

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 9 October 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 MARGARET NG

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

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, J.P.

THE HONOURABLE CHAN KAM-LAM, J.P.

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

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, G.B.S., 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 EMILY LAU WAI-HING, J.P.

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

DR 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., J.P.

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, J.P.

MEMBERS ABSENT:

THE HONOURABLE JAMES TO KUN-SUN

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE DONALD TSANG YAM-KUEN, G.B.M., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

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

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

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR HOUSING, PLANNING AND LANDS

PROF THE HONOURABLE ARTHUR LI KWOK-CHEUNG, G.B.S., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

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

DR THE HONOURABLE PATRICK HO CHI-PING, J.P.
SECRETARY FOR HOME AFFAIRS

THE HONOURABLE STEPHEN IP SHU-KWAN, G.B.S., J.P.
SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR

DR THE HONOURABLE SARAH LIAO SAU-TUNG, J.P.
SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

THE HONOURABLE FREDERICK MA SI-HANG
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE STEPHEN LAM SUI-LUNG, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

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>
Trainee Solicitors (Amendment) Rules 2002	128/2002
Admission and Registration (Amendment) Rules 2002	136/2002
United Nations (Anti-Terrorism Measures) Ordinance (27 of 2002) (Commencement) Notice 2002	137/2002
China Ferry Terminal Restricted Area Boundaries Notice	138/2002
Land Registration (Amendment) Ordinance 2002 (20 of 2002) (Commencement) Notice 2002	139/2002
Mutual Legal Assistance in Criminal Matters (Switzerland) Order (Cap. 525 sub. leg.) (Commencement) Notice 2002.....	140/2002

Other Paper

- No. 1 — The Legislative Council Commission
Annual Report 2001-2002

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Honourable Members and officers, the first Council meeting of the third Legislative Session of the Second Legislative Council will now commence.

Questions. First question.

Replacement of Hollow Wooden Doors of PRH Flats

1. **MR IP KWOK-HIM** (in Cantonese): *Madam President, it is reported that hollow wooden doors are currently used in about 380 000 old public rental housing (PRH) flats and such wooden doors do not comply with the requirement under the existing Buildings Ordinance that entrance doors of residential flats must be able to resist fire for at least half an hour. In this connection, will the Government inform this Council:*

- (a) *whether the authorities concerned will consider replacing the hollow wooden doors of these old PRH flats with solid ones that are able to resist fire for at least half an hour in order to comply with the requirement under the Buildings Ordinance; if so, of the respective timetables for replacing the wooden doors for relevant estates; if not, the reasons for that and whether they relate to technical difficulties; and*
- (b) *whether the authorities concerned have assessed the effectiveness of replacing hollow wooden doors with solid ones in upgrading the fire fighting system and enhancing the fire safety of public housing; if so, of the outcome?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, as about 380 000 old PRH flats currently using hollow entrance doors were built before 1996, they do not comply with the fire resistance requirements for residential flat doors stipulated in the revised Code of Practice for Fire Resisting Construction issued under the Buildings Ordinance in 1996. The answers to the two questions raised by the Honourable IP Kwok-him are as follows:

- (a) We have considered replacing the hollow doors of all these old PRH flats by solid-core doors that can resist fire for at least half an hour. On the basis of \$2,600 for replacing one door, replacing all the 380 000 doors would cost a total of \$990 million. Given the substantive costs involved, we would have difficulty in funding such an extensive replacement programme within a short span of time.

Although the doors of these flats do not meet the 1996 statutory fire resistance requirements, our view is that with our building designs featuring widened corridors for fire escape and good ventilation, the overall fire safety of these flats is satisfactory. Notwithstanding this, we are keen to further improve the situation. We engaged a professional consultant earlier this year to conduct an overall assessment of the fire risk level of these flats and to make recommendations for improvement. In September this year, the consultant recommended replacing the flat entrance doors for all PRH flats located at "dead ends" of fire escape routes, as well as strengthening and improving the fire safety aspects of the Housing Department (HD)'s estate management.

Having taken into account all relevant factors, we plan to replace the flat entrance doors for 101 000 PRH flats located at "dead ends" of fire escape routes with solid-core doors that can resist fire for at least half an hour. This will ensure a satisfactory fire safety level of these old PRH estates built before 1996. We would also carry out regular comprehensive inspections of the doors of other flats and replace damaged doors with solid-core ones.

We have also considered that some blocks sold under the Tenants Purchase Scheme (TPS) are similar in terms of building design and fire services installations to the rental estates mentioned above. Hence, we also plan to replace the entrance doors of about 50 000 such flats with fire-resistant solid-core doors. In other words, our replacement programme will involve a total of 151 000 flats at a cost of \$390 million and will take about 12 to 18 months.

- (b) According to the consultant, the level of fire safety of a building should be considered in a holistic manner. Apart from the fire resistance capability of flat entrance doors, other factors such as fire services installations, fire escape routes and their ventilation, building layout and management practices should also be taken into account. After assessing all these factors, the consultant has confirmed that the overall fire safety level of old PRH estates is comparable to that of Code-complying private buildings of the same age. Nevertheless, since solid-core doors have longer fire resistance and are now generally used as the standard for fire

resistant doors in the industry, replacement of hollow flat entrance doors with fire-resistant ones for flats at "dead ends" should further enhance the fire safety of old PRH estates.

MR IP KWOK HIM (in Cantonese): *Madam President, the Secretary said in part (a) of his main reply that the Government "would have difficulty in funding such an replacement programme within a short span of time", then does the Secretary mean that the Government could afford this \$990 million expenditure in the long run? We should be aware that, the current situation is, the replacement of the hollow doors of some PRH flats may cause worries among residents whose doors are not replaced by the Government. How will the Government deal with justified worries as such?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, in fact, I have also mentioned in my main reply that fire prevention management measures should be in place. Perhaps, let me first explain what are the so-called fire prevention management measures. Firstly, a security guard who has been trained in the area of fire safety will be stationed in every building, so that they can notify residents as soon as possible when a fire breaks out and help them to disperse; secondly, suitable security inspections will be conducted in all buildings to safeguard against arson and careless ignition of kindling materials. We will step up inspections and clear obstacles from fire escape routes; thirdly, we have installed fire alarms in units occupied by elderly persons and connected those alarms to the estate management offices; and fourthly, we will formulate and execute safety guidelines, step up publicity on fire prevention and conduct fire drills.

In order to increase the fire safety awareness of PRH residents, the HD has introduced the PRH estate Fire Safety Ambassador Scheme since 1997, put up fire safety posters at prominent locations in housing estates, and fire safety pamphlets and information on measures that should be taken in case of fire should be put on display at estate management offices. Furthermore, the HD has also opened up "PRH Fire Safety Education Paths" in three PRH estates, in the hope of enhancing the knowledge of the public on fire prevention facilities by disseminating information through exhibition boards and exhibition models.

I have outlined a series of measures above mainly to point out that though the replacement of hollow doors is very useful in respect of increasing its fire resistance level or in preventing fires, this is not the only thing we can do for we can still take other actions to tie in with measures mentioned earlier. After making an assessment, the consultant recommended that we should first replace the hollow doors of flats located at "dead ends". The so-called "dead ends" refers to locations in the housing estates where there is only one fire escape route leading in one direction. If this only fire escape route is blocked or inaccessible, then residents would not have an alternative escape route; while for other units, there may be more than one fire escape route or an escape route that goes in both directions, or for some units, there may even be three fire escape routes, so there are different scenarios. Therefore, after a holistic assessment, the consultant thinks that the present suggestion is best suited to our needs. Of course, I also said earlier that we would make appropriate arrangements to replace hollow wooden doors of the flats that are not located at "dead ends" with solid-core ones when normal repairs are due. Through such measures, we hope that fire safety awareness and safety could be greatly enhanced.

PRESIDENT (in Cantonese): Mr IP Kwok-him, has your supplementary question not been answered?

MR IP KWOK-HIM (in Cantonese): *Madam President, my supplementary question was: The Government said it would have difficulty in funding such an replacement programme within a short span of time, then does it mean that it could afford to do so in the long run? The Secretary has not yet addressed this point.*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, I believe the Government will still have difficulty in funding this programme in the long run. *(Laughter)* Substantial costs will be involved if we are to replace all hollow wooden doors in one go. However, since it is necessary to meet the minimum safety requirements under the Buildings Ordinance, we think it is necessary to do so. Since the consultant is of the view that our requirement could be met if this safety measure is properly implemented, we hope that this task could first be completed and then, depending on the effectiveness of this measure in 12 to 18 months' time, decide whether there is a need to step up our efforts.

PRESIDENT (in Cantonese): Honourable Members, 11 more Members are still waiting to ask supplementary questions.

DR RAYMOND HO (in Cantonese): *Madam President, the Secretary said the fire safety level of PRH estates built before 1996 is comparable to that of private buildings of the same age. However, according to my understanding, a major amendment, including compartmentation, has been introduced to the Fire Services Ordinance in the mid-eighties. In other words, at present, many buildings may have already used solid-core wooden doors. As such, why is it that the HD had still used hollow wooden doors in so many PRH flats before 1996? Have solid-core wooden doors actually been used in all PRH flats built after 1996? If residents of the relevant PRH flats think that there is a risk of fire under the existing environment and request the HD to replace the hollow wooden doors of their flats, will the Government consider replacing the hollow wooden doors in all corridors as soon as possible?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, as Honourable Members are aware, the relevant provisions were amended in 1996 and this amendment did not have any retrospective effect, so PRH flats constructed before 1996 were built in accordance with the prevailing requirements at that time, whereas all new buildings constructed after 1996 are in compliance with the amended regulations. In other words, PRH flats constructed after 1996 do not have any problems in this regard. What we are now talking about are the 380 000 flats in old PRH estates built before 1996. I explained earlier that we have decided to replace the hollow wooden doors of 150 000 of such flats. This should be able to raise the relevant safety standards to an acceptable level.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, the Secretary said the cost for replacing one wooden door is \$2,600. Could the Secretary provide us with figures on the breakdowns and tell us whether the cost could be lowered, so that more hollow wooden doors could be replaced?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, I understand that the cost of \$2,600 mainly covers the price of

the wooden door itself and a small replacement and installation fee. As these wooden doors must have a fire resistance capability of half an hour, the materials used for the doors must meet certain requirements and the cost will also be relatively higher.

MR ALBERT HO (in Cantonese): *Madam President, from the Secretary's main reply, we can see that the Government now intends to divide PRH estates into two categories: one category is PRH flats to be sold and the other category is PRH flats that will continue to be rented. For PRH flats that will continue to be rented, the Government only replaces hollow wooden doors at "dead ends" of fire escape routes, whereas for PRH flats to be sold, the hollow wooden doors of all flats will be replaced. Can the Secretary confirm whether it is because those flats will fall under the provisions of the Buildings Ordinance after they are sold and it will be in contravention of the law if the hollow wooden doors are not replaced? If my understanding is correct, then firstly, the Government will create an unfair phenomenon and give people an impression that the Government has disregarded the safety of PRH flats; and secondly, existing PRH flats that are to be sold have already violated the Buildings Ordinance. Is that the case?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, I can solemnly tell Honourable Members that what we are doing at the moment is entirely lawful. There is more than one way to fulfil the requirements of the Ordinance and we can still adopt many other measures. I also explained earlier that the safety measures we adopted in respect of fire prevention could greatly enhance the safety of our buildings. One of our considerations is that the flats we are dealing with at the moment are all under our own management, so many safety measures mentioned earlier are all within our control. We have undertaken that for PRH flats under the TPS that are not yet sold, we will carry out the relevant maintenance or replacement works at the request of residents. Since we anticipate that they will ask us to replace the wooden doors, we have taken this opportunity to deal with this matter first. This does not mean that the two categories of PRH flats are accorded different treatments. It is only that those flats are now under our control and we are clearly aware that what we have done is greatly beneficial to fire prevention.

MR CHAN KAM-LAM (in Cantonese): *Madam President, we certainly welcome the Secretary's reply that the Government is willing to replace the wooden doors of some flats with solid-core ones. However, the fact is, after all, the wooden doors of 200 000-odd households will not be replaced by solid-core ones in the short run or in the long run. This is not very satisfactory. I would like to know, apart from the recommendations on replacing wooden doors with solid-core ones, has the consultant made other recommendations, such as to reinforce the hollow wooden doors with iron sheets or fire resistant paint, so as to increase their fire resistance level? Will the Government do so? We could certainly accept it if the Government only replaces the hollow wooden doors of 150 000 households in the short run, but if it still fails to solve other problems in the long run, then it will not be very ideal.*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, in fact, we can still adopt some other less obvious measures. For example, the consultant recommended that we should adopt some additional fire prevention measures in respect of pipes that lead from the floor platforms of each PRH flat to the floor above so as to decrease the chance where the fire will spread upwards in case of a fire. Perhaps, I have not explained very clearly, but I understand that such additional measures are effective. This is a job we can do, but as the work has to be carried out inside the flats and extra facilities could only be installed by digging open the floor, it will be a great nuisance to residents even if some results could be achieved. Under such circumstances, we will only do so when there is a need to carry out maintenance or replacement works inside the flats. As regards doing so on a comprehensive basis, we will not consider this at the moment. Therefore, generally speaking, I have already given Members an account of the major and effective measures earlier.

PRESIDENT (in Cantonese): This Council has already spent more than 18 minutes on this question. As many Members are still waiting to ask their supplementary questions, I will allow Members one last supplementary question.

MR ANDREW CHENG (in Cantonese): *Madam President, I asked a similar question on 28 November and requested that the hollow wooden doors of all 380 000 households should be replaced. The then Secretary for Housing said they did not know what were the benchmarks of the replacement works at that*

time. Now the report has been published and we clearly see that the Government is applying the three benchmarks of time, resources and "dead ends" in replacing the hollow wooden doors of some households and this is an improvement. However, Madam President, you may be aware that a "dead end" kick will certainly score a goal in a soccer game.....

PRESIDENT (in Cantonese): Mr CHENG, please ask your supplementary question directly.

MR ANDREW CHENG (in Cantonese): *Madam President, apart from flats located at the "dead ends" of fire escape routes, many other flats will also be affected. If the Secretary thinks that inadequate time and resources is the only reason for not replacing all the doors, I hope he will reconsider it carefully for human lives should not be compromised by money. I hope the Government will spend a longer time and allocate an additional \$600 million to replace the hollow wooden doors of the remaining 230 000 households. Will the Secretary reconsider this?*

PRESIDENT (in Cantonese): Mr CHENG, are you asking the Secretary to reconsider?

MR ANDREW CHENG (in Cantonese): *Madam President, this is because I just heard that.....*

PRESIDENT (in Cantonese): Mr CHENG, you need only to ask the supplementary question directly.

MR ANDREW CHENG (in Cantonese): *Madam President, my supplementary question is, I cannot accept the answer given by the Secretary earlier, therefore I hope that the Government.....*

PRESIDENT (in Cantonese): Mr CHENG, this is question time and no debate is allowed. You can only ask questions.

MR ANDREW CHENG (in Cantonese): *Madam President, what I wish to ask is will the Secretary spend a longer time and an additional \$600 million in replacing the hollow wooden doors of the remaining 230 000 households.*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): *Madam President, I do not wish Members to think that I do not take the personal safety of PRH residents seriously. I have emphasized in my main reply that after taking every situation into account, we think that personal safety has already been safeguarded under the current measures. For personal safety to be 100% safeguarded, it is not absolutely necessary for us to replace wooden doors. As regards Mr Andrew CHENG's suggestion, I said earlier that the relevant situation would be reviewed in 18 months after this phase of work is completed. By that time, if further improvements are found necessary, we will reconsider what improvements are needed.*

PRESIDENT (in Cantonese): *Second question.*

Financial Secretary's Demand to Reduce Operating Expenditure

2. **DR YEUNG SUM** (in Cantonese): *Madam President, it was reported that, in a letter to all Directors of Bureaux in August this year, the Financial Secretary had demanded that they reduce the original estimates of operating expenditure for 2003-04 of the government departments under their portfolios by a uniform 1.8%, and a further reduction of 1% in each of the following three financial years. In this connection, will the Government inform this Council:*

- (a) *of the original estimates of expenditure and the revised ones after the 1.8% reduction in respect of each government department, and of the impact on the projection of revenue and expenditure contained in the Medium Range Forecast 2003-04 to 2006-07 in Appendix A to the 2002-03 Budget;*
- (b) *why the Financial Secretary has made such a demand, and the basis on which the above two rates of reduction has been determined; and why such expenditure reductions were not mentioned in the above Budget; and*

- (c) *why the Financial Secretary has neither consulted this Council before making the above demand nor explained the matter to this Council afterwards?*

FINANCIAL SECRETARY (in Cantonese): Madam President, as the question raised by Dr the Honourable YEUNG Sum covers three points which are interrelated, I hereby incorporate all of them in my reply:

In my 2002-03 Budget speech, I set three targets for our public finances in 2006-07:

- (i) restore balance in the Consolidated Account;
- (ii) attain a balanced Operating Account; and
- (iii) reduce public expenditure to 20% of Gross Domestic Product or below.

