).

Colombia has initiated a register for abandoned children and those caught up in the justice system: "Information was provided on their social background, where possible, as well as the details of any administrative or judicial action. There was also a photograph of each child, which was especially useful in identifying and tracing younger children who were often not certain of their origins." The register has been computerized so that the network of around 300 family welfare centres across Colombia has access to it (Colombia SR.189, para. 25).



The child's right "from birth to a name"

The article specifically provides that the right to a name should be "from birth". States should therefore ensure that abandoned babies and children are always provided with a name: any temptation to use numbers should be resisted – for example in circumstances of mass movement of refugees which include many unaccompanied children.

The Convention does not suggest that children have a right to any particular sort of name. However, a significant number of countries not only make arrangements for children's names to be registered but also prescribe what names are used. For example, article 18 of the American Convention on Human Rights 1969 states: "Every person has the right to a given name and to the surname of his parents or that of one of them. The law shall regulate the manner in which this right shall be ensured for all, by the use of assumed names if necessary."

The intention of such a provision appears relatively uncontroversial and protective of certain categories of children – as the Human Rights Committee General Comment observes



"providing for the right to have a name is of special importance in the case of children born out of wedlock" (Human Rights Committee, General Comment 17, HRI/GEN/1/Rev.2, p. 25). However in some circumstances prescriptive laws on names may conflict with the non-discrimination rights under article 2 or with the right to peacefully enjoy minority cultural practices under article 30, for example in cases where minority groups have different naming traditions that do not involve using parental surnames.

In this regard the Committee informed Iceland: "... the Committee welcomes the legal change abolishing the requirement that a person seeking Icelandic citizenship has to add an Icelandic name to his or her original name." (Iceland IRCO, Add.50, para. 11)

Moreover, where countries go further and enforce a law that the child must, or in some cases must not, bear the father's name, article 3 (concerning the best interests of the child) may have a bearing. For example, Belgium maintains an extremely complicated set of laws relating to the naming of children born in and out of wedlock, including children born of adulterous relationships where the father's name can only be used with the agreement of the woman who was his lawful wife at the time of the conception. Belgium acknowledged the latter rules have been problematic, since they are as much about the "moral interests of the conjugal family" as about the best interests of the child (Belgium IR, para. 123).

The Committee raised the issue with Uruguay: "In this regard, the Committee is particularly concerned at the persisting discrimination against children born out of wedlock, including in regard to the enjoyment of their civil rights. It notes that the procedure for the determination of their name paves the way for their stigmatization and the impossibility of having access to their origins..." (Uruguay IRCO, Add.62, para. 11).

It would be dangerous to assume that any international or domestic law asserting children's right to their parents' name necessarily represents a provision "more conducive to the realization of the rights of the child" under article 41 of the Convention on the Rights of the Child. Countries should also carefully examine any laws on names for inadvertent breach of articles 2 and 3.

The provisions of article 5 (parental guidance and the child's evolving capacities), article 12 (respect for the child's opinion) and article 19 (protection from harm) should also be considered in relation to naming. The right to a name from birth is unavoidably a matter for adult caregivers or the State; babies can play no part in choosing

their names. However, provision should be made so that children can apply to the appropriate authorities to change their name at a later date. Children's names can also be changed following the remarriage of parents or adoption. In such circumstances, children's rights to identity are also involved (see article 8, page 112).

The Committee took up the point in relation to Yugoslavia:

"The Committee takes note that the principle of respect for the views of the child has been reflected in such situations as the change of name ..." (Federal Republic of Yugoslavia IRCO, Add.49, para. 31)

Although parents are the persons most likely to decide the child's name, consistency with the Convention should not allow this to be an absolute parental right. Domestic laws should have appropriate mechanisms to prevent registration of a name that might make a child an object of ridicule.

The child's right to "acquire a nationality", with particular reference to the State's "obligations under the relevant international instruments, in particular where the child would otherwise be stateless"

Some States confer limited forms of nationality to certain groups of children, for example the children of parents who are not themselves citizens. This appears to be a form of discrimination. The "right to acquire a nationality" implies a right to all the benefits derived from nationality.

This point was taken up by the Committee in relation to Myanmar:

"...It is also seriously concerned by the fact that the Citizenship Act establishes three different categories of citizenship and therefore some categories of children and their parents might be stigmatized and/or denied certain rights.

"In the field of the right to citizenship, the Committee is of the view that the State Party should, in the light of articles 2 (non-discrimination) and 3 (best interests of the child), abolish the categorization of citizens..." (Myanmar IRCO, Add.55, paras. 14 and 34)

The issue of children's nationality is particularly difficult, given the sensitivity of all nations about sovereignty and citizenship, differing legal and religious presumptions on how nationality should be acquired and the ever-increasing anxiety of richer nations to exclude, or to deny citizenship

10. poor people from other nations. The drafting of this article and articles 9 (separation from parents) and 10 (family reunification) picks a careful way between these anxieties and the recognition that children should have a right to nationality. Article 7(2) thus provides that: "States Parties shall ensure the implementation of these rights in accordance with their national law and their obligations under the relevant international instruments in this field, in particular where the child would otherwise be stateless."

Nonetheless, a number of reservations or interpretative declarations have been entered to article 7 – by Andorra, Kuwait, Liechtenstein, Maldives, Monaco, Singapore, Thailand, Tunisia and the United Kingdom. These countries indicate that their Constitutions or domestic laws relating to nationality may define or restrict the scope of article 7. For example, Kuwait stated: "The State of Kuwait understands the concept of article 7 to signify the right of the child who was born in Kuwait and whose parents are unknown (parentless) to be granted Kuwaiti nationality as stipulated by the Kuwaiti Nationality Laws" (CRC/C/2/Rev.5, p. 23), though in fact stateless children may not necessarily be parentless.

The wording "right to acquire nationality" is taken directly from the International Covenant on Civil and Political Rights (article 24(3)). The General Comment by the Human Rights Committee already quoted states: "Special attention should also be paid, in the context of the protection to be granted to the children, to the right of every child to acquire a nationality, as provided for in article 24, paragraph 3. While the purpose of this provision is to prevent a child from being afforded less protection by society and the State because he is stateless, it does not necessarily make it an obligation for States to give their nationality to every child born in their territory. However, States are required to adopt every appropriate measure, both internally and in cooperation with other States, to ensure that every child has a nationality when he is born. In this connection, no discrimination with regard to the acquisition of nationality should be admissible under internal law as between legitimate children and children born out of wedlock or of stateless parents or based on the nationality status of one or both of the parents. The measures adopted to ensure that children have a nationality should always be referred to in reports by States Parties" (Human Rights Committee, General Comment 17, HRI/GEN/1, Rev.2, p. 25).

The words in article 7(2): "States Parties shall ensure the implementation of these rights in accordance with their national law and their obli-

gations under the relevant international instruments in this field, in particular where the child would otherwise be stateless" refer primarily to the Convention on Reduction of Statelessness 1961, which provides that children should acquire the nationality of the State in which they were born if they are not granted nationality by any other State, or if such children fail to make the proper applications to obtain this right, then they should be entitled to the nationality of one of their parents (subject to certain conditions). Originally it was proposed that the first provision be incorporated into the Convention but difficulties with some national laws made this unacceptable (E/CN.4/L.1542, pp. 6-7; Detrick, pp. 125-129). Article 7(2) represents a compromise between the two positions and is a clear pointer to the provisions of article 41: "Nothing in the present Convention shall affect any provisions which are more conducive to the realization of the rights of the child and which may be contained in ... (b) International law in force for that State."