If we are to achieve the above targets, on the expenditure front, we have to control the growth of government expenditure. According to the Medium Range Forecast of Revenue and Expenditure at Appendix A to my Budget speech, total government expenditure in 2003-04 will amount to \$253.3 billion, which includes \$210.4 billion of operating expenditure. We will continue to base our preparations for the 2003-04 Budget on these forecast expenditure figures at this stage.

As regards operating expenditure, if the additional or improved services as planned, the natural increases in such expenditure as on pension, and the fact that the civil service pay cannot be adjusted by the original assumed percentage, are taken into account, the total of operating expenditure to be incurred in 2003-04 will exceed the amount estimated in the Medium Range Forecast. In order to ensure that the Government's overall operating expenditure does not go beyond the total amount estimated in the Medium Range Forecast, Directors of Bureaux are required to achieve a saving of 1.8% in the operating expenditure on the existing and new or improved services as planned in 2003-04, and an additional saving of 1% each year from 2004-05 to 2006-07. As to how these savings are to be achieved and spread out among the various programmes under their respective policy portfolios, it is for Directors of Bureaux to decide.

In practice, several processes are involved leading to the submission to the Legislative Council of the annual estimates of the revenue and expenditure of the Government, which include the internal Resource Allocation Exercise through which we make tentative allocation of resources to Directors of Bureaux and the consultations that we conduct in parallel with Members of the Legislative Council and the public on expenditure and revenue proposals. We follow this broad procedure every year, although we make adjustments to suit changing needs. This year, we tentatively allocate to each Director of Bureau an envelope of operating expenditure to give the Director a provisional limit on operating expenditure to be used as a guideline for preparing the 2003-04 Estimates of Expenditure under his/her respective policy areas. The "envelope of operating expenditure" states the total amount of resources available after deducting the savings required. Operating expenditure subject to the limit on overall expenditure stated in the envelope includes all recurrent expenditure and the "other non-recurrent" part of the capital expenditure in the General Revenue Account. There are, however, three kinds of operating expenditure that are not included in the envelope, namely the Comprehensive Social Security Assistance and Social Security Allowance Schemes, and civil servants' pension and benefits. The purpose of the "envelope" arrangement in the tentative internal resource allocation exercise is to allow Directors of Bureaux greater flexibility in the overall deployment of resources among the various policy areas under their purview.

As I have just explained, we are now in the early stage of preparing for the 2003-04 Budget. On the basis of our preparations, we will commence another important stage of work later on, that is, consultation with the public and Members of this Council. In the next few months, Directors of Bureaux and I will consult Members of the Legislative Council, related organizations and the public on the priority and deployment of government services.

Before the formulation of the 2003-04 draft Estimates, I will further consider individual cases in all areas, the views collected and other factors to ensure fiscal sustainability for the Government and that the expectations of the public are met as far as possible.

DR YEUNG SUM (in Cantonese): *Madam President, may I ask the Financial Secretary if he has taken into account that a reduction in government expenditure by 1.8% may result in a cut of 5 000 posts in the Government and public-funded*

sectors, and whether this will go against the Government's priority policy on employment, lifting the unemployment rate of the territory?

FINANCIAL SECRETARY (in Cantonese): Madam President, in considering fiscal expenditures, the Government has already taken into account many factors, and employment is certainly one of the very important factors. However, to ensure that the Government will achieve a fiscal balance in 2006-07 is also of great importance. We have now set the initiatives for Directors of Bureaux to achieve a saving of 1.8% for the coming financial year. Nonetheless, the total expenditures to be incurred for 2003-04 under the government overall expenditures will still be in line with the expenditure forecast estimated in the Medium Range Forecast, and thus the impact on the overall economic situation will be minor.

DR YEUNG SUM (in Cantonese): *Madam President, whether this will push up the unemployment rate of the territory?*

FINANCIAL SECRETARY (in Cantonese): Madam President, government expenditure is not the sole factor that affects the increase or decrease of unemployment rate. In fact, changes in unemployment rate and overall public finance depend greatly on the growth of the economy as a whole. The Government has to implement a lot of measures to promote economic restructuring and economic growth.

MS EMILY LAU (in Cantonese): *Madam President, I believe that the hard times of the economy must have exerted tremendous pressure on those who have to formulate the draft Estimates. In respect of the figures the Financial Secretary cited in August, prior consultation has not been conducted. However, it is stated in paragraph four of the Financial Secretary's main reply that the important preparation stage for the Budget will commence and that is the consultation of the Members of this Council and the public. May I ask the Financial Secretary, upon the receipt of suggestions raised by Members and the public on services prioritization as well as proposals on tax increase and expenditure cut during the consultation exercise, whether the figures he cited in August can be amended entirely?*

FINANCIAL SECRETARY (in Cantonese): Madam President, I have just stated that a number of processes have to be undergone in formulating the annual estimates of the revenue and expenditure of the Government. In fact, during the recess of the Legislative Council every year, we have to discuss with Directors of Bureaux the preliminary resource allocation so as to allow them to set the working priorities for the coming year. After Directors of Bureaux have set their respective priorities, we will consult Members of the Legislative Council and the public on the expenditure prioritization, and would seek their suggestions and opinions on revenue. Some time later, we will consult Members of this Council and the public to listen to their views on the expenditure and revenue of the coming year. We will listen to the views of different sectors before we formulate the Draft Estimates for next year. The relevant bill will be introduced to the Legislative Council for its scrutiny.

MS EMILY LAU (in Cantonese): *Madam President, may I ask the Financial Secretary to simply confirm that whether such figures can be amended entirely?*

FINANCIAL SECRETARY (in Cantonese): Madam President, we certainly need to listen to different views before deciding whether such figures need to be amended. We will make appropriate amendment to such figures with regard to public opinions and the fiscal position of the Government.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, the Financial Secretary's demand for the reduction of expenditure under the Draft Estimates is a "broad-brush" approach, which certainly go against the Chief Executive's undertaking on education expenditure. May I ask who is the person who have said something and then forgotten about it, is it the Financial Secretary himself or is it the Chief Executive?*

FINANCIAL SECRETARY (in Cantonese): Madam President, education is a prime concern of the Hong Kong Special Administrative Region (SAR) Government, and the Chief Executive has also said that education expenditure would not be reduced. We can see that, under the present instruction, the cash expenditure in this respect in the year 2003-04 will not be less than that of 2002-03.

MR WONG SING-CHI (in Cantonese): *Madam President, as far as the existing social welfare services is concerned, public-funded organizations and the Government has in fact drawn up a contract on subsidized services. When the Enhanced Productivity Programme (EPP) was introduced in 1996, the Government had spent at least 18 months to discuss the issue with the public-funded organizations. However, given that contract, the Financial Secretary has just issued a six-month notice to those public-funded organizations to allow them to make corresponding arrangements. I wish to know whether the Government will consider allowing more time for discussion with those public-funded organization on the implementation of the expenditure reduction initiatives put forward by the Financial Secretary?*

FINANCIAL SECRETARY (in Cantonese): Madam President, the initiatives to achieve a saving of 1.8% under the EPP as I proposed, are put forward to every Director of Bureau. At present, the coverage of the policy areas under the purview of each Director of Bureau is extensive, and they can achieve the 1.8% cut in expenditure through various means. As to how the 1.8% expenditure cut is to be spread out, it is for the Directors of Bureaux to decide. Some of the areas may involve public-funded organizations as well as other bodies, and I will leave it to the Directors of Bureaux to consider how to implement such measures.

MR CHEUNG MAN-KWONG (in Cantonese): *Madam President, if the Financial Secretary said just now that the Chief Executive's undertaking is meant to be honoured, then the Government's investment in education should be significant and should be increased annually. Given that, does it mean the Financial Secretary consider that school funding should be exempted from the initiatives to cut expenditure by 1.8%?*

FINANCIAL SECRETARY (in Cantonese): Madam President, I have already said that, how the target saving of 1.8% under the EPP is to be achieved under each Bureau is for the Director of respective Bureau to decide.

PRESIDENT (in Cantonese): Mr CHEUNG, has your supplementary question not been answered.

MR CHEUNG MAN-KWONG (in Cantonese): *Madam President, the focus of my supplementary is, if education is left intact, will the funding to all the schools remain unaffected by the initiatives to cut expenditure by 1.8%? My focus is on the funding provided to schools.*

FINANCIAL SECRETARY (in Cantonese): Madam President, in fact I have answered the supplementary. The instruction I issued is meant for Directors of Bureaux, but they have great flexibility in achieving the 1.8% target saving under the EPP. As to how the Directors of Bureaux allot the saving portions among the various organizations under their purview, including schools, it is for the Directors of Bureaux to decide.

MR NG LEUNG-SING (in Cantonese): *Madam President, according the second paragraph of the main reply, the need to cut expenditure by 1.8% or 1% in the coming years is obviously the result that civil service pay had not been adjusted by the original presumed percentage of 4.75%. The Financial Secretary said in the fifth paragraph of the main reply that in ensuring the fiscal sustainability for the Government on the one hand, the expectations of the public will be met as far as possible on the other. May I ask whether the Government will make in-depth projection on financial changes in the future, and what contingency measures will the Government adopt in case the target cannot be achieved in the end? In so doing, the public will know how the Government solve the problem such as education or other policy areas which involved a significant amount of resources, in the event that a certain target cannot be met. In this connection, what does the Government intend to do to promote this to the general public?*

FINANCIAL SECRETARY (in Cantonese): Madam President, in fact, when the Government formulates the annual Budget, it has already taken into account the prevailing economic situation and medium forecast on the economy. Madam President, I would like to discuss the initiatives the Government will implement to solve the problem of financial deficit, which is now a topic of public concern. First of all, the problem of financial deficit must be resolved radically, or else the economy on a whole will suffer a severe blow. However, a successful solution to the issue of financial deficit demands collective effort on the part of the society and its commitment to share the responsibilities. In fact,

the financial deficit exist now is still within our projection. However, variables do exist, and this is the case mentioned by the Honourable NG Leung-sing.

At present, there are two variables. First, release of the second batch of MTR Corporation Limited (MTRCL) shares may be deferred due to the merger with the Kowloon-Canton Railway Corporation (KCRC) under study, the releasing of such shares has to depend on the prevailing market situation. However, the overall fiscal stability of the Government will not be affected by the delay in the release of the second batch of MTRCL shares, as those shares are regarded as assets and the Government is only realizing its assets, that is, from shares into cash. A responsible Government should properly study the merger of MTRCL and KCRC, so as to maintain the price of their shares. The second variable is the revenue from land sales, as such revenue may shrink further due to deflation and the prevailing market situation. The Government will keep the situation in close view.

However, to achieve the three targets I put forward in March, we have to explore new source of income and cut expenditure at the right time. In respect of cutting expenditure, strict control over expenditure must be exercised to cap our expenditure below the set limit, that is, the limit we have set in March for 2003-04. The expenditure ceiling may need to be reduced further according to actual needs. We have been actively considering the initiatives to cut expenditure, include the review of the Comprehensive Social Security Assistance (CSSA) System and continuing down-sizing of the Civil Service. The Government does have the capacity to cut the number of civil servants further. In fact, over the past few years, the number of civil servants has been cut from 198 000 in March 2000 to 180 000 in June this year. Appropriate measures, such as another round of Voluntary Departure Scheme, natural wastage or other measures, will be implemented in future to shrink the size of the Civil Service further. The prime concern of all the initiatives to cut expenditure is that necessary services provided to the public should not be affected. We also attach utmost importance to the stability and morale of the Civil Service. Thus, on implementing initiatives to cut expenditure, we will maintain open communication with all ranks.

In respect of exploration of new source of income, we will review the current tax rates and study the feasibility of new levies on the condition that economic recovery would not be affected. We will also review various government charges. It is our hope that with the measures introduced to

stabilize the property market, deflation of the territory may improve, and local consumption and investment may rise. It is also hoped that increase in land transactions may bring about an increase in various revenues related to property transactions. However, the key to revenue increase is to stimulate economic growth. The Government's promotion on economic growth and economy restructure is on schedule. I have already provided a written reply to the Honourable Kenneth TING's written question on the economy of the territory. Details of the content related to government policies and initiatives have been included in the reply. Members of this Council may wish to go over the reply and I am not going to repeat those details now. In brief, the Government will closely monitor the development of the overall economy, and carry out effective measures subject to the impact the economy may have on the financial deficit.

PRESIDENT (in Cantonese): This Council has spent more than 17 minutes on this question. This is the last supplementary question.

MR SIN CHUNG-KAI (in Cantonese): *Madam President, I would like to raise a supplementary question which involves a lot of figures, and that is about the 1.8% cut in expenditure the Financial Secretary mentioned and the "envelope of operating expenditure" he issued to Directors of Bureaux. Firstly, will the Financial Secretary give a brief account of, may be in the form of written reply, the amount involved in the 1.8% expenditure cut in each Bureau?*

Secondly, if expenditure is not to be cut by 1.8% in the year 2003-04, what is the estimated amount of financial deficit? I will certainly know that after expenditure has been cut.

FINANCIAL SECRETARY (in Cantonese): Madam President, preliminary preparation work of the Budget is now underway, however, the Government still has to undergo lots of procedure before it can introduce the Budget in March next year. Among which is the consultation I mentioned just now, the process in which various sectors and Members of the Legislative Council will be consulted. At the same time, we will draw up different proposals, like revenue proposals. Therefore, it is inappropriate for me to reveal to Members of this Council the Government's internal target of the initial plan, which are subject to change at a later time. Besides, it is premature to disclose the estimated financial deficit for 2002-03 now.

PRESIDENT (in Cantonese): Third question.

Implementation of the Principle of "Sustainable Development"

3. **MS EMILY LAU** (in Cantonese): *Madam President, the Administration sent a delegation to attend the World Summit on Sustainable Development (commonly known as the "Earth Summit") held by the United Nations in Johannesburg, South Africa from late August to early September. Regarding the implementation of the principle of "sustainable development", will the executive authorities inform this Council:*

- (a) *whether they have identified policy areas for follow-up in the light of the Earth Summit, and of the measures they will take to implement the principle of "sustainable development";*
- (b) *given the Chief Executive's undertaking in the 1999 policy address to set up a Council for Sustainable Development which reports directly to him, of the progress achieved so far in this respect; and*
- (c) *whether it will set up a team to be chaired by the Chief Secretary for Administration or the Financial Secretary to co-ordinate the implementation of the principle of "sustainable development" by various Policy Bureaux during policy formulation?*

CHIEF SECRETARY FOR ADMINISTRATION: Madam President, my response to the Honourable Member's question is as follows:

- (a) In very simple terms, sustainable development is development that meets the needs of the present age without compromising the ability of future generations to meet their own needs. To build a sustainable community, we need to ensure that the desire to improve our economic and social environment is matched by a commitment to care for our natural environment. As a responsible member of the international community, the Government of the Hong Kong Special Administrative Region (SAR) stands ready to concentrate and contribute to a global sustainable future.

The Political Declaration and the Implementation Plan that resulted from the Johannesburg Summit laid down broad principles on a wide range of items, from changing unsustainable patterns of production and consumption to establishing institutional framework for sustainable development. A number of these principles involved action at state level, for example, ratification of international agreements, such as the Kyoto Protocol. In such cases, we will seek advice from the Central People's Government on whether and how such international obligations should be discharged and extended to the SAR. Regarding areas where non-state level entities can take their own initiative, such as promoting biodiversity, looking at increased use of renewable energy and adopting local sustainable development strategies, we will consult stakeholders, inside and outside the Government, and the wider community on the way forward.

We recognize that the issue of making Hong Kong a sustainable city cuts across all major policy areas. For this reason, we have introduced a Sustainability Assessment System within the Administration to examine whether new policies and proposals may have bearing on our long-term sustainable development. In particular, this system allows us to oversee the sustainability of our major proposals that may have wider implications across more than one policy area.

We will continue to implement the Sustainability Assessment System and, in the light of the Implementation Plan devised in Johannesburg, step up our efforts to work with stakeholders and the community to identify the way forward for a sustainable Hong Kong.

- (b) The SAR Government remains committed to establishing a forum whereby stakeholders in the community can provide feedback and advice to the Government on key issues of concern related to sustainable development of Hong Kong. We have also studied overseas examples and experiences in coming up with our own proposals. Following the introduction of the accountability system in the Government, the Chief Executive is considering how the Council for Sustainable Development should feature and should

perform its functions under the new system. We hope to make an announcement on the formal establishment of the Council very shortly.

- (c) There is already a team within the Government which helps coordinate the implementation of the principle of "sustainable development" by bureaux and departments during policy formulation. In April last year, with the support of the Finance Committee of the Legislative Council, we set up the Sustainable Development Unit (SDU) in my office to oversee the integration of sustainability principles into new major policies by bureaux and departments. More specifically, since April this year, bureaux and departments must ensure and explain to the SDU the long-term sustainability of their proposals in all their submissions to the Executive Council. The same requirement applies to submissions to the newly established Policy Committee.

MS EMILY LAU: *Madam President, in terms of implementing the principle of "sustainable development", which I think the Administration has no trouble with, can the Chief Secretary for Administration or the Financial Secretary inform this Council how much financial allocations were made to the various bureaux in the current financial year, and how much will be made in the following financial year? If there is no specific financial allocation for implementing sustainable development, how can the Administration convince the community and the international community that we really mean business?*

PRESIDENT (in Cantonese): Ms Emily LAU, this supplementary question that you raised is asking how much financial resources can be allocated to implement policies in this regard. May I ask what connection does this have with the main reply?

MS EMILY LAU (in Cantonese): *Madam President, the main reply is mostly concerned with the implementation of related policies. So every paragraph is about implementing policies. But if there is no financial allocation, how can the policies be implemented? I have no intention of "setting a trap" for the Administration. But we know that, without the allocation of fund, no policies can be implemented. Among the many Secretaries who are present today, some*

of you may actually assist the Chief Secretary for Administration in answering this supplementary question.

PRESIDENT (in Cantonese): Financial Secretary. Sorry. I should invite the Chief Secretary for Administration to answer this question. *(Laughter)*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Sorry, Madam President, maybe I should answer this question on behalf of the Financial Secretary.

CHIEF SECRETARY FOR ADMINISTRATION: First of all, we have obtained authority from the Legislative Council through the Finance Committee in setting up the SDU under my office. And we have resources to undertake the task, as promised to all Honourable Members in our submission to the Finance Committee. We are now devising a checklist for all bureaux to go through when they make their submissions for changing and formulating policies. Adequate resources have been dedicated for that purpose. I do not have the exact figures in mind, but I am quite happy to provide the amount of money spent. Furthermore, there are indirect resources dedicated in this very important exercise. Each and every bureau in the Government, in making its submission, must make assessments according to the checklist that we have devised. In other words, there will be conscientious efforts to ensure that the principle of sustainability will be complied with. And in this regard, we try to save as much resources as possible. We have not bothered the Finance Committee in asking for additional resources for this purpose, as we are able to find the resources internally. As for the future, of course, we have to establish the Council for Sustainable Development, and when it is established, we will certainly come back to the Legislative Council and the Finance Committee for additional funding. As indicated earlier, we are going to have a sustainability development fund amounting to hundred million dollars, and this has been announced. I am quite sure that once we have set up the Council for Sustainable Development within the Government to look at sustainability development as a long-term policy, we will devise a plan. And according to the plan, we will work out the funding requirement and come to the Finance Committee for additional resources. But we must remember that we are in a financially austere situation, and it is important that every cent spent must be fully justified. I am quite sure that this objective is supported by Honourable Members.

MR BERNARD CHAN: *Madam President, in the reply to the Honourable Emily LAU's main question, the Chief Secretary for Administration mentioned in part (a), a system called the Sustainability Assessment System and in part (c), a unit called the SDU. I would like to ask the Chief Secretary for Administration the relationship between these two terms. Is the Sustainability Assessment System part of the SDU's objective, or is it being carried out in the SDU? Or are these two entirely different things?*

CHIEF SECRETARY FOR ADMINISTRATION: The Sustainability Assessment System is a system backed up by a computer model, whereby bureaux are going to make their own appraisal on their policy proposals against a set of guidelines and codes. The SDU is a group of people headed by a senior officer in the Administration, which oversees the implementation of the System and also ensures that various bureaux will conduct this kind of assessment when they make submissions to either the Executive Council or to the Policy Committee.

MISS CHOY SO-YUK: *Madam President, in the reply to Ms Emily LAU's main question, the Chief Secretary for Administration mentioned in part (c) that in April last year, the Government has formed a SDU, and that the SDU has asked most of the departments and bureaux to make submissions concerning sustainability assessment to the Executive Council. My question is: The Chinese name of the SDU is 持續發展組, which is actually wrong. It should be 可持續發展組. Thus, will the Government consider changing the Chinese name of the SDU and make it right to 可持續發展組, and will the SDU make public all these submissions, for example, through the Internet?*

CHIEF SECRETARY FOR ADMINISTRATION: Madam President, we are certainly open to ideas. The name "Sustainable Development Unit" is the English term used. As far as the Chinese term is concerned, we try to use a simplified version in a more oral sense, and that, of course, should be precise. The point raised by the Honourable Member is correct, and we will look at it. But I think from the point of view of Members and the public at large, the Chinese term now used does convey a very accurate meaning on what we are doing.

The second part of the question concerns the work of the SDU. The checklist that we use is, in fact, on the Internet, and is in the website which relates to a set of guidelines published by the Planning Department not too long ago. As far as any further detail is concerned, we are quite happy to furnish to Honourable Members, but without compromising any restricted documents that we have to submit to the Executive Council or other internal committees.

MR LAU PING-CHEUNG: *Madam President, in the reply to Ms Emily LAU's main question, particularly in the second last paragraph of part (a), the Chief Secretary for Administration said that there has been formed a Sustainability Assessment System within the Administration to examine whether new policies and proposals may have bearing on our long-term sustainable development and cross over more than one policy area. I wonder if the System would also examine issues brought up across the border, which may have bearing on Hong Kong's long-term sustainability?*

CHIEF SECRETARY FOR ADMINISTRATION: Madam President, we will examine those aspects so far as they may have an impact on Hong Kong as a place and an impact on the environment, economy, health and hygiene, natural resources and so on. Under various headings, we will examine sustainability. We do not go beyond the border as to examine how the mainland authorities implement the sustainability principle or Agenda 21. But we will soon look at how the implementation of the scheme or the lack of it by various external entities might have their impact on Hong Kong, on various spheres of our policy formulation, from the economic point of view, from the environment point of view and from the social point of view.

MS CYD HO (in Cantonese): *Madam President, in the consultative document on sustainable development released by the Government some time ago, it was explicitly stated that the issues of political system, legal system, human rights and freedom are not within the scope of sustainability. However, in fact I am quite happy that, the Government pointed out in part (c) of its main reply that, since April this year, Policy Bureaux and departments must explain the long-term sustainability of their proposals in all their submissions to the Executive Council. I would like to ask the Chief Secretary for Administration, what criteria we would*

adopt in assessing the sustainability of such aspects as legal system, political system, human rights protection and freedom? Should such conclusions and assessment results be made public? If such results are not released, what are the reasons?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, it is mainly a matter of priorities. Sustainable development could cover an extremely extensive issues of governance, including the aspects related to politics and the political system as said by Ms HO a moment ago. However, as far as the issues we are dealing with, I think it is most important for us to examine the sustainability of the several major headings we have chosen. The headings are economic issues, health and hygiene, natural resources, social issues and infrastructures, biodiversity, leisure and cultural activities, environmental quality and transportation. These are the major headings under which we would be examining the sustainability. Of course, there are other headings as well. But at the moment, as far as the present circumstances in Hong Kong are concerned, these are the issues that should be handled with priority.

PRESIDENT (in Cantonese): Ms HO, has your supplementary question not been answered by the Chief Secretary?

MS CYD HO (in Cantonese): *Madam President, if the political system and legal system are not assessed, is there an error in "all the submissions" as claimed by the Chief Secretary?*

PRESIDENT (in Cantonese): Ms HO, the follow-up question raised by you is not part of your earlier supplementary question.

MS CYD HO (in Cantonese): *Madam President, in fact, the Chief Secretary for Administration has not answered my supplementary question. Since he said "all the submissions", so I asked him what criteria he had. The Chief Secretary could answer directly that since there is no assessment, so there is no criteria.*

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

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, I am sorry. I have already pointed out eight major criteria just now.

DR LAW CHI-KWONG (in Cantonese): *Madam President, the Secretary mentioned issues related to the Johannesburg Summit and Kyoto Protocol. I know that our country had also signed this agreement which has been ratified, but it was signing the agreement in the status of a developing country. I would like to ask the Chief Secretary, in the course of deciding the direction of our study, whether we would set those objectives related to the Kyoto Protocol for Hong Kong as a developed territory, such as the standards for reducing the exhaust emission?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, regarding specific issues on the Kyoto Protocol, I think it is more appropriate for my colleague, Secretary for the Environment, Transport and Works, to provide an answer.

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, regarding the Kyoto Protocol, our country has already signed it and it has been ratified. Our country participated in the Protocol as a developing country. For all such United Nations agreements, it is always the sovereign state that plays a leading role. We have already made a request to the Central Government for allowing Hong Kong to become a member of the Protocol. As provided in the Protocol, any dependent city or territory of a sovereign state, as long as their conditions are not inferior than the sovereign state, may join the Protocol directly. As for what we can do to reduce exhaust emission under our circumstances as a developed city, we are still in the process of discussing and studying the feasibility of the relevant proposals. We shall decide on what we can do further in this aspect after coming to a conclusion.

PRESIDENT (in Cantonese): This Council has spent more than 18 minutes on this question. We shall now proceed to the fourth question.

Statistics on Unengaged Young People

4. **MISS CHAN YUEN-HAN** (in Cantonese): *Madam President, in his speech at the Swearing-in Ceremony on 1 July this year, the Chief Executive mentioned that there were currently some 90 000 young people in Hong Kong who were unemployed and unable to pursue further studies. In this connection, will the Government inform this Council of:*

- (a) *the source of this figure; and*
- (b) *the categories to which these young people belong according to the categories under "economically active population" and "economically inactive population" as defined by the Census and Statistics Departments?*

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

- (a) The figure of "some 90 000 young people in Hong Kong who were unemployed and unable to pursue further studies" is basically derived from the results of the General Household Survey conducted by the Census and Statistics Department.
- (b) While young people refers to persons aged between 15 and 24, the number of "young people who were unemployed and unable to pursue further studies" can be estimated from the size of two categories of persons. The first category refers to unemployed young persons in the "economically active population" (also known as "labour force"). For the second category, they are young persons in the "economically inactive population" (also known as "non-labour force") who are not studying; but those who are full-time home-makers or who cannot work due to chronic illness are excluded.

According to the results of the General Household Survey conducted during March to May 2002, there were 53 000 young persons in the first category (that is, "labour force") and another 18 000 young persons in the second category (that is, "non-labour force" who are not studying). The two categories added up to a figure of around 71 000 persons.

Apart from the aforementioned 71 000 young persons, there were some youths who were not engaged in work and were attending courses which might involve only a limited number of hours of studies per week. Among them, some attended the courses in preparation for taking up work later while others attended the courses simply to spend their time. The former group are not "young people who were unable to pursue studies" while the latter group may be regarded as such, to whom special attention should also be given. The number of this "marginal" group of young persons who were studying for rather little time per week was estimated at around 20 000.

It is on the basis of the aforementioned statistics that the Chief Executive mentioned the figure of "some 90 000 young people who were unemployed and unable to pursue further studies" in his speech on 1 July 2002.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, what the Chief Executive mentioned in his speech at the Swearing-in Ceremony shows us that these 90 000 young people are those people who need our assistance in obtaining employment. The Secretary has just now divided these young people into three categories: the first category of 50 000 young persons in the labour force, the second category of 18 000 young persons who are the "concealed" unemployed as we often refer to and the third category of 20 000 young persons. I am not sure how the Government group them under a certain category but, in terms of statistics, among these 90 000 young persons, young people who are not studying or employed are unengaged. All along, the Government has not included in the labour force people who really want to engage in work but fail to do so for many reasons but the Hong Kong Federation of Trade Unions asks the Government to do so. If these people are included in the labour force, the unemployment rate would not be just 7.6% as it is now. Why does the Government have a double standard? Why does it only put unengaged young people who are not working or studying under the category of unemployed people but put those who really want to work but cannot work under the category of unemployed people instead of the labour force? How does the Government come up with such definitions?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, I have just given an account of people who are not working or studying in my main reply. As I have to obtain from the Census and Statistics Department information on how the unemployed population is counted, please allow me to give Miss CHAN a written reply in the future. (Appendix I)

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, I am actually talking about a very simple definition*

PRESIDENT (in Cantonese): Miss CHAN Yuen-han, you do not have to explain any definition and you just have to say which part of your supplementary question has not been answered by the Secretary.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. If the definition is made on the basis of 90 000 persons, the unemployment rate would not be just 7.6%. Has the Secretary adopted the same definition?*

PRESIDENT (in Cantonese): Miss CHAN, I think the Secretary has tried his best to answer the supplementary question and has promised to give a written reply. Does the Secretary have anything to add?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, a written reply by the Commissioner for Census and Statistics would be more explicit. However, I believe Miss CHAN is clear about the point that it is an international definition and the International Labour Organization holds that those people cannot be officially counted as unemployed people. I believe all of us understand the definition of the unemployed and I think a written reply by the Commissioner for Census and Statistics would be most explicit.

MR CHAN KWOK-KEUNG (in Cantonese): *Madam President, can the Government provide enough school places to students who have completed Form*

Three and Form Five? These students may not have pursued further studies or may have become unemployed because there are not enough school places. What solution does the Government have for the shortage of school places?

PRESIDENT (in Cantonese): Mr CHAN Kwok-keung, do you wish to ask a supplementary question on the third paragraph of part (b) of the main reply?

MR CHAN KWOK-KEUNG (in Cantonese): *Yes, I do. It is about young people who are unable to pursue further studies.*

PRESIDENT (in Cantonese): Which Secretary is going to reply? Secretary for Education and Manpower.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I am grateful to you for giving me a chance to put in a few good words for the Government. (*Laughter*) There are enough Form Four school places for Form Three students and more than 98% of Form Three students have been promoted to Form Four, so there is not any problem at all. Nevertheless, a small number of Form Three students do not want to be promoted to Form Four and would rather join the labour force instead. At present, around one third of Form Five students have a chance to be promoted to Form Six in grammar schools and there are different ways in which the Government can help the remaining two thirds of them. Firstly, vocational training. The Institute of Vocational Education with 18 development centres under the Vocational Training Council offers different kinds of courses. Pardon me for not reading out all such courses, but I would like to say that there are diploma and higher diploma courses. Students may also take up apprenticeship training or attend different courses offered by the Construction Industry Training Authority or the Clothing Industry Training Authority. They may also consider the Labour Department's Youth Pre-employment Training Program and the Youth Work Experience and Training Scheme or the Project Springboard. Even if they do not have a chance to repeat Form Five or have unsatisfactory results in the Hong Kong Certificate of Education Examination, they will have a chance to take courses of interest to them in preparation for taking up work in the future. Furthermore, they can take associate degree courses offered by the Government. But if some students who have left school

want to continue studying at a school, they can choose public schools such as government evening secondary schools or specialized English courses. Therefore, help is available under different institutions to most young people.

MR LEUNG FU-WAH (in Cantonese): *Madam President, the Secretary has mentioned in his main reply that the 90 000 young persons are categorized into three types: the first category refers to unemployed young persons in the "economically active population". The second category are young persons in the "economically inactive population" who are not studying and the third category of 20 000 young persons are the marginal group studying for rather little time. As categorized by the Government, are these 20 000 young persons unable to pursue further studies or unemployed or "both unable to pursue further studies and unemployed"?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): *Madam President, the third category are the group at risk who are not really unable to pursue further studies, who manage to study for little time at school and are also unemployed. Since arrangements can easily be made for the employment of or pursuit of further studies by these young persons at risk, so they are put under the third category.*

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, the Secretary has mentioned that the Government can help the group at risk to pursue further studies or take up work and it depends on the aspect in which the Government is going to provide assistance. However, the statistical figure given in the main reply is not really a statistical figure but only an estimated figure which may not be accurate. There may be 20 000, 30 000 or 40 000 persons or perhaps less in this category. Why has the Secretary estimated that there are 20 000 persons in this category rather than 30 000 or 40 000 persons? On what basis has he got the estimated figure that is going to affect the plans for the number of school places and training for employment to be worked out by the Policy Bureau in the future?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): *Madam President, the figure was not estimated by the Secretary but was in fact provided by the Census and Statistics Department.*

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

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, it has not. Although the Secretary has said that the figure was provided by the Census and Statistics Department, I would like to know how the Census and Statistics Department obtain this estimated figure.*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, I do not have the information at hand. Please allow me to give a written reply later. (Appendix II)

MR WONG SING-CHI (in Cantonese): *Madam President, the Secretary has categorized 90 000 young people who are unemployed and unable to pursue further studies in his main reply. Since the Home Affairs Bureau is in charge of affairs pertaining to the development of the youth, I wish to ask the Secretary how he evaluate the figure of 90 000 young people who are unemployed and unable to pursue further studies. Is the situation regarded serious? If the Government thinks that it is serious, has it set a target on the extent to which the figure of 90 000 young people should be reduced until it would be deemed as acceptable?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, the Chief Executive mentioned in his speech at the Swearing-in Ceremony on 1 July that the Youth Commission was asked to come up with a practicable and feasible plan within six months to provide our young people with pluralistic options both in terms of training and employment opportunities. Various government departments are proactively supporting and complementing the work of the Youth Commission. Let us wait and see. I hope the Commission would be able to submit a plan for our reference by the end of this year.