The Committee on the Rights of the Child has raised concerns about stateless children:

"The Committee is concerned that ... there are still disparities in practice, in particular with regard to...the acquisition of Jordanian nationality. In this last respect, the Committee is concerned that in the light of Jordanian legislation, cases of statelessness might arise..." (Jordan IRCO, Add.21, para. 11)

"The Committee is concerned that the problem of statelessness has not been resolved, in particular with regard to refugee children and children born outside the territory of the Federal Republic of Yugoslavia and subject to its jurisdiction.

"Legislative and other measures should be undertaken to ensure that children are protected from statelessness and that for each child under the jurisdiction of the State, the rights set forth in the Convention are respected and ensured." (Federal Republic of Yugoslavia IRCO, Add.49, paras. 14 and 32)

"The situation of refugee and Syrian-born Kurdish children is a matter of concern to the Committee in the light of article 7 of the Convention. In this regard, the Committee notes the absence of facilities for the registration of refugee children born in Syria, and that Syrian-born, Kurdish children are considered either as foreigners or as maktoumeen (unregistered) by the Syrian authorities and face great administrative and practical difficulties to acquire Syrian nationality, although they have no other nationality at birth.

"...the Committee underlines that the right to be registered and to acquire a nationality shall be guaranteed to all children within the





Syrian Arab Republic's jurisdiction without discrimination of any kind, irrespective, in particular, of the children's or his or her parents' or legal guardians' race, religion or ethnic origin, in line with article 2 of the Convention..." (Syrian Arab Republic IRCO, Add.70, paras. 15 and 27)

Nationality can be acquired either from parents (*ius sanguinis*) or from place of birth (*ius soli*). Islamic law favours nationality taken from parentage; some countries prohibit dual nationality, so a choice between nationalities may have to be made for children, and some countries have systems that accommodate both parentage and place of birth, sometimes with discriminatory effects. Another potentially discriminatory practice is when the child automatically takes the nationality of the father rather than the mother.

The United Kingdom and Lebanon, for example, were criticized by the Committee:

"...the reservation relating to the application of the Nationality and Immigration Act does not appear to be compatible with the principles and provisions of the Convention ... [the Committee] is concerned about the possible adverse effects on children of the restrictions applied to unmarried fathers in transmitting citizenship to their children, in contradiction of the provisions of articles 7 and 8 of the Convention..." (UK IRCO, Add.34, paras. 7 and 12)

"The Committee is concerned with the apparent discrimination in the granting of nationality to a child of parents of mixed nationality; nationality may only be obtained by a child from her/his Lebanese father but not from the mother and, in the case of unmarried parents, only if the Lebanese father acknowledges the child." (Lebanon IRCO, Add.54, para. 15)

The words "the right to acquire nationality" can be interpreted as being the right "from birth", (Principal 3 of the Declaration of the Rights of the Child 1959 states simply "The child shall be entitled from his birth to a name and a nationality"), but in any event must mean that stateless children should have the right to acquire the nationality of the country in which they have lived for a specified period. The latter provision is important given the growing numbers of stateless, often parentless, children who receive adequate protection from the country in which they live throughout their childhood but then discover that they are unlawful residents at the time of their majority.

This matter was raised with Belgium:

"The Committee is...particularly concerned that unaccompanied minors who have had their asylum request rejected, but who can remain in the country until they are 18 years

old, may be deprived of an identity and denied the full enjoyment of their rights ..." (Belgium IRCO, Add.38, para. 9)

Decisions about nationality are often made by parents at the time of the child's birth. Older children, however, should be able to apply on their own behalf to change their nationality.

"as far as possible, the right to know... his or her parents"

Meaning of "parent"

A few decades ago the definition of "parent" was fairly straightforward. There were the "biological" parents, sometimes known as the "natural" or "birth" parents, and there might also be "psychological" or "caring" parents who were those such as adoptive or foster parents, who acted as the child's primary caregiver throughout his or her infancy.

When article 7 was drafted, it was pointed out that the laws of some countries – for example, the former German Democratic Republic, the United States of America and the former Union of Soviet Socialist Republics – upheld "secret" adoptions whereby adopted children did not have the right to know the identity of their biological parents (E/CN.4/1989, pp. 18-22, Detrick, p. 127). However, nowadays the term "biological" parent may have a more complex meaning; for example, where egg donation is concerned, the "parent" could be either the genetic parent (the donor of the egg) or the birth mother.

Countries have entered declarations and reservations in relation to this right:

"The United Kingdom interprets the references in the Convention to 'parents' to mean only those persons who, as a matter of national law, are treated as parents. This includes cases where the law regards a child as having only one parent, for example where a child has been adopted by one person only and in certain cases where a child is conceived other than as a result of sexual intercourse by the woman who gives birth to it and she is treated as the only parent" (CRC/C/2/Rev.2, p. 33).

"In cases of irrevocable adoptions, which are based on the principle of anonymity of such adoptions, and of artificial fertilization, where the physician charged with the operation is required to ensure that the husband and wife, on the one hand, and the donor, on the other, remain unknown to each other, the non-communication of a natural parent's name or natural parents' names to the child is not in contradiction with this provision" (Czech Republic, CRC/C/2/Rev.2, p. 16).

"The Government of Luxembourg believes that article 7 of the Convention presents no obstacle to the legal process in respect of anonymous births, which is deemed to be in the interest of the child, as provided under article 3 of the Convention" (CRC/C/2/Rev.2, p. 24).

"With respect to article 7 of the Convention, the Republic of Poland stipulates that the right of an adopted child to know its natural parents shall be subject to the limitations imposed by binding legal arrangements that enable adoptive parents to maintain the confidentiality of the child's origin" (CRC/C/2/Rev.2, p. 29).

Notwithstanding these reactions, a reasonable assumption is that, as far as the child's right to know his or her parents is concerned, the definition of "parents" includes genetic parents (for medical reasons alone this knowledge is of increasing importance to the child) and birth parents, that is the mother who gave birth and the father who claimed paternity through partnership with the mother at the time of birth (or whatever the social definition of father is within the culture: the point being that such social definitions are important to children in terms of their identity). Moreover, a third category, the child's psychological parents – those who cared for the child for significant periods during infancy and childhood – should also logically be included since these persons too are intimately bound up in children's identity and thus their rights under article 8 (see page 111).

Meaning of "as far as possible"

It is necessary to distinguish among situations: First, when a parent cannot be identified (for example, when the mother does not know who the father is or when the child has been abandoned). States Parties can do little about this, although legislation under article 2 must ensure that such children are not discriminated against.

Second, when mothers refuse to identify fathers (including extreme circumstances, for example in cases of incest or when the father has raped the mother). While mothers could, arguably, be legally required to name the father, it would be difficult to enforce this and conflict could be raised between the mother's rights and the child's rights.

The Committee did however express concern about the situation in France:

"Regarding the right of the child to know his or her origins, including in cases of a mother requesting that her identity remain secret during the birth and declaration of the birth, adoption and medically-assisted procreation, the Committee is concerned that the legislative measures being taken by the State party might not fully reflect the provisions of the

Convention, particularly its general principles." (France IRCO, Add.20, para. 14)

Third, when the State decides that a parent should not be identified. For example:

- where adoption law limits the child's entitlement and access to information to know who his or her genetic parents are;
- where the law requires a falsification of paternity on the birth certificate, for example in relation to a child whose father is not the mother's current husband or, as in the case of Uruguay, where the Committee deplored the fact that as regards children born out of wedlock:

"...when born to a mother or father who is a minor, these children cannot be recognized by that parent." (Uruguay IRCO, Add.62, para. 11)
- with anonymous egg/sperm donation for in vitro fertilization, where most countries protect the secrecy of the donor.

The third category includes the most controversial aspects of the interpretation of "as far as possible", appearing to unnecessarily breach children's right to know their genetic parents.