MR WONG SING-CHI (in Cantonese): *Madam President, my supplementary question is not about who is going to take action but how the Secretary for Home Affairs evaluate the situation of the 90 000 young people who are unemployed and unable to pursue further studies, and whether the Government has a target on the extent to which the figure of 90 000 should be reduced.*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, we have asked the Youth Commission to handle the problem and evaluate the situation. Their discussions show that the situation of the "young people who were unemployed and unable to pursue further studies" is to a very large extent related to the overall economic and unemployment situation of Hong Kong. They are proactively studying the situation of young people in foreign countries who are unemployed and unable to pursue further studies. I would certainly give Mr WONG the information in writing if I have any such further news.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, I know that Mr WONG has asked the Secretary for Home Affairs the question but I wish to say that, from the angle of economic and labour affairs, we certainly want to reduce the number of unemployed young people, but it is an alternative for young people to pursue further studies or receive training. The Government has made a lot of efforts in employment, for instance, we have organized the Project Springboard and the Youth Work Experience and Training Scheme. For example, some 12 000 people took part in the Project Springboard last year, some 2 000 later decided to pursue further studies while 7 000 of the remaining 10 000 people found employment. The Government has actually done a lot through the Project Springboard, the Youth Work Experience and Training Scheme or other schemes to reduce the number of unemployed young people.

PRESIDENT (in Cantonese): Last supplementary question.

DR RAYMOND HO (in Cantonese): *Madam President, as mentioned by the Secretary in part (b) of his main reply, apart from 71 000 young persons, some youths were attending courses to prepare themselves for taking up work later while others attended the courses simply to spend their time. I would like to know what is the source of this information? How many young people belong to the category of people who were attending courses simply to spend their time but not in preparation for taking up work?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, since the Commissioner for Census and Statistics has provided us with these figures, please allow me to give a written reply later. (Appendix III)

PRESIDENT (in Cantonese): Fifth question.

Patients' Choice Items Scheme Implemented by Hospital Authority

5. **MR MICHAEL MAK** (in Cantonese): *Madam President, in August this year, the Hospital Authority (HA) implemented the Patients' Choice Items (PCI) Scheme in the seven hospitals of the New Territories East (NTE) Cluster. Under the Scheme, only drugs classified as "clinically essential" will be provided to patients free of charge whereas patients may choose to purchase, at their own expense, drugs classified as "non-essential". In this connection, will the Government inform this Council whether:*

- (a) *it knows which of the drugs now classified as "non-essential" used to be provided to patients free of charge before implementation of the above Scheme, and the diseases to be treated with these drugs;*
- (b) *the Administration has stepped up its supervision on the sale of drugs classified as "non-essential" at drugstores after the implementation of the Scheme; and*
- (c) *it knows if the HA intends to extend the Scheme to all public hospitals; if so, of the implementation timetable, and the estimated annual savings in expenditure on drugs?*

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

- (a) Rapid advance in medical technology results in new drugs constantly being launched in the market. It is essential for the HA to fully evaluate these new drugs before they are introduced into public hospitals. In this connection, the HA has been carrying out regular and systematic reviews to ensure that its clinical and therapeutic practices on the usage of new drugs are safe, efficacious, cost effective and according to best available scientific evidence, and that public resources are appropriately targeted to patients in need.

The HA NTE Cluster conducted a comprehensive review on the usage of drugs in various clinical specialties earlier this year and developed a set of drug utilization guidelines to systematically classify drugs into "essential" and "non-essential" items. The classification of drugs as "essential" or "non-essential" items is primarily based on the clinical conditions of the patients and the therapeutic indications of the drugs concerned. Broadly speaking, the NTE Cluster adopts the following basic principles when classifying "non-essential" drugs:

- (i) Drugs which lack comprehensive scientific evidence on clinical efficacy;
- (ii) Drugs with comparatively fewer side effects or marginally better efficacy, but disproportionately higher cost when compared with available alternatives; and
- (iii) Lifestyle drugs or drugs for primary prevention in low risk patients.

In addition, whether a drug is an "essential" item would depend on the clinical conditions of individual patients. A drug can be essential for one patient but not for another because of their different clinical conditions. It is therefore not a question of whether certain drugs are classified as "essential" or "non-essential" drugs before and after the implementation of the PCI Pilot Scheme.

The implementation of the PCI Pilot Scheme aims to provide a mechanism to facilitate patients to make an informed choice on alternative and "non-essential" drugs that are outside the scope of provision of public hospitals in the NTE Cluster. Hospitals in the NTE Cluster will continue to prescribe essential drugs to all medically indicated patients irrespective of the cost of these drugs.

- (b) The HA will ensure that all public hospital patients receive appropriate medical care, irrespective of whether the patients choose to use PCI drugs or not. While PCI drugs should normally be supplied by community pharmacies, there are certain infrequently prescribed drugs which community pharmacies could

encounter temporary difficulties in supplying them. The HA have made temporary arrangements to provide these drugs to patients on a cost recovery basis. The HA will maintain continuous dialogues with the pharmacy industry to ensure that public hospital patients are able to purchase the PCI drugs in the community pharmacies.

- (c) The PCI is a Pilot Scheme implemented by the NTE Cluster. The objective of the Pilot Scheme is to ensure public resources are appropriately targeted to patients in need, and to offer alternative choices to patients for drugs that are outside the scope of provision of public hospitals in the NTE Cluster. The HA will review the effectiveness of the Pilot Scheme before deciding on the most appropriate approach to be adopted across all public hospitals.

MR MICHAEL MAK (in Cantonese): *Madam President, the HA has unilaterally issued guidelines to doctors to direct them on the prescription of "non-essential" drugs to patients but there is a lack of transparency. The Secretary has mentioned that under the PCI Pilot Scheme, patients have the right to know, but it seems there is little transparency concerning this right to know. If patients request doctors to prescribe "non-essential" drugs, how can doctors strike a balance between the patients' right to choose and the efficacy of drugs? Furthermore, how can ethical hazards be assessed and how can the likelihood of an abuse of power by doctors be minimized?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I would like to clarify that in fact the scheme has total transparency, the only problem is that of poor communication when implementing the scheme. In fact, all specialists had had discussions in their hospitals before the implementation of the scheme and decided to provide the most appropriate drugs to patients according to the efficacy of the drugs as described in the best available research data. I have mentioned several principles and one of them is related to drugs associated with certain lifestyles, for example, hospitals will no longer provide drugs that reduce weight by fat absorption to patients. We will explain to patients and inform them that there are actually equally efficacious substitutes for some drugs and hospitals will provide these substitutes to them in the future. Therefore, it is not a case of withholding drugs with the appropriate efficacy from patients. However, if

patients insist on taking the same drugs as those in the past, we will allow them to choose by informing them that they can purchase the drugs on their own. The difficulty we encountered was that at the launch of the scheme, all specialist services in the entire cluster were affected, so every doctor had to explain to their patients. This has nothing to do with the ethics of doctors at all.

DR LO WING-LOK (in Cantonese): *Madam President, the Secretary mentioned in part (a) of the main reply that drugs are classified as "non-essential" according to three basic principles, the second one being that the efficacy of the drug is marginally better but the cost is disproportionately higher. It is difficult to establish objective criteria for the terms "marginally" and "disproportionately". The Secretary also said in the next paragraph that a drug can be essential for one patient but not for another. This shows that there are a lot of gray areas in the scheme which can easily lead to disputes between patients and doctors which may affect their relations. May I know how the Secretary can minimize the occurrence of this kind of incidents and allow patients to receive the most appropriate treatment?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, it is necessary to lay down clear guidelines in order to minimize the occurrence of the incidents described by Dr LO. Since it is the first time that this kind of scheme was launched, we have to let patients know that the HA will provide drugs to them according to the relevant principles, and that the decisions are made according to the best available scientific research evidence. Some drugs are simpler but more expensive. Let me use psychiatric drugs as an example. I believe all of us remember that in answering a question of this Council, I mentioned that a new psychiatric drug is 100 times more expensive than the one currently being used, but this does not mean that the HA will not dispense this new drug to patients. This type of new drug has less side-effects and better efficacy for some patients, so the HA has issued the guideline that if it is not possible to deal with the side-effects experienced by a patient arising from the drugs taken, then new drugs will be used instead. Furthermore, if the efficacy of a drug on a patient is not satisfactory, then a new drug will be used. Under the guidelines, a new drug is essential to some patients but not to others, so doctors will work according to these guidelines. If a patient has been taking an equally efficacious drug without any marked side-effect, then the drug would be considered suitable for that patient. Since the

new drug is 100 times more expensive than the old one, we consider this approach very reasonable. Generally speaking, the existing guidelines drawn up for the NTE Cluster all target against very expensive drugs with price differences not just in terms of tens of cents or 10% but several times. The HA has to explain this measure to patients more frequently over some time, in the hope of making them understand the scheme better, so as to minimize disputes and misunderstanding.

MR LAU KONG-WAH (in Cantonese): *Madam President, before the launch of this scheme, residents of the New Territories East have in fact found the messages to be rather confusing. The scheme has now been launched and the Secretary has also given a definition on what is "essential" in the main reply. However, if two patients suffer from the same illness and conditions, different doctors may make different decisions and the two patients will perhaps be treated differently. On comparison, it will be found that there may be unfair treatment. How we can prevent patients from feeling being treated unfairly? Moreover, since the scheme has been implemented for two months, how is the present situation?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): *Madam President, in fact this scheme is targeted precisely at the problem described by Mr LAU. At present, a lot of doctors prescribe drugs to patients according to their inclinations, but after the issue of guidelines, matters can be standardized as all doctors in the entire cluster will provide certain drugs to certain types of patients according to the guidelines. If the conditions of the patients are the same, they should be provided similar types of drugs. I have also acknowledged that there were some complications and confusion at the launch of the scheme, but after having a better understanding of the situation, hospitals have co-ordinated with each other on the implementation of the scheme. Hospitals now realize that it will take time to explain the scheme to patients. Patients have to understand that it is not the case that hospitals do not provide the right drugs to them, but rather, suitable drugs will be provided to treat them.*

MR LAU KONG-WAH (in Cantonese): *Madam President, the Secretary has not replied whether there is still any unfairness and how the present situation is like after the scheme has been implemented for two months.*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I think I have answered Mr LAU's supplementary. I can, however, make a clarification again. Before the guidelines were issued, every doctor would prescribe drugs according to their own inclinations. Some of them may be very generous and will prescribe the most expensive drugs to every patient in the belief that the most expensive drugs are also the best. However, it is not necessary for every patient to use those expensive drugs. Some doctors prescribe the best drugs to patients because they do not want to let patients take the risk of trying drugs to see if there is any side-effect, therefore, they just prescribe the best drugs to patients since these more expensive drugs have no side-effects at all. However, some other doctors think that some drugs go down well with some patients, have no side-effects on them and the efficacy is just as good, so there is no need to prescribe expensive drugs. In this case, doctors will prescribe the same drugs that they have all along been prescribing. Without the guidelines, different doctors have different practices, but after drawing up the guidelines, the practices can be standardized and confusion will be eliminated. As a result, instances of unfair treatment can be minimized. As to the implementation, I have already said that there are some problems, however, after practices were co-ordinated, the situation has been improved.

PRESIDENT (in Cantonese): Council has spent more than 15 minutes on this supplementary. Last supplementary.

MR HENRY WU (in Cantonese): *Madam President, the Secretary mentioned drugs "with disproportionately higher costs" in his main reply. The criteria for "disproportionately higher costs" can vary from person to person. Some may consider \$1,000 to be cheap while others may consider \$100 to be expensive. What are the criteria for "disproportionately higher costs"? Is it calculated in terms of how many times more the drugs cost? One very important point is that new drugs are always expensive, but the prices of these drugs with "disproportionately higher costs" will fall after a short while. Will the Government then use these drugs? What mechanism will be adopted to decide on the time when these drugs should be used?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, generally speaking, the prices of drugs with

"disproportionately higher costs" are usually many times higher than those being used now. Take the new psychiatric drugs I have mentioned as an example, we know that they cost 100 times more than existing ones while others costs several times more. The crux of the problem does not always lie in the price of each and every pill but in the quantity of drugs consumed by patients. Since there is a large number of psychiatric patients, if a lot of patients use the same kind of drugs, the quantity involved is quite substantial since the prices of new psychiatric drugs range from about \$10 to \$20 per pill whereas existing drugs cost only a few cents each. This is what I meant when I talked about "disproportionately higher costs". The prices of most of the expensive drugs are double that of existing drugs, not in terms of how many per cent. However, I do not have the official data to illustrate that the price differences between most drugs are one double the price of another.

Mr WU has also asked about some of the generic drugs presently available. In this regard, the HA will purchase drugs based on their quality and safety. If generic drugs are available, then we will procure them and use them in public hospitals. Of course, if generic drugs are procured, there will be changes in policy.

PRESIDENT (in Cantonese): Sixth question.

Discrimination in Recruitment of Teachers Based On Religious Belief

6. **MS AUDREY EU** (in Cantonese): *Madam President, it is learnt that, in the recruitment of teachers, some aided schools specify the acceptance of particular religious beliefs as one of the conditions for appointment or give preference to job seekers who share the same religious belief with their school sponsoring bodies. In this connection, will the Government inform this Council whether:*

- (a) *the relevant authorities received complaints against the above practice in the past five years; if so, of the number of such complaints received and, among them, the number found substantiated; and*
- (b) *it has taken measures to prohibit aided schools from discriminating against people with different religious beliefs in the recruitment of teachers; if so, of the details; if not, the reasons for that?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese):
Madam President, first of all, I would like to thank Honourable Members for giving me this opportunity to participate your activities on the very first working day of this session.

As to the two questions of Ms EU:

- (a) In view of the freedom in religious belief and the spirit of school-based management, aided schools are allowed to formulate their own school mission and to organize various school activities (including religious activities) in conformity with their religious belief.

The Home Affairs Bureau received a total of five complaints and referrals of the kind in the past five years. Of these cases, two could not be pursued owing to unidentified targets of complaint or insufficient information. Another two involved requirement of applicants to indicate their religious beliefs in the resume. It had not been mentioned in the recruitment advertisements that a particular religious belief would be a condition or preference for appointment. As such information was for the schools' reference in consideration of the appropriate candidate, the cases were not pursued further. The remaining one was a case referred to the Home Affairs Bureau in late August. The complainant cited examples of recruitment advertisements of teachers and principals involving more than 10 aided schools found in the newspaper in the past seven years. The case has now been referred to the Education Department (ED) for follow-up. The content of the advertisements showed that most of the recruitment advertisements only required applicants to indicate their religious belief. Four of the examples stated a preference for certain religious belief in the appointment of teachers and two, for the recruitment of principals, required the applicant to have religious belief. Our initial contact with schools indicated that the schools had identified a need to appoint teachers to lead the schools' religious activities. The ED will follow up further.

- (b) Aided schools have always been required by the ED to adopt the principle of fairness and transparency in staff recruitment and to

draw up defined personnel policies and procedures with reference to the relevant legislation and code of practice as well as circulars issued by the ED from time to time. As to the general principles for staff selection, the "School Administration Guide" compiled by the ED provides in clear and definite terms that recruitment advertisements put up by aided schools should not carry any information suggestive of any kind of discrimination. Besides, the assessment criteria employed should all be based on the job requirement. In the recruitment of teaching staff, priority should be given to persons with professional qualifications and relevant experience. According to the Administration Circular of the ED on "Elimination of All Forms of Discrimination", schools should promote the concepts of fairness and equality by eliminating all forms of discrimination, which includes religious discrimination. At present, the ED will investigate and evaluate individual cases of possible discrimination according to the relevant legislation and directive and take appropriate measures to ensure that schools observe the principle of fairness and transparency in their recruitment exercises. In handling individual cases involving religious preference, the ED will also take into consideration the school's manpower and expertise requirements for the various school activities (including religious activities).