Some States Parties argue that "secret" adoptions (where the child is not entitled to discover his or her genetic parents) are necessary to secure the success of an adoption. However, other countries have pursued policies of open adoptions that have not adversely affected the outcome for the child.

The United Nations Declaration on Social and Legal Principles Relating to the Protection and Welfare of Children with Special Reference to Foster Placement and Adoption Nationally and Internationally provides that "The need of a foster or an adopted child to know about his or her background should be recognized by persons responsible for the child's care unless this is contrary to the child's best interests" (article 9).

Three points should be noted. First, article 7 does not refer to "the best interests of the child," although this was proposed by some delegates in the drafting sessions (E/CN.4/1989/48, pp. 18-22; Detrick, p. 129). The words "as far as possible" appear to provide a much stricter and less subjective qualification than "best interests". The words imply children are entitled to know their parentage if this is possible, even if this is deemed to be against their best interests. But the holistic nature of the Convention suggests that a child who would definitely be harmed by the discovery of his or her parent's identity could be prevented from having this information. This interpretation is supported by the fact that "as far



as possible" also covers the child's right to be cared for by his or her parents – and no one could maintain that "as far as possible" in that context does not include consideration of the child's best interests. But it is clear that children's right to know their parentage could only be refused on the grounds of best interests in the most extreme and unambiguous circumstances.

Second, "best interests" is nowhere defined and there are no easy answers as to whether it is more harmful to children's best interests to give them distressing information about their origins or to refuse them this information on the grounds the information might cause them harm.

Third, the Convention's articles 5 (evolving capacities of the child) and 12 (child's opinion) suggest that the determination of what is or is not in the child's best interests so far as knowledge of origins is concerned may not be made just at one point during the child's life. The best interests of a six-year-old in relation to this issue may be quite different from the best interests of a 16-year-old.

This is not to say that adopted children are obliged to contact or even to be told the details of their genetic parents (although it appears to be the accepted practice in most countries that children should know the circumstances of their birth from as early an age as possible). Many children choose not to trace their genetic parents, since the significant parents in their lives are likely to be those who have cared for them and raised them. Nonetheless under the terms of article 7, the State should ensure that information about genetic parents is preserved to be made available to children if possible.

A stronger argument mounted by those countries that maintain secrecy is not about the rights of the child (or of the adopting couple) but about protecting the child's mother from extreme forms of social condemnation (such as ostracism, injury or death). In such instances there are competing rights: children's rights to know their origins and mothers' rights to confidentiality and protection. Article 30 of the Hague Convention on the Protection of Children and Cooperation in respect of Intercountry Adoption 1993 (an international treaty on intercountry adoption, see article 21, page 276) upholds mothers' rights, empowering the State of origin of the child to withhold information about the parents' identity. Those countries that maintain adoption secrecy in order to protect the mother should, nonetheless, have provisions to release information to the receiving authorities or the child, either with the mother's permission or at a time when she will not suffer harm.

Similar arguments prevail over falsifying parentage in cases of adultery. Some countries require that husbands are the lawfully recognized fathers of any children born within that marriage. In many cases this entails the complicity of the mother and is likely to be rather more to the benefit than to the disadvantage of the child. However, there is a difference between individuals lying and States enforcing a lie. In some circumstances both parents will want the true parentage of a child to be declared and may be prevented by the law from doing so.

Regarding the secrecy of egg and sperm donation, two arguments are commonly made. First, that it is not in the best interests of the child to know of his or her artificial conception. This does not seem convincing, however, particularly when advances in medical knowledge reveal how important it is for people know their genetic parentage. Second, it is argued that unless their anonymity is secured donors will be deterred, fearing future embarrassment or even maintenance suits by their biological children. However, legislation can protect a donor parent from maintenance suits and the experience of Sweden (see box on page 107) suggests that donors are not deterred by the possibility of being identified to a resulting child. In any event, the law on artificial forms of fertilization, as with adoption, should be framed to protect the rights and well-being of children, not to meet the needs of childless couples.

The Committee has commented:

"Concerning the right of the child to know his or her origins, the Committee notes the possible contradiction between this provision of the Convention with the policy of the State Party in relation to artificial insemination, namely in keeping the identity of sperm donors secret." (Norway IRCC, Add.23, para. 10)

And the Committee made a similar observation to Denmark (Denmark IRCC, Add.33, para. 11).

"...as far as possible, the right to ... be cared for by his or her parents"

This right must be read in the context of three other articles – article 5, which acknowledges, alongside the primacy of parents, "the members of the extended family or community as provided for by local custom" (see page 77); article 9, which requires that "a child shall not be separated from his or her parents against their will, except when... such separation is necessary for the best interests of the child" (see page 121) and



article 18, which endorses the principle that both parents have joint responsibility for caring for their children, appropriately supported by the State (see page 229). Article 27 (requiring States to assist parents in their material responsibilities in relation to caring for children) is also relevant.

The right to be "cared for" by both parents implies a more active involvement in the child's life than simply paying the other parent or the State money to support the child (see article 27(4)). It should be noted that unlike article 5, which refers to the (albeit limited) rights of parents and others, this article is framed in terms of the child's right, not the parents'. (At one stage the drafting of this article included the proposed formulation "The child shall have the right from his birth to know and belong to his parents", but the words "belong to" were considered inappropriate to children's rights (E/CN.4/1989/48, pp. 18-22, Detrick, p. 127)).

This focus on the child's right must cast doubt on the legitimacy of Luxembourg's official declaration that it would maintain its law that says "If at the time of conception, the father or mother was bound in marriage to another person, the natural child may be raised in the conjugal home only with the consent of the spouse of his parent" (CRC/C/2/Rev.5, p. 24).

As with children's right to know their parents, the right to be cared for by parents is qualified by the words "as far as possible". The purpose of this proviso is in one sense self-evident. It may not be possible if the parents are dead or have repudiated the child. It also may not be possible when the State authorities have judged that parental care is not in the child's best interests because the parents are abusive or neglectful (see article 9, page 121). However, the onus is on the State to prove this; the right upholds a general principle running through the Convention – that in ordinary circumstances, children are best off with their parents.

Swedish children's rights to know parents

Swedish legislation, as outlined in the Initial Report, contains some of the strongest provisions for enabling children to know their parentage:

"Concerning the right of the child to know who its parents are, mention can be made of the following rules:

(a) If the mother's spouse is not the child's father and paternity cannot be established through confirmation by any man, special provisions of the Code of Parenthood and Guardianship make it the duty of the municipal social welfare committee to try to ascertain who is the child's father. In cases of this kind, it is usually necessary for paternity proceedings to be filed with a court of law.

(b) Under the Insemination Act, a child conceived through artificial insemination is entitled to obtain particulars concerning the donor, providing the child is sufficiently mature. The decision to be made on this point, however, is governed by the child's best interests".

(Sweden IR, para. 61)

The point at which this right becomes most problematic is perhaps when children themselves decide that they would rather not be cared for by parents, although parents and State do not support this. Among the many thousands of homeless children in all countries are those who fall into this category – children who have, in effect, voted with their feet. States need flexible, child-centred procedures where runaway children are concerned. Any automatic return of such children to parents without investigation of the reasons why they ran away and without provision of alternative measures of care, for example, is in conflict with the provisions and principles of the Convention.



Annex II**WRITTEN ANSWER****Written answer by the Secretary for Security to Mr Albert HO's supplementary question to Question 3**

The Secretary for Security undertook to check which level of officers at the Immigration Department (ImmD) have been authorized by the Director of Immigration to exercise his discretion to allow a person to reside in Hong Kong on compassionate or humanitarian grounds. As advised by the Director of Immigration, under the existing practice this discretionary power is exercised by officers in the ImmD at the level of Assistant Director or above.