MS AUDREY EU (in Cantonese): *Madam President, the Secretary raised two related but contradictory explanations in his main reply. On the one hand, the Secretary said that under the "School Administration Guide" compiled by the ED, there should not be any form of discrimination, including discrimination on religious grounds, but on the other hand, he said that school sponsoring bodies were allowed to formulate their own school mission and to organize various school activities, including religious activities, in conformity with their religious belief. Madam President, the supplementary I wish to raise is: Can the Secretary give us a definite answer as to under what circumstance these schools can state in the recruitment advertisements or recruitment exercise of teachers that a particular religious belief would be a condition or preference for appointment? For example, would the practice be allowed in the recruitment of principals or teachers of a certain subject such as religious studies, but the same practice would not be allowed in the recruitment of teachers of other subjects? The Secretary also mentioned that teachers had to lead religious activities. May*

I ask how can that be deduced? Suppose a school has 50 or 100 teachers, and each teacher may have to lead the morning assembly, then will preference be only given to the 50 or 100 teaching staff if they have religious beliefs? Is there a ratio? Can the Secretary explain the specific circumstances?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, Hong Kong enjoys the freedom of religion, therefore school sponsoring bodies, especially those of a religious background, shall have the right to pursue their religious belief. However, it had not been mentioned in the recruitment advertisements that an applicant not having a particular religious belief would not be appointed, schools were only seeking such information for reference. The reason for schools to seek this kind of information was possibly due to the fact that applicants might have to lead school activities, including religious activities. Consequently, the schools concerned might wish to know whether applicants had a religious belief. Therefore, I consider we should not stop schools from doing that. However, they should not require applicants to share the same religious belief of their school sponsoring bodies as a condition for appointment or to have the same religious belief as a prerequisite for promotion.

MS AUDREY EU (in Cantonese): *Madam President, the Secretary has not answered my supplementary. My supplementary is: Would these schools not violate the "School Administration Guide" if they impose a requirement on applicants' religious belief in the recruitment of principal, and if they require teachers of religious studies to have religious beliefs? As to teachers of other subjects, such as physical education and English language, would it be a violation of the "School Administration Guide" if the recruitment advertisement requires the applicants to have religious beliefs? Furthermore, is there a ratio allocated for religious activities? Is it because every teacher has to take part in religious activities, therefore religious belief is a prerequisite for their appointment? What is the specific circumstances?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I believe that the religious belief of an applicant would not be the only consideration in the recruitment of a teacher or principal, for the school

concerned will also consider their full curriculum vitae, such as their academic qualifications and management aptitude. Religious belief could be one of the considerations especially to school sponsoring bodies of a religious background, but the applicant should not be appointed only because he shares the same religious belief of a certain school sponsoring body. As to the percentage of other teaching staff, the Education and Manpower Bureau has no records on which religious body a certain teacher has joined or has not joined, because we would not discriminate against any person, therefore we do not have this kind of record.

MS CYD HO (in Cantonese): *Madam President, the Secretary mentioned in part (b) of the main reply that the ED would follow up individual cases of possible discrimination according to relevant legislation and directive, however, the existing anti-discrimination legislation only covers three areas, namely sex, family status and disability, and the Hong Kong Bill of Rights Ordinance only regulates public bodies. May I ask the Secretary what exactly is the legislation the Secretary referred to in his main reply? If legislation against religious discrimination is not in place for the time being, may I ask the Secretary whether he will consider expanding the scope of the existing legislation, such as expanding the coverage of equal opportunities legislation in order to safeguard equal opportunities in the context of religious belief?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, the ED respects the law. We will abide by all legislation; therefore, we will act according to all existing legislation.

MS CYD HO (in Cantonese): *Madam President, since I do not know which law in Hong Kong deals with equal opportunities in relation to religious belief, may I ask the Secretary which law he was actually referring to? If there is no such legislation, should the main reply indicate that there is no legislation on this, and only directives are in place, in order to avoid misleading the Legislative Council?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, we have acted according to the laws of Hong Kong fully.

Even if there is no anti-religious discrimination legislation for the time being, the "School Administration Guide" distributed to schools still provides in clear and definite terms that there should not be any form of discrimination.

MR CHEUNG MAN-KWONG (in Cantonese): *Madam President, since the government policy provides in clear and definite terms that recruitment advertisements put up by aided schools should not carry any information suggestive of any form of discrimination, then why should such recruitment advertisements require the applicants to indicate their religious beliefs? Is this practice entirely unnecessary, or is it just giving itself away? Does the Government consider asking applicants to indicate their religious beliefs necessary? Is this actually a certain form of discrimination in the guise of reference?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, as far as I know, the information is meant for reference only. It is largely because of the fact that teachers may have to lead religious activities from time to time, therefore if applicants do not indicate their religious beliefs or they are not familiar with religious activities, it would be difficult for them to lead such activities, and it would also waste their time.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, may I ask the Administration whether it will consider introducing legislation to ban possible religious discrimination in the staff recruitment exercise of all organizations?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, the question of whether or not legislation will be introduced by the Government is not my brief.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, at present, there are no signs indicating religious discrimination constitutes a serious problem in Hong Kong or laws should be drawn up to deal with such problems. We must prudently consider any proposal advocating the introduction of legislation in this regard. The legislation should not infringe

upon religious freedom, as it is a basic human right prescribed by the Basic Law, the International Covenant on Civil and Political Rights and the Hong Kong Bill of Rights Ordinance. Insofar as the Sex Discrimination Ordinance is concerned, there are provisions granting religious bodies in relation to staff recruitment, and conferral and delegation of power for religious purposes. It has been agreed that there is a need to strike a balance between equal opportunities and religious freedom.

MR NG LEUNG-SING (in Cantonese): *Madam President, we can see from part (b) of the main reply that according to the Administration Circular of the ED on "Elimination of All Forms of Discrimination", schools should eliminate all forms of discrimination, including discrimination on religious grounds. I am not a follower of any particular religion, but I have frequently heard of universal fraternity advocated by religious bodies. May I ask the Secretary whether the Government has received complaints from religious bodies after these directives were issued? It is because the ED mentioned religious discrimination among different religions, yet, as these religious bodies claim that they would only emphasize universal fraternity among themselves, not discrimination, therefore they might ask the Government to amend the relevant directive or circular, with a view to proclaiming in writing a certain degree of accommodation among different religions?*

PRESIDENT (in Cantonese): Which Secretary will answer this supplementary question? Secretary for Education and Manpower.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I believe no religion will teach people to do evil. Every religion advocates universal fraternity and encourages everyone to love his neighbour. Therefore, I feel that we should not be any law or issue any directive to teach them how to get along with each other, as people should know what they have to do. *(Laughter)*

MS EMILY LAU (in Cantonese): *Madam President, I very much agree with the Secretary's point. Madam President, may I ask the Secretary whether the Hong Kong Bill of Rights Ordinance is applicable to aided schools? The Hong Kong*

Bill of Rights Ordinance only regulates public bodies, but these schools are publicly-funded organizations. The Hong Kong Bill of Rights Ordinance forbids religious discrimination. Have the two Secretaries sought legal advice on the question of whether the Hong Kong Bill of Rights Ordinance is also applicable to aided schools? Furthermore, what is the punishment of violating the Ordinance?

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, the Hong Kong Bill of Rights Ordinance prohibits all forms of discrimination, including religious discrimination, and this Ordinance is binding on both the Government and the public authorities. Those who consider themselves aggrieved may take legal action against the Government or the public authorities. The fact that whether or not an organization, such as an aided school, would be deemed a public authority under the Hong Kong Bill of Rights Ordinance is the sole decision of the Court. Similar cases are rare for the time being, but the verdict the relevant cases strongly suggests that aided schools should be considered public authorities.

MS EMILY LAU (in Cantonese): *Madam President, the Secretary has not answered the supplementary that whether the Hong Kong Bill of Rights Ordinance is applicable to aided schools and what the punishment would be for violating the legislation?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, I do not have the relevant information on hand. With your leave, I shall reply in writing. (Appendix IV)

PRESIDENT (in Cantonese): We have spent more than 16 minutes on this question. One last supplementary question from Members.

MS AUDREY EU (in Cantonese): *Madam President, since the Sex Discrimination Ordinance is in place, therefore schools should not indicate the sex preference in their recruitment advertisements. If these advertisements state that they would give preference to job seekers who have a certain religious belief, it would constitute an offence of religious discrimination, unless the relevant*

position rigidly demands the applicant to have religious belief. May I ask the Secretary, if it is found that these advertisements only cited a vague area of religious activities and there were no definite criteria specifying the job requirement after the authorities have conducted investigations, then how can the authorities follow up the cases, that is, how can they identify whether these schools have exercised religious discrimination? Moreover, under what circumstances should a position require an applicant to have a certain religious belief?

PRESIDENT (in Cantonese): Which Secretary will answer this supplementary question? Secretary for Education and Manpower.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I have explained that it had not been mentioned in those recruitment advertisements that an applicant having a particular religious belief would be appointed or an applicant not having a particular religious belief would not be appointed. These advertisements only required the applicants to indicate their religious belief in the resume for the schools' reference. This is the first point.

Secondly, even if discrimination really exists, we already have a good system in place now which deals not only with religious discrimination, but also any discrimination. If we consider something unacceptable, the ED may issue a warning letter to the school management committee concerned; if the problem continues, we may even invoke the power to appoint officials to join the school management committee or to discontinue funding the relevant school sponsoring body. In view of the presence of various measures, no employee had ever complained to the ED that he had been discriminated against because he did not share the same religious belief of the school sponsoring body.

PRESIDENT (in Cantonese): Ms EU, has your supplementary not been answered?

MS AUDREY EU (in Cantonese): *Yes, Madam President. The Secretary said the advertisements had not mentioned that schools would give preference to applicants who have a particular religious belief, but he mentioned in his main*

reply that four schools had stated a preference for certain religious belief in the advertisements. Was it a violation of the guide? The answer in the main reply is different from the reply the Secretary has just made.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I have explained in the main reply that these cases are under investigation. As the investigation is still in progress, I am unable to provide further answers, as these schools may offer a good reason for that. We have to respect school sponsoring bodies, and we will follow up these cases.

PRESIDENT (in Cantonese): Question time ends here.

WRITTEN ANSWERS TO QUESTIONS

Interior of Public Transport Posing Health Hazard

7. **DR RAYMOND HO** (in Chinese): *Madam President, it has been reported that results of laboratory sample tests revealed a high bacterial level on the surface of handrails in the interior of public transport, posing a health hazard to the passengers. In this connection, will the Government inform this Council whether:*

- (a) *it has conducted sample tests on the quantity of bacteria on the surface of handrails and seats inside train compartments of the two railways and tramcars in the past three years; if so, of the test results; if not, whether it plans to conduct such tests on a regular basis;*
- (b) *it knows if the two railway operators and the tram service provider have arranged periodic vehicle disinfection; if they have, of the details of such arrangements; if not, whether these transport operators will be requested to make the arrangements; and*
- (c) *it has issued guidelines on vehicle disinfection to bus companies and minibus operators; if so, of the details?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President, the Health, Welfare and Food Bureau considers that it is not necessary to conduct assessments on the hygienic condition of handrails and seats inside train or tram compartments. Normal cleansing of handrails and seats in public transport vehicles by the operators concerned is considered sufficient to prevent the spread of infectious diseases.

Operators of the railways and tramway have regular cleansing arrangements for their vehicle compartments, as follows:

- (i) the Kowloon-Canton Railway Corporation carries out daily cleaning of train floors, seats, body panels and grab poles, and so on, before the trains are put into passenger service. Cleaning is also conducted regularly on all parts and areas inside the trains;
- (ii) the MTR Corporation Limited requires every train to be cleaned daily after passenger service. For all handrails and grab poles inside train compartments, a special treatment is applied every three days. All handrails and grab poles are sprayed with detergent and polished to maintain cleanliness. Detailed cleaning is also carried out for each train on a regular basis; and
- (iii) the Hongkong Tramways Limited carries out basic cleaning for tramcars on a daily basis. Cleaning on floor, seating and handrails is carried out every evening after service hours on each tramcar. Thorough cleaning on the exterior and compartment for each tramcar is conducted about every eight days.

Since public transport vehicle compartments, which are no different from any surface in public areas, have not been known to be a source for transmission of infectious diseases, it is not necessary to issue specific guidelines on vehicle disinfection to providers of public transport services including bus companies and minibus operators.

Building Materials Selected for Public Works Projects

8. **MR LAU KONG-WAH** (in Chinese): *Madam President, a member of the public has told me that, although locally-produced floor tiles are of a quality*

comparable to that of imported ones, imported floor tiles which more than double the price of locally-produced floor tiles have been selected for use in some government projects. Regarding the selection and procurement by the Administration of building materials for public works projects, will the Government inform this Council:

- (a) of the criteria adopted by government departments for selecting and procuring building materials; and*
- (b) whether there are statistics showing the relative proportions of various types of imported and locally-produced building materials used in the past two years in public works projects awarded by government departments?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President,

- (a) The criteria adopted by government departments for selecting and procuring building materials used in public works projects are as follows:
 - (i) Function — whether the material will perform the required functions;
 - (ii) Quality — how well the material will meet the functional requirements, that is, strength, durability, resistance to abrasion, conductive capability, safety and environmental considerations;
 - (iii) Budget — whether the material will provide good value for money subject to the price not exceeding the budget; and
 - (iv) Compatibility with other materials — whether the selected material is compatible with the design and other materials in terms of consistency, style, aesthetics, and so on.
- (b) Acceptance of building materials for public works projects is not based on country of origin but on whether the material will comply

with the contract specification. The Government has therefore not maintained specific statistical records showing the relative proportions of various types of imported and locally produced building materials used in public works projects.

Processing of Applications for One-way Exit Permits On Grounds of Reunion With Spouses

9. **MR JAMES TO** (in Chinese): *Madam President, it is learnt that the mainland authorities have implemented a system of "standardized application procedures", "standardized assessment criteria", "standardized assessment progress" and "standardized charges" in processing applications by Hong Kong people's spouses in the Mainland for One-way Exit Permits (OEPs) for settlement in Hong Kong, and have been issuing OEPs successively to applicants in descending order by the points they have scored in their applications according to a prescribed formula. In this connection, will the Government inform this Council:*

- (a) *whether it knows*
 - (i) *the details of the "standardized application procedures", "standardized assessment criteria" and "standardized charges";*
 - (ii) *the provinces in which the authorities currently require applicants for OEPs on grounds of reunion with spouses to have lived separately from their spouses for over a specified period before they are allowed to submit applications, and of such specified periods;*
 - (iii) *the provinces in which the authorities also accept applications for OEPs when they process marriage registration; and*
 - (iv) *the respective national and provincial numbers of applications for OEPs on grounds of reunion with spouses that are pending and, among them, the respective numbers of cases with 182.4 to 328.4 points and 182.3 points or below; and*

- (b) *as it is learnt that persons entering Hong Kong from the Mainland for reunion with their spouses are only required to reveal whether they have been "separated for 10 years or more" or "separated for less than 10 years" upon arrival, and given that the length of separation of these persons is decreasing, will the Administration require them to provide more precise information in this regard, such as less than five years, five to 10 years and more than 10 years?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) (i) According to information announced by the mainland public security authorities, detailed requirements and procedures applicable to mainland spouses applying to settle in Hong Kong are as follows:

Application Procedures

The applicant may submit his/her application to the Exit and Entry Administration Department of the Public Security Bureau (Public Security Sub-offices for large and medium-sized cities) in the city or county where his/her household is registered. In making the application, the applicant has to answer inquiries and complete the following formalities:

- (1) submit the "Application for Settlement in Hong Kong and Macao", duly completed in duplicate affixed with a recent 1" x 1" full-faced bare-headed colour photo of the applicant, and enclose two additional photos which are the same as those affixed on the application form;
- (2) produce for examination the originals and a photocopy each of his/her identity card and household registration book or proof of household registration;

- (3) submit the originals and a photocopy each of the supporting documents for the application. For an application for reunion with a spouse in Hong Kong, the supporting documents include the certificate of marriage as well as the spouse's Hong Kong identity card, Home Visit Permit for Hong Kong and Macao Residents or Permit for Travelling to and from Hong Kong and Macao;
- (4) submit the comments on the application made by his/her work unit or the police station in his/her place of residence; and
- (5) produce any other supporting documents deemed necessary by the approving authority.

Assessment Criteria

The work unit to which the applicant belongs or the police station concerned will comment on the application under the relevant section in the application form and affix its official seal thereon. Such comments will specify whether the information given in the application form is true; whether the applicant falls into the category of persons denied exit under the "Law of the People's Republic of China on the Control of the Exit and Entry of Citizens"; and whether the work unit or the police station concerned consents to the applicant's exit, and if not, the reasons. The aforesaid comments are made by different authorities under different circumstances. If the applicant is a public officer, the personnel and organization department of his/her work unit will provide comments based on its managerial authority over the cadres. If the applicant is employed in other sectors, the personnel management department of his/her work unit will provide comments. If the applicant is unemployed or awaiting employment, the police station of the place in which his/her household is registered will provide the comments.

Level of Charges

The fee for a "Permit for Proceeding to Hong Kong and Macao" is RMB 50 yuan plus RMB 5 yuan handling charges.

- (ii) Mainland residents living separately from their spouses who are Hong Kong residents can make their applications anytime.

Up to the end of 2002, applications submitted by residents of the Guangdong Province for settlement in Hong Kong on the ground of reunion with their spouses will be processed immediately if the applicants meet the requirement of having lived separately from their spouses before 31 December 1993. For residents of other provinces, applications made on the same ground will be processed immediately if the applicants have lived separately from their spouses before 31 December 1997.

- (iii) We understand that mainland residents are required to go to the civil affairs offices for marriage registration and to approach the public security departments for applications for OEPs.

- (iv) We do not have the requested information.

- (b) In general, holders of OEPs entering Hong Kong from the Mainland for reunion with their spouses are, upon their arrival, requested to indicate their year of marriage rather than whether their period of separation is longer or shorter than a specified period.

Tuberculosis and Chest Medical Services in Tuen Mun

10. **MR ALBERT HO** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the number of patients referred from Yan Oi Chest Clinic in Tuen Mun to the tuberculosis (TB) and chest services of hospitals outside the district for treatment over the past three years; and*
- (b) *whether it knows if the authorities concerned will consider setting up TB and chest services in Tuen Mun Hospital (TMH) to provide relevant specialist care services for residents in New Territories West?*

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

- (a) As a major acute hospital in the New Territories West cluster, TMH has been providing specialist services for patients suffering from TB and chest conditions for many years. TMH has a team of respiratory medicine specialists that provides both acute care and rehabilitation services to patients with respiratory problems. It also has designated TB beds that provide acute in-patient services to TB patients. For patients requiring long-term in-patient treatment of TB, the Hospital Authority (HA) currently operates a network of five designated hospitals (that is, Grantham Hospital, Ruttonjee Hospital, Kowloon Hospital, Wong Tai Sin Hospital and Haven of Hope Hospital) that provides long-term in-patient services for TB patients of the whole territory. The number of patients referred by Yan Oi Chest Clinic to these five designated hospitals in the past three years are as follows:

<i>Year</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
Number of patients	440	380	331

- (b) The five designated hospitals that provide long-term in-patient services to TB patients require the support of specialist teams. To ensure the effective use of resources, such specialized services are only provided at designated hospitals to ensure that resources and expertise are pooled together to provide quality services to patients.

Due to the physical constraints of TMH, long-term in-patient TB services could not be provided at the existing hospital blocks of TMH but the HA will consider the possibility of providing long-term in-patient TB services at TMH in their future development plan.

Fare Concessions Offered to the Disabled by Public Transport Companies

11. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, regarding the transport fare concessions given to the disabled, will the Government inform this Council:*

- (a) of the details of the transport fare concessions offered by public transport companies to the disabled;*
- (b) whether it has formulated policies to encourage public transport companies to offer transport fare concessions to the disabled; if it has, of the details; if it has not, the reasons for that; and*
- (c) whether it knows if there are similar policies formulated by governments of other countries and territories; if so, of the details of such policies and concessions; and whether it will make reference to such policies and introduce them into Hong Kong; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President, the general fare concessions offered by public transport operators are also available to passengers with disabilities. Examples include bus-bus interchange concessions and bonus rides on the Mass Transit Railway, Kowloon-Canton Railway East Rail and Light Rail. In addition, half-fare concessions are offered to people with disabilities on 10 passenger ferry services serving the inner harbour and outlying islands.

It is relevant to note that people with disabilities are eligible for Disability Allowance at a rate up to \$2,520 per month, depending on the degree of their disabilities. The allowance is non-means tested and is meant to meet the special

needs in their daily life. They are also provided with rehaus services which are funded by the Government and operated by the Hong Kong Society for Rehabilitation.

We do not have information on the provision of public transport fare concessions to people with disabilities in other countries and territories.

Native-English Speaking Teachers and English Language Teaching Assistants Schemes

12. **DR RAYMOND HO** (in Chinese): *Madam President, in order to enhance students' English language proficiency, the Native-speaking English Teacher (NET) Scheme and the Native-speaking English Teacher and English Language Teaching Assistant (ELTA) Scheme have been respectively introduced in all public sector primary and secondary schools in Hong Kong. In this connection, will the Government inform this Council:*

- (a) *of the differences in job duties, educational qualifications and working experience required of NETs and ELTAs in primary schools;*
- (b) *for the 2001-02 and 2002-03 school years, of the respective total numbers of NETs in primary and secondary schools, as well as the respective average numbers of these teachers per school; and*
- (c) *whether it has plans to allocate additional resources for recruiting more NETs and ELTAs; if not, of the reasons for that?*

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

- (a) The main duties of NETs include the following:
 - (i) To undertake teaching duties, developing and trying out good teaching strategies/activities related to the learning, teaching and assessment of English;

- (ii) To provide support for the English Panel, including contributing to school-based curriculum development and professional development of fellow teachers as well as developing and preparing learning/teaching materials;
- (iii) To organize and conduct extra-curricular activities related to English learning and teaching;
- (iv) To act as a language policy advisor for the Principal and teachers in the school; and
- (v) Where applicable, to play an active role in regional teacher development programmes, including lesson demonstrations and experience-sharing with other teachers.

The role of the ELTAs is to provide assistance for local English teachers, and create an authentic English environment for building the students' interest in learning English.

NETs and ELTAs must be native-speakers of English or possess native-speaker English competence. NETs are required to have a bachelor's degree and teacher training qualification in Primary Education or Teaching of English as a Foreign or Second Language. ELTAs should at least be high school graduates.

- (b) In the 2001-02 school year, there were 460 NETs employed in 420 public-sector secondary schools. In the 2002-03 school year, 470 NETs are employed in 430 secondary schools, which means each secondary school has at least one NET. The NET and ELTA Schemes are introduced in primary schools in the 2002-03 school year. There are at present 160 NETs employed in 320 primary schools in a 2-schools-share-1 NET mode.
- (c) The Education Department has earmarked sufficient funds for providing NETs for all public-sector primary schools. In view of a global teacher shortage and the demand of neighbouring countries for NETs, some primary schools are unable to recruit a NET in the current year. These schools are each provided with a cash grant of \$150,000 a year to employ full-time or part-time ELTAs. For the time being, no additional funding is required for the Scheme.

Lighting for Swimming Pools at Night Time

13. **MR FRED LI** (in Chinese): *Madam President, regarding the stipulations on lighting for swimming pools at night-time, will the Government inform this Council:*

- (a) *how the current stipulations on lighting at night-time in the licensing conditions for swimming pools compare with those in place before the commencement of the Provision of Municipal Services (Reorganization) Ordinance (Cap. 552);*
- (b) *whether licensees of swimming pools were allowed a grace period for improving their lighting facilities to comply with the requirements upon the commencement of the above-mentioned legislation; if so, of the expiration date of the grace period, and the number of swimming pools not granted a licence for reason of non-compliance with the requirements upon the expiration of the grace period; and*
- (c) *whether it will review the lighting requirements applicable respectively to "public swimming pools" which are managed by the authority, and to swimming pools which require licences, and of the differences between them?*

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

- (a) Before the Provision of Municipal Services (Reorganization) Ordinance (Cap. 552) came into effect in January 2000, licensed swimming pools under the jurisdiction of the former Regional Council that operated after sunset were required to fulfil an average illumination requirement of not less than 200 lux (measured horizontally at pool water surface). There was no illumination requirement for licensed swimming pools under the jurisdiction of the former Urban Council. As a result of a review completed in January 2002, the Food and Environmental Hygiene Department (FEHD) decided to align the illumination requirement at an average

intensity of not less than 200 lux for all licensed swimming pools in Hong Kong.

- (b) The FEHD served a notice on licensees of all licensed swimming pools in the urban area in January 2002, requiring them to meet the new illumination requirement on or before 1 May 2002, if they are in operation after sunset. In view of the compliance difficulties expressed by some licensees, the FEHD has been considering relaxing the requirement, granting exemption or extending the grace period on individual merits. To date, no licensed swimming pool has been refused renewal of licence on grounds of failing to comply with the requirement.
- (c) The current lighting requirement for swimming pools for recreational use were drawn up having regard to guidelines recommended by an international professional body, that is, average illumination of not less than 200 lux measured horizontally at the pool water surface. Public swimming pools under the jurisdiction of the Leisure and Cultural Services Department were designed to meet this requirement. We are examining whether there is room for relaxing the requirement for licensed swimming pools under conditions which would not compromise public safety.

Scrapping Incentive Scheme

14. **MR MA FUNG-KWOK** (in Chinese): *Madam President, the Government implemented the Scrapping Incentive Scheme (the Scheme) in June 1996, by offering concession on the First Registration Tax (FRT) for motor vehicles, to encourage the owners of private cars aged 10 years or more to scrap their old cars, and the Scheme expired on the 30th of last month. It was reported that the implementation period of the Scheme had been extended twice. In this connection, will the Government inform this Council:*

- (a) *of the number of old private cars scrapped under the Scheme and the total amount of tax concession granted each year since the implementation of the Scheme;*

- (b) *whether it has reviewed if the Scheme can achieve its original objective; and*
- (c) *of the reasons for deciding not to further extend the implementation period of the Scheme?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): Madam President, my reply to the question is as follows:

- (a) Under the Scheme launched in June 1996, if the owner of a private vehicle of 10 or more years old decides to scrap his old car and replace it with a new one, he may enjoy a reduction in FRT of 20% of the tax payable or \$30,000 whichever is the lower amount.

Over 29 000 private cars of 10 or more years old were scrapped under the Scheme from its launch to its ending in end-September 2002. In the same period, a total of over \$203 million in FRT concession was granted. However, it is expected that the final total amount of concession will be over \$203 million, as the Scheme allows participating owners to buy a new car and apply for FRT concession within six months after they have scrapped the old car. Since the deadline for scrapping old cars was 30 September, owners can therefore apply for concession up to the end of March next year. The annual figures for the number of private cars scrapped and the amount of FRT concession granted are at the Annex.

- (b) The objective of implementing the Scheme was to encourage owners of private cars of 10 or more years old and without catalytic converters to scrap their old cars, so as to reduce the number of old cars and improve the air quality. This was because private cars of 10 or more years old and without catalytic converters were one of the sources of air pollution.

The Scheme was launched in June 1996. Figures (Annex) show that since its implementation, over 3 000 to 5 000 pre-1992 registered private cars of 10 or more years old were scrapped each

year under the Scheme. Most of the vehicles registered before 1992 are not fitted with catalytic converters. However, vehicles registered since 1992 are required to be fitted with catalytic converters which are effective in reducing the vehicular emission of pollutants, such as nitrogen oxides and hydrocarbons, by as much as 85% to 90%. For this reason, the Scheme has successfully encouraged over 20 000 owners to scrap their old cars most of which were not fitted with catalytic converters. This has helped improve the overall air quality.

- (c) When extending the Scheme for the final four years (that is, up to end-March 2002) in the 1998-99 Budget, the Government already pointed out that the arrangement was to allow owners of all pre-1992 registered private cars that might not have catalytic converters to join the Scheme when their cars reached 10 years old. We believe that, with its extension to March 2002, the Scheme has achieved its original objective. To allow eligible car owners adequate time to make up their minds and apply to join the Scheme, the Government further extended the deadline from March to September 2002 and reminded car owners in February 2002 of the arrangement.

Annex

<i>Year</i>	<i>No. of private cars scrapped under the Scheme</i>	<i>Total amount of FRT concession granted for the new cars replacing the cars scrapped under the Scheme</i>
1996 (from June)	975	\$9,115,196
1997	3 543	\$31,772,079
1998	4 834	\$32,982,535
1999	4 620	\$29,034,273
2000	4 362	\$32,146,366
2001	4 989	\$34,399,066
2002 (up to September)	5 794	\$34,247,488
Total	29 117	\$203,697,003

Excavation Works Along Cycling Tracks and Pavements on Both Sides of Sha Tin Hoi

15. **MR LEUNG FU-WAH** (in Chinese): *Madam President, it is noted that excavation works are frequent along the cycling tracks and pavements on both sides of Sha Tin Hoi, particularly near Kam Tai Court, the sewage treatment plant and the piers near Ma Liu Shui, causing much inconvenience to cyclists and residents nearby. Furthermore, the resurfaced tracks and pavements after the works are often uneven and full of puddles. In this connection, will the Government inform this Council:*

- (a) *of the numbers of traffic accidents involving cyclists, broken down by causes, that took place at the above sites and the resultant casualties in each of the past three years;*
- (b) *of the commencement and completion dates, the government departments responsible for vetting and approving the works and the utility undertakers responsible for the works in each of the past three years with respect to each of the excavation works at the above sites;*
- (c) *whether it has evaluated the adequacy of the government departments' efforts in monitoring the road resurfacing works and inspecting the resurfaced roads before their acceptance; if the outcome of evaluation is in the affirmative, of an explanation for the prevalence of uneven road surfaces; and*
- (d) *of the government departments currently responsible for vetting, approving, and monitoring the excavation works at the above sites, as well as those in charge of inspecting the resurfaced roads before their acceptance; whether it will review the division of duties among the departments concerned with regard to such responsibilities and assign one department to take charge of the duties instead?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President,

- (a) Statistics on traffic accidents involving cyclists, broken down by causes, that took place at the cycling track along Tolo Harbour and the resultant casualties in 1999, 2000 and 2001 are at Annex 1.
- (b) In the past three years, there have been excavation works in three sections of cycling track along Tolo Harbour, viz. the section near Kam Tai Court, the section between Sha Tin Sewage Treatment Works and the Ma Liu Shui Public Pier, and the section between Ma Liu Shiu Public Pier and Island House Interchange. The commencement and completion dates of these excavation works, together with the corresponding government departments which vetted and approved the applications for excavation works submitted by utility undertakers, are tabulated at Annex 2.
- (c) We consider that the Government's efforts are adequate in monitoring and inspecting the resurfacing works. It is made a condition in both the excavation permit issued to utility undertakers and the contract awarded to a contractor of government works that road surfaces have to be reinstated strictly in accordance with the Government's specification. These permit and contract conditions allow government departments to require utility undertakers and contractors to re-execute road surfacing works if they are found to be unsatisfactory.
- (d) The government departments responsible for vetting, approving and monitoring the excavation works and the resurfaced roads at the three sites mentioned in part (b) above are set out in Annex 2. The standards of resurfacing by utility undertakers and contractors have to be done in accordance with a set of specifications applicable to all projects irrespective of the government departments in charge of such projects. We believe the present arrangements is serving the important objective of providing safe and quality roads to the public.

Annex 1 - Number of traffic accidents (with casualties) involving cyclists at the cycling track along Tolo Harbour in 1999 and 2001

<i>Cause of Accident</i>	<i>1999</i>			<i>Year 2000</i>			<i>2001</i>			<i>Grand Total</i>		
	<i>Severity of Accident Serious</i>	<i>Slight</i>	<i>Total</i>									
Driving too fast for road environment	0	0	0	0	0	0	0	1	1	0	1	1
Failing to keep to nearside of road	0	1	1	2	0	2	0	0	0	2	1	3
Driving too close to vehicle in front	0	3	3	1	0	1	1	3	4	2	6	8
Driving too close to vehicle alongside	0	3	3	0	0	0	0	0	0	0	3	3
Overtaking on offside negligently	0	6	6	0	0	0	0	1	1	0	7	7
Overtaking on nearside negligently	1	0	1	0	0	0	0	0	0	1	0	1
Careless lane changing	0	1	1	0	1	1	0	0	0	0	2	2
Turning right negligently	0	1	1	0	0	0	0	0	0	0	1	1
Turning left negligently	1	0	1	0	0	0	0	0	0	1	0	1
Emerging from side road negligently	0	0	0	0	1	1	0	0	0	0	1	1
Driving on wrong side of road	0	4	4	1	1	2	0	0	0	1	5	6
Lost control – no apparent reason	0	1	1	0	0	0	0	0	0	0	1	1
Sudden illness	0	0	0	1	0	1	0	1	1	1	1	2
Lost control of vehicle	10	42	52	0	20	20	3	12	15	13	74	87
Trying to avoid collision or otherwise : swerving	1	8	9	1	6	7	0	6	6	2	20	22
Trying to avoid collision or otherwise : skidding	0	1	1	0	0	0	0	1	1	0	2	2
Trying to avoid collision or otherwise : stopping suddenly	0	1	1	0	0	0	0	0	0	0	1	1
Other driver factor	0	9	9	0	9	9	2	10	12	2	28	30
No driver factor	2	39	41	4	42	46	6	52	58	12	133	145
Total	15	120	135	10	80	90	12	87	99	37	287	324

Annex 2 - Excavation Works at the Cycling Tracks along Tolo Harbour in the past three years

<i>Section of Cycling Tracks</i>	<i>Utility Undertaker</i>	<i>Commencement of Utility Works</i>	<i>Completion of Utility Works</i>	<i>Government department responsible for vetting/approve excavation works</i>
Near Kam Tai Court	CLP	May 2002	September 2002	HyD
	(non-utility works)	August 2002	October 2002	HyD
Sha Tin Sewage Treatment Works to Ma Liu Shui Public Pier	CLP	March 2000	March 2002	TDD
	HKCG	March 2000	March 2001	TDD
	PCCW	December 2000	February 2002	TDD
	CTV	December 2000	February 2002	TDD
	HTL	February 2001	March 2002	TDD
	NWT	December 2000	February 2002	TDD
	TDD contractor	July 2000	End 2002	TDD
Ma Liu Shui Public Pier to Island House Interchange	CLP	} April 1999 (Ma Liu Shui)	March 2000	HyD
	PCCW			HyD
	HGC			HyD
	HyD	} July 2002 (Kwong Fuk Estate, Tai Po)	September 2002	HyD
	CLP			HyD
	PCCW			HyD
HGC			HyD	

Note:

- HyD : Highways Department
- TDD : Territory Development Department
- CLP : CLP Power Hong Kong Limited
- HKCG : Hong Kong and China Gas Company Limited
- PCCW : Pacific Century CyberWorks Limited
- CTV : Hong Kong Cable Television Limited
- HTL : Hutchison Telecom Limited
- NWT : New World Telephone Limited
- HGC : Hutchison Global Crossing Limited

General Situation and Future Development of Village Schools

16. **MR YEUNG YIU-CHUNG** (in Chinese): *Madam President, will the Government inform this Council of:*

- (a) *the numbers of students enrolled in village schools over the territory and, among them, the numbers of cross-boundary students from the Mainland who attended schools in Hong Kong in each of the past five years;*
- (b) *the general situation of village schools at present, including the number of teachers, teacher-student ratio, number of students per class, school facilities, expenditure, operating cost analysis and school performance, and so on; and*
- (c) *the policy for village school development, and whether adjustment will be made to this policy in the future; if so, of the details; if not, the reasons for that?*

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

- (a) In the past five years, the numbers of students enrolled in village schools in the territory are:

11 542	(September 1997)
13 482	(September 1998)
14 909	(September 1999)
15 003	(September 2000)
13 593	(September 2001)

The numbers of cross-boundary students from the Mainland who attended schools (including all schools) in Hong Kong in the past two years are shown in the table below:

	<i>1997-98 to 1999-2000 School Year</i>	<i>2000-01 School Year</i>	<i>2001-02 School Year</i>
Kindergarten	Not available	524	622
Primary School	Not available	2 446	2 514
Secondary School	Not available	404	409
Total	Not applicable	3 374	3 545

- (b) At present, in each village school on the average, the number of teachers is 10.7, teacher-student ratio is 1:11.9 and the number of students per class is 21. In 2001-02, the average subvention expenditure per student of each village school is \$38,250. The school facilities of village schools are in comparison below the latest standard. Some do not provide adequate special rooms or ancillary facilities. In general, their performance is acceptable but there is much room for improvement.
- (c) Village schools being aided schools are subject to the same policy as other aided schools. In determining the operation of classes in schools, the local supply and demand of school places and the choice of parents will be taken into account.

Review to Local Economic Policy

17. **MR KENNETH TING** (in Chinese): *Madam President, it has been reported that the respective research reports released by the Hongkong and Shanghai Banking Corporation Limited (HSBC) and Bank of China International in September this year pointed out that the Hong Kong economy would turn down again next year and predicted that the pressure of deflation would persist in the next five years. In this connection, will the Government inform this Council whether it has reviewed the local economic policy in the light of the findings and the main points of the reports; if it has, of the measures to be taken to improve the local economy; if not, whether a review will be conducted expeditiously?*

FINANCIAL SECRETARY (in Chinese): Madam President, the HSBC in its September report expected the Hong Kong economy to suffer a technical recession during 2003. The HSBC also predicted that Hong Kong's economic growth for 2003 as a whole would be lower than that in 2002. But the latest data suggested that the Hong Kong economy, after experiencing three quarters of decline, has reverted to an uptrend by the second quarter of this year. On a year-on-year comparison, the Gross Domestic Product (GDP) recorded a 0.5% growth in real terms in the second quarter of 2002, which was an improvement from the 0.5% decline in the first quarter.

Further revival in external trade is now rendering impetus to the Hong Kong economy. First, total exports of goods, having risen by 6% in real terms in the second quarter of 2002 over a year earlier, picked up further to growth at around 11% in July and August combined. Apart from firmer external demand, Hong Kong's external price competitiveness has also improved along with the earlier weakening in the US dollar and downward adjustments in local business costs, which was of help to Hong Kong's trade performance. In addition, exports of services continued to be underpinned by robust growth in inbound tourism and offshore trade, up 9% in real terms in the second quarter of 2002 over a year earlier. The year-on-year growth in visitor arrivals accelerated further from 13% in the second quarter to 19% in July and August combined, with the growth in mainland visitors also picking up from 44% to 49% over the same period. As to the domestic sector, while the volume of retail sales still registered some decline, the pace of decline in July and August combined had moderated from that in the second quarter.

The labour market also seemed to have stabilized somewhat, with the seasonally adjusted unemployment rate edging down slightly to 7.6% in June to August. While wages have come down in nominal terms, there was still a modest increase in real terms. On the other hand, domestic demand comprising private consumption expenditure and fixed asset investment was still weak.

Looking ahead into the rest of this year, Hong Kong's exports of goods and services should continue to benefit from the revival in regional demand, in particular demand in the Mainland of China. That we envisage only a modest growth of 1.5% for the Hong Kong economy this year is mainly in cognizance of the fact that domestic demand would take time to revive in the initial phase of the recovery process.

We have yet to render a GDP forecast for 2003. Yet an examination of the prevailing forecasts by the international organizations and the private sector analysts suggests that they generally expect the recovery process in the Hong Kong economy to gather pace in 2003. The latest forecast by the International Monetary Fund puts Hong Kong's economic growth at 1.5% in 2002, picking up to 3.4% in 2003. The Asian Development Bank's forecasts are 1.4% and 3.5% respectively, while those by the Economist Intelligence Unit are 1.8% and 4.0%. These forecasts are not as downbeat as that by the HSBC.

Admittedly, there are prevailing downside caveats which warrant our concern. In particular, in the United States economy, considerable volatility in the stock market, the corporate accounting and governance issues, corporate profit setback, and a spate of adverse economic data, have aroused doubts about the pace and sustainability of the United States economic recovery. At the same time, the European and Japanese economies are still sluggish. Apart from these, possible launch of military action against Iraq causing international oil prices to surge again would also impact on the global economy.

As to the research report by Bank of China International, their observation is that the rebound in the United States economy and sustained robust growth in China's exports had failed to bring about a visible rebound in the Hong Kong economy. The analysis is that the Hong Kong economy is still in the midst of structural transformation leading to sustained rise in unemployment and persistent deflation.

On this, it has to be noted that with increasing integration between Hong Kong and the Mainland economy, the Hong Kong economy inevitably has to go through a process of structural transformation. But we still believe that if external trade were to sustain good growth momentum, coupled with various government measures to foster the development of high value-added activities, increase employment, facilitate structural transformation and uphold confidence, the domestic economic environment should progressively turn for the better.

On unemployment, while the seasonally adjusted unemployment rate has edged down lately, the present level is still relatively high, on which we are much concerned. Employment is currently amongst the top priority in government policies. Measures include encouraging private organizations to provide more employment opportunities, and increasing overall employment

through facilitating market activities and improving the business environment. At the same time, we would continue to actively provide various job training and retraining schemes, as well as career advisory services, for the sake of improving the employability and adaptability of workers.

On the issue of deflation, local consumer prices have been on a downtrend for nearly four years now, and this situation is likely to continue for some more time. As far as the cyclical factors are concerned, prices can be expected to gradually rise back as and when the global economic recovery and hence the local economy gather pace. But the effect of structural factors, such as the downward pressure on local prices arising from the cost differentials between Hong Kong and the Mainland, might require a longer period of price adjustment. As protracted deflation might have negative impacts on consumption and investment sentiment, we would have to continue to monitor closely the evolving changes and developments in the market. To a certain extent, a mild positive inflation might be conducive to economic sentiment.

Faced with the problems posed by economic restructuring, high unemployment, protracted deflation and other related issues, the Government must consider what Hong Kong's strengths are, have a clear vision of the direction of economic development, and actively institute measures to create an environment conducive to market development, so as to facilitate the successful transformation and continuous upgrading of the Hong Kong economy. To achieve these objectives, the Government has formulated various policies and is actively pursuing a series of measures. The key areas are:

(i) *Maintain Hong Kong's institutional strengths*

The Government will strive to provide an institutional environment that is conducive to market development, in particular, to reinforce Hong Kong's institutional strengths, such as the rule of law, a level playing field, clean government, free flow of information, a simple and low tax regime, and an efficient and effective market-regulatory system. The Government will review the regulatory and supervisory framework at regular intervals to ensure that the institutional environment remains user-friendly, efficient and up-to-date.

(ii) *Reduce the size and involvement of the Government*

Over the coming few years, the share of public expenditure in the economy will have to be reduced progressively to below 20% of the GDP. Specific measures include carrying out review of the Government's work processes, to re-prioritize projects, re-organize structure, and re-engineer procedures, to outsource, and to consider corporatization and privatization, so as to raise efficiency and minimize wasteful use of resources, for the sake of achieving the objective of "small government".

(iii) *Promote closer economic ties with the Mainland of China*

To achieve this, we have to increase "five flows", that is, flows in people, goods, capital, information and services. Hong Kong possesses the unique advantage of having the Mainland as its economic hinterland. Together with Hong Kong's own underlying strengths, Hong Kong will be on an even sounder footing for economic development in the longer term, if Hong Kong can strengthen the linkage with the Mainland in these five areas and grasp the opportunities brought about by the robust growth in the Mainland particularly the Pearl River Delta to the full.

(iv) *Upgrade human resources*

The Government will continue to invest heavily in education and training, and will work closely with the institutions concerned. The policy directions include improving the quality of basic education, promoting education reform and lifelong learning, enhancing proficiency in both English and Putonghua, and reviewing the population policy, all of which are aimed at facilitating Hong Kong's economic restructuring process and enhancing individuals' capability.

(v) *Investment in infrastructure*

The Government will strive to provide high quality infrastructure to match with economic development, in particular, to construct new links and to improve the existing transportation links between Hong

Kong and the Mainland, so as to cater for the ever-increasing flows of people and goods between the two places. In addition, the Government will continue to invest in facilities for improving the environment and promoting cultural and sports activities, in parallel with social developments.

(vi) *Promote developments in high value-added sectors*

To maintain Hong Kong as an international financial centre, we are now streamlining procedures and lowering the associated costs for the issuance of financial products, so as to attract more financial product issuers and investors from the Mainland and overseas to Hong Kong. In addition, to enhance the market system further, the Government will conduct regular reviews of the financial system to ensure that the regulatory framework is efficient, effective and in line with international advanced standards. The relevant organizations are now examining possible ways of simplifying listing procedures, developing a fund management centre, as well as the development of new financial products, derivatives in particular.

Hong Kong's logistics industry possesses many strengths. We have the world's busiest container port and also the busiest airport in terms of international freight handled. To maintain these edges, the air services regime will have to be progressively liberalized, so as to introduce more competition into the market and hence to enhance efficiency. At the same time, the Government is considering the development of a logistics park near the Airport for reducing the freight handling time further. Moreover, the Logistics Development Council is also studying the use of information technology to establish a common platform to facilitate data exchange among participants in the logistics industry, including consignors, transport companies, the Customs and Excise Department, banks and container terminal operators.

For the promotion of producer and professional services, the Government will continue to encourage various departments to remove business barriers, streamline licensing procedures and provide upgraded services for the business sector in a bid to reduce business costs. We are also playing an active part to assist various

professional services in expanding their business, in particular, to grasp the business opportunities on the Mainland. In addition, Hong Kong Trade Development Council is also enhancing its services. It will strive to assist in exploring the Mainland and the overseas markets to promote foreign trade, and will also help traders find suitable business partners to step up outward investments.

Hong Kong's industrial sector needs to enhance its research and development efforts, be more innovative and make wider use of technology, in order to achieve high quality, high efficiency, and high value-addedness. The research and development work includes helping the manufacturing industry introduce better production techniques to enhance productivity and competitiveness, and to accelerate the evolution of the production mode from Original Equipment Manufacturing to Original Design Manufacturing and Original Brand Manufacturing by means of design and product innovations and use of new materials. The objective is to foster the development of Hong Kong into an innovation and design centre.

(vii) Develop relevant sectors to provide broad-based employment

Development of the tourism sector is an important area. The Government is planning on a new international exhibition centre at the Airport to attract more business visitors to Hong Kong. Concurrently, the Ocean Park is introducing new attractions, and the construction of Hong Kong Disneyland is progressing well. These theme parks, as well as the planned Tung Chung cable car project on Lantau Island, will help cater for family tourism. Moreover, the quota system for the Hong Kong Group Tour Scheme was abolished at the beginning of this year. The procedures for mainland visitors to come to Hong Kong on business has also been simplified. The boosting effects of these measures have been tremendous and obvious.

Another area of development is the local community economy. This category covers a wide range of activities, including cultural, recreational, sports, social and personal services, which have their inherent value of balancing social development and enhancing the quality of life. The knock-on effect is to create more lesser-skilled

jobs. Under the promotion efforts of the Government, various communities are now working hard to develop local economic activities of uniqueness.

(viii) Stabilize the property market

The stability and healthy development of the property market is beneficial to the community, corporates and the overall economy. After the outbreak of the financial turmoil, the property market has been slack all through, marked by a sharp drop in property prices and shrinkage in transactions. This has adversely affected economic sentiment and investment confidence. According to the result of a study, the fall in property rentals accounted for around 50% of the deflation over the past nearly four years. The Government is now considering a number of measures for stabilizing the property market and achieving a balanced development. We will make an announcement when the measures are ready.

Summing up, the Hong Kong economy, given its highly externally-oriented nature, will have to face both evolving changes in the external environment, as well as its own structural changes. For this reason, we have to step up our efforts to improve and enhance Hong Kong's business environment, and to act as a market enabler and provide a conducive environment through facilitating policies and initiatives. Moreover, we have to take a firm hold of the opportunities brought by the Mainland's rapid economic growth, ongoing reforms and opening up. Only in this way can Hong Kong maintain its competitiveness and growth momentum in the world market, bring prosperity to the local economy, ensure employment and hence income at various strata, and maintain the standard of living. It is imperative for the Government to maintain effective communication and close co-operation with private institutions and the local community to work towards a brighter future for Hong Kong.

Standards for Conference Facilities of District Councils

18. **MR IP KWOK-HIM** (in Chinese): *Madam President, at present, the conference facilities of the 18 District Councils (DCs) vary from one another. While some conference rooms are well-equipped with spacious seating and*

comfortable environments, some others have outdated facilities with cramped seating. In this connection, will the Government inform this Council whether:

- (a) it will consider drawing up a set of standards for conference facilities of the DCs, which sets out the basic conference facilities, the office equipment required, the space that should be made available to each DC member, as well as the number of seats for the public, and so on, and*
- (b) it has plans to improve those conference rooms with comparatively poor facilities, for example, by procuring the necessary equipment or expanding the conference rooms; if so, of the timetable for improving such conference rooms; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): Madam President, it is our policy that all DCs should be provided with the necessary conference facilities to facilitate the smooth conduct of DC meetings.

In providing for the DC conference rooms, we draw reference from the established standards applicable to ancillary areas of DC Secretariat, as follows:

Conference room for 40 persons or below:	2.5 sq m per person
Conference room for 41 to 58 persons:	2.3 sq m per person
Conference room for 59 persons or above:	2.1 sq m per person
Press/Public Area:	50 sq m
Simultaneous interpretation (SI) booth:	15 sq m

Essential facilities and equipment to facilitate the conduct of meetings including such items as SI facilities, public address system, overhead projectors with visualizer and LCD projector, connecting computers, screens and television sets with video cassette recorders are provided to all DCs either as built-in facilities or made available when necessary.

Since January 2000, 11 DCs have had their conference facilities renovated, including four which have been relocated to new office premises. Two DC conference rooms are currently under renovation. There are further plans to replace or install PA and/or SI equipment provided in seven other DC conference rooms before end 2003. The detailed schedule is attached.

Attachment

Renovation of DC Conference Facilities since 1 January 2000

1. Projects completed:

<i>Completion Date</i>	<i>District</i>	<i>Improvement</i>
January 2000	Sham Shui Po	Relocation and full scale renovation
March 2000	Southern	Relocation and full scale renovation
March 2000	Wan Chai	Installation of PA system
December 2000	Kwai Tsing	Re-carpeting; replacement of ceiling, lighting, air-conditioning system, curtains, conference table, conference chairs; installation of LCD projector and screen; improvement of SI system and addition of power points
October 2001	North	Re-carpeting
November 2001	Kowloon City	Re-carpeting
November 2001	Yau Tsim Mong	Re-mounting of chair fabric and installation of projector and screen
December 2001	Yuen Long	Replacement of projection system
November 2001	Wong Tai Sin	Relocation and full scale renovation
January 2002	Sai Kung	Installation of PA system
April 2002	Sha Tin	Relocation and full scale renovation

2. Projects in the pipeline:

<i>Target Date</i>	<i>District</i>	<i>Improvement Plan</i>
October 2002	Yuen Long	To install SI system
October 2002	Kowloon City	To install PA and SI system
October 2002	Southern	To install a new PA system
November 2002	Central and Western	To renovate the conference room
November 2002	Islands	To renovate the conference room
December 2002	Eastern	To install PA system
December 2002	Kwun Tong	To replace existing SI system, replace existing screen, install a new LCD projector, and to improve the sound system
December 2002	Tuen Mun	To install PA system
March 2003	Tsuen Wan	To replace PA system
November 2003	Tai Po	To relocate the DC Secretariat and DC conference room to the Tai Po Complex
December 2003	Yau Tsim Mong	To replace curtains

Mainland People Paying Business Visits to Hong Kong

19. **MISS CHAN YUEN-HAN** (in Chinese): *Madam President, mainland people who pay "business visits" to Hong Kong are required to obtain an Exit-entry Permit for Travelling to Hong Kong and Macao and a business visit endorsement valid for single, double or multiple-journey from the relevant Public Security Bureau Office. In this connection, will the Government inform this Council:*

- (a) *of the number of mainland people who paid "business visits" to Hong Kong over the past five years, broken down by the number of visits allowed to be made in the business visit endorsement;*
- (b) *whether it knows the period of validity of a business visit endorsement for multiple-journey; whether the number of visits to Hong Kong allowed to be made is stated therein; if so, of the maximum and average numbers of visits;*
- (c) *whether it knows the procedures for the authority concerned to renew a business visit endorsement for multiple-journey upon its expiry;*
- (d) *whether it has verified if mainland people visiting Hong Kong on business visit endorsements are engaged in the businesses stated therein; and*
- (e) *in taking actions to combat illegal employment, whether it has discovered any cases in which illegal workers were found to be mainland people visiting Hong Kong on business visit endorsements; if so, of the number of such illegal workers over the past five years, broken down by the trades in which they were employed?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) Business visit endorsements were introduced from 30 March 1998. Currently, there are three types of business visit endorsements valid for single, double or multiple-journey. Arrival statistics are set out below:

<i>Year</i>	<i>Single- journey</i>	<i>Double- journey</i>	<i>Multiple- journey</i>	<i>Total</i>
1998	5 194	2 981	49 531	57 706

(From 30 March
to December)

<i>Year</i>	<i>Single-journey</i>	<i>Double-journey</i>	<i>Multiple-journey</i>	<i>Total</i>
1999	7 710	4 433	256 537	268 680
2000	10 318	6 639	638 086	655 043
2001	13 118	8 333	1 075 576	1 097 027
2002 (From January to June)	12 025	301	843 571	855 897
2002 (From July to August)*	-	-	-	376 942

* Starting from July 2002, the Immigration Department (ImmD) has stopped keeping specific statistics on the number of arrivals by the type of business visit endorsement.

- (b) A business visit endorsement for multiple-journey can be valid for three months, one year or three years. The number of visits to Hong Kong allowed is not specified on the endorsement. The ImmD does not keep statistics on the number of visits made on the strength of each business visit endorsement.
- (c) As regards renewal of an expired multiple-journey business visit endorsement, the information required and procedures involved are the same as those in the previous application. The applicant should:
1. duly complete and submit the "Application for Exit to Hong Kong and Macao for sightseeing, visiting relatives and business visits" and the "Application Form for Business, Training and Employment Endorsement". The "Unit's Opinion" sections in the forms should be completed by the final approving authority in line with its power for cadre management and affixed with its official seal;

2. produce for examination his household registration book, identity card and photocopy of each of these documents;
 3. submit three recent bareheaded full-faced photos (2" x 2");
 4. produce for examination a copy of the business licence of his unit and photocopies of documents showing the business turnover of the preceding year, the tax paid or the export value of the business;
 5. submit a report on the application prepared by his unit (including, *inter alia*, the detailed reasons for making the application);
 6. submit the proofs related to the proposed business trip to Hong Kong or Macao; and
 7. produce for examination any proofs considered necessary by the relevant Public Security Bureau Office.
- (d) Mainland residents holding business visit endorsements enter Hong Kong as visitors to take part in business activities such as participating in exhibitions, trade fairs, trade negotiations, signing of contracts, invitation of tenders and submission of tenders.

Any person visiting Hong Kong on a business visit endorsement commits an offence under the Immigration Ordinance if he participates in any activity that contravenes his condition of stay. To ensure that all visitors comply with the conditions of stay imposed on them, the ImmD, in collaboration with other law enforcement agencies, conducts from time to time surprise inspections of shops, public places and construction sites to take actions against those who have violated the Immigration Ordinance.

- (e) Business visit endorsements were introduced on 30 March 1998. As at the end of August this year, the cumulative number of arrivals on business visit endorsements exceeded 3.3 million. Annual arrival figures are set out below:

	<i>1998</i> <i>(30 March to</i> <i>December</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i> <i>(January to</i> <i>August)</i>
Number of arrivals	57 706	268 680	655 043	1 097 027	1 232 839
Daily average	210	736	1 790	3 006	5 073

In combating illegal employment, the departments concerned have discovered cases involving mainland people visiting Hong Kong on business visit endorsements and engaged in illegal employment, but they did not account for a high percentage of the total number of visitors on business visit endorsements. The number of such visitors arrested for taking up illegal employment in breach of the conditions of stay is as follows:

<i>1998</i> <i>(30 March to</i> <i>December)</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i> <i>(January to</i> <i>August)</i>
13	26	279	483	839

The ImmD does not keep a breakdown of the number of these illegal workers by the trade in which they were employed. Generally speaking, they were mostly engaged in manual work, low-skilled jobs and jobs of relatively high mobility in fields such as decoration works, construction works, cooked food stalls, vegetable markets, shops and restaurants.

Term of Office and Ranking of Chairperson of EOC

20. **MISS EMILY LAU** (in Chinese): *Madam President, at the end of July this year, the Chairperson of the Equal Opportunities Commission (EOC) was reappointed for one year. Regarding the Chairperson's discharge of her duties as well as the term of office and ranking of the post, will the executive authorities inform this Council whether:*

- (a) *they have assessed the ability of the Chairperson of the EOC to formulate long-term objectives and specific plans in planning the EOC's work due to her reappointment for only one year; if an assessment has been made, of the outcome;*
- (b) *they will consider setting a reasonable and fixed term of office (for example, five years) for the Chairperson of the EOC; if not, of the reasons for that; and*
- (c) *they are considering lowering the ranking of the Chairperson of the EOC, if so, of the reasons for that?*

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

- (a) The Administration is currently undertaking a comprehensive review of the role and functions of advisory and statutory bodies. Since the outcome of the review exercise may affect the existing role and functions of advisory and statutory bodies, of which the EOC is one, we consider it reasonable and appropriate that the term of reappointment of the EOC Chairperson be kept to one year, pending the completion of the review. In other words, the incumbent EOC Chairperson will have served four years when the term of reappointment comes to an end. The term of office of the Chairperson should not unduly affect the work of the EOC.
- (b) Under the Sex Discrimination Ordinance (SDO), the term of appointment of the Chairperson of the EOC shall be determined by the Chief Executive. The SDO also provides that the term of appointment for the EOC Chairperson shall not exceed five years but there is no minimum period of a term of office. The Administration considers that the existing legislative provisions appropriate and necessary as they provide some degree of flexibility to cater for unforeseen circumstances in relation to the appointment of the EOC Chairperson.
- (c) The Administration is conducting an internal review on the ranking and remuneration packages of the senior executives of subvented organizations, including the EOC. As the review is still in

progress, we have yet to come to a view regarding the future ranking of the EOC Chairperson.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bills: First Reading.

VILLAGE REPRESENTATIVE ELECTION BILL

ELECTORAL PROVISIONS (MISCELLANEOUS AMENDMENTS) BILL 2002

CLERK (in Cantonese): Village Representative Election Bill
Electoral Provisions (Miscellaneous Amendments) Bill
2002.

Bills 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 Bills

PRESIDENT (in Cantonese): Bills: Second Reading.

VILLAGE REPRESENTATIVE ELECTION BILL

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, I move that the Village Representative Election Bill be read a Second time.

The purpose of the Bill is to bring Village Representative (VR) elections under a statutory framework in order to ensure that they are conducted in an open, fair and honest manner and that they are consistent with the Hong Kong Bill of Rights Ordinance and the Sex Discrimination Ordinance.

Let me first set out the background to this Bill.

Since August 1994, VR elections have been held every four years in accordance with a set of election rules known as the Model Rules for the Conduct of Village Representative Elections, or the "Model Rules". Under the Heung Yee Kuk Ordinance, a person elected as a VR has to be approved by the Secretary for Home Affairs before he or she can assume office. In the 1999 elections, about a thousand VRs were elected from about 600 indigenous villages and 100 non-indigenous villages.

Two non-indigenous villagers, one from Shek Wu Tong in Yuen Long and one from Po Toi O in Sai Kung, challenged the validity of the 1999 electoral arrangements for the office of VRs of these two villages by judicial review proceedings. These cases went all the way to the Court of Final Appeal (CFA).

In December 2000, the electoral arrangements used in Shek Wu Tong were ruled by the Court of Final Appeal to be inconsistent with Article 21(a) of the Hong Kong Bill of Rights set out in the Hong Kong Bill of Rights Ordinance, and the arrangements used in Po Toi O were ruled to be inconsistent with both Article 21(a) of the Hong Kong Bill of Rights and section 35(3) of the Sex Discrimination Ordinance. The 1999 arrangements were based on the Model Rules. Many other indigenous villages used similar electoral arrangements.

The CFA also ruled that the Secretary for Home Affairs, in deciding whether to approve an elected VR, has to consider whether the person elected to represent a village was elected in accordance with electoral arrangements which are consistent with the Hong Kong Bill of Rights Ordinance and the Sex Discrimination Ordinance.

Following the CFA ruling, there were calls on the Government to bring VR elections under legislative control. The Government recognizes that there is a need for reforming VR elections. Having reviewed the procedure and arrangements for rural elections, we decided that the conduct of such elections should be brought under statutory control.

This Bill has five main purposes.

Firstly, it provides for the establishment of the office of resident representative for an Existing Village and the establishment of the office of

indigenous inhabitant representative for an Indigenous Village or a Composite Indigenous Village. Under the Bill, an Indigenous Inhabitant Representative (or Representatives) for an Indigenous Village or a Composite Indigenous Village will be elected by an electorate comprising the indigenous inhabitants of the Village. The functions of an Indigenous Inhabitant Representative are to reflect views on the affairs of the Indigenous Village or the Composite Indigenous Village, including the affairs of the Existing Village concerned, on behalf of the indigenous inhabitants of the Village and to deal with all affairs relating to the lawful traditional rights and interests and the traditional way of life of those indigenous inhabitants. A Resident Representative for an Existing Village will be elected by an electorate comprising the residents living in the Village. The function of a Resident Representative is to reflect views on the affairs of the Village on behalf of the residents of the Village. However, the Resident Representative will not deal with matters relating to the lawful traditional rights and interests of indigenous inhabitants.

Secondly, the Bill provides for the elections of Resident Representatives and Indigenous Inhabitant Representatives. Briefly, a person who is 18 years of age or over, has been a resident of the Existing Village for three years, and is a Hong Kong permanent resident, is eligible to be registered as an elector for the election of a Resident Representative. A person, who is 18 years of age or over, is an indigenous inhabitant of an indigenous village, or a spouse of an indigenous inhabitant of the Village, is eligible to be registered as an elector for the election of an Indigenous Inhabitant Representative. A person is eligible to be nominated as a candidate for Resident Representative if he or she is a resident of that Existing Village, has been a resident for six years, is 21 years of age or over and is a registered elector for the Village. A person is eligible to be nominated as a candidate for Indigenous Inhabitant Representative if he or she is an indigenous inhabitant of that Indigenous Village, is 21 years of age or over, is a registered elector for the Village, is a Hong Kong permanent resident and ordinarily resides in Hong Kong.

Thirdly, the Bill provides for the constitution of a Rural Committee to be construed to take account of the provisions of this Bill. This provision is to ensure that both Resident Representatives and Indigenous Inhabitants Representatives become members of the Rural Committee of the area in which their villages are located.

Fourthly, the Bill amends the Electoral Affairs Commission Ordinance to extend the relevant functions of the Electoral Affairs Commission to the elections of Village Representatives and to require the functions of the Electoral Affairs Commission in relation to the conduct of those elections to be performed through the Director of Home Affairs. Briefly, the Commission will be responsible for the supervision and the monitoring of the elections.

Fifthly, the Bill amends the Heung Yee Kuk Ordinance to revise the terms of office of the Chairman, Vice-Chairmen and Ordinary Members of the Executive Committee, and the Special Councillors of the Full Council of the Heung Yee Kuk that commenced in 1999 and that commences in 2003 to ensure that there is no gap in their terms of office.

Madam President, during the preparation of this Bill, we consulted the Heung Yee Kuk, the District Councils in the New Territories and the Rural Committees on the proposals. We also discussed the proposals with both indigenous and non-indigenous villagers in the New Territories. Two open forums were organized for residents in the New Territories. I am pleased to note that the Heung Yee Kuk passed a vote in support of the Government's proposed arrangements with an overwhelming majority of 105 to 13 yesterday. My colleagues and I will continue to hold dialogues with those who hold different views and to explain the Government's policy in this regard.

In drawing up the proposals, we are mindful of the need to protect human rights and prevent sexual discrimination on the one hand and to protect the lawful traditional rights and interests of indigenous inhabitants on the other. Accordingly, we have adopted a balanced approach which addresses both objectives. We believe that the dual representation approach now proposed in the Bill is reasonable and proportionate and is consistent with the Bill of Rights.

The Bill, if passed, would significantly change the VR system in the New Territories. The proposals would also have a significant impact on the Rural Committees. After the 2003 elections, we plan to review the procedure and arrangements for rural elections in time for the next round of elections.

Madam President, with these remarks, I recommend this Bill to Members for early passage.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Village Representative Election Bill 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.

ELECTORAL PROVISIONS (MISCELLANEOUS AMENDMENTS) BILL 2002

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, I move that the Electoral Provisions (Miscellaneous Amendments) Bill 2002 (the Bill) be read the Second time.

The purpose of the Bill is to give effect to two related proposals. Firstly, we would add a limited number of elected seats to three District Councils (DCs) in view of the significant population increase in their new towns. Secondly, we would revise the existing voter registration cycle accordingly so as to provide the Electoral Affairs Commission (EAC) with the necessary time to redraw the constituency boundaries in accordance with the latest number of elected seats for the three DCs, and to complete the voter registration exercise. I would now like to highlight the relevant provisions of the Bill in these two major areas.

Firstly, I would like to speak on the composition of the second term District Councils.

In June and July this year, we consulted the Legislative Council and the 18 DCs on the proposed composition of the second term DCs. Most Members found the direction of "maintaining the *status quo*" acceptable. However, some Members and a few DCs expressed concern over the significant increase of population in the new towns of Islands, Sai Kung and Yuen Long. They were of the view that the Government should consider increasing the number of elected seats for the three DCs.

In response to the views expressed by the Legislative Council and DCs, I have worked together with my colleagues to further examine this issue since joining the Constitutional