Annex III

ROAD TRAFFIC LEGISLATION (AMENDMENT) BILL 2001

COMMITTEE STAGE

Amendments to be moved by the Secretary for TransportClauseAmendment Proposed

4

In the proposed section 72A -

(a) by deleting subsection (1) and substituting -

"(1) Where a court convicts a person of an offence specified in Schedule 10A, it may do either or both of the following -

(a) impose any penalty that may be imposed for the offence;

(b) order the person to attend and complete a driving improvement course.

(1A) Where a court makes an order under subsection (1)(b) in addition to imposing a penalty under subsection (1)(a), the penalty so imposed may be a penalty that is lighter than it might have imposed had the order not been made.";

(b) in subsection (2), by adding "(b)" after "(1)";

(c) by deleting subsection (4) and substituting -

"(4) An application under subsection (3) shall be -

ClauseAmendment Proposed

- (a) where the order referred to in subsection (1)(b) is made by a judge of the Court of First Instance, made in writing to a judge of the Court of First Instance and sent to the Registrar;
- (b) where the order referred to in subsection (1)(b) is made by a judge of the District Court, made in writing to a judge of the District Court and sent to the Registrar;
- (c) where the order referred to in subsection (1)(b) is made by a magistrate, made in writing to a magistrate and sent to the magistrates' clerk.";
- (d) in subsection (6), by adding "(b)" after "(1)";
- (e) by adding -
 - "(8A) The Legislative Council may by resolution amend Schedule 10A.";
- (f) in subsection (9), in the definition of "judge", in paragraph (b), by deleting ", the" and substituting ", a District Judge and a deputy".

<u>Clause</u>	<u>Amendment Proposed</u>
5	<p>(a) In the proposed section 102A -</p> <ul style="list-style-type: none">(i) in the definition of "attendance certificate", by adding "or 102E(d)" after "102B(3)(b)(i)" where it twice appears;(ii) in the definition of "course certificate", by adding "or 102E(d)" after "102B(3)(b)(ii)" where it twice appears. <p>(b) In the proposed section 102B(3) -</p> <ul style="list-style-type: none">(i) by deleting paragraph (a)(ii);(ii) in paragraph (b)(ii) -<ul style="list-style-type: none">(A) by deleting "並按照實務守則";(B) by adding "按照實務守則" after "已". <p>(c) By deleting the proposed section 102C(1)(a) and substituting -</p> <ul style="list-style-type: none">"(a) has breached -<ul style="list-style-type: none">(i) Schedule 11;(ii) a code of practice; or(iii) any of the conditions referred to in section 102B(2)(a)(iii) and (iv);". <p>(d) In the proposed section 102E -</p> <ul style="list-style-type: none">(i) in paragraph (b), by deleting "and";(ii) in paragraph (c), by deleting the full stop and substituting "; and";

ClauseAmendment Proposed

(iii) by adding -

"(d) (where a driving improvement school fails to issue an attendance certificate under section 102B(3)(b)(i) or a course certificate under section 102B(3)(b)(ii)) cause the attendance certificate or course certificate to be issued for the school, and recover any expenses incurred thereby from -

(i) the proprietor of the school;
or

(ii) (where the designation in respect of the school has been revoked under section 102C(2) or terminated under section 102D(1)) the last proprietor of the school."

New

By adding -

"5A. Schedule 10A added

The following is added -

"SCHEDULE 10A [s. 72A]

OFFENCES SPECIFIED FOR THE
PURPOSES OF SECTION 72A

Any offence mentioned in the Schedule to the
Road Traffic (Driving-offence Points) Ordinance

ClauseAmendment Proposed

(Cap. 375) other than an offence mentioned in item 5, 8, 9, 10, 11, 12, 13, 14, 15, 18, 19, 20, 28, 29, 32, 33, 34, 37, 38, 41, 42, 43, 46, 47, 50, 53, 54, 55, 58 or 59 of that Schedule."."

- 6 In the proposed Schedule 11, in section 2(b), by adding "向東主發出的" after "藉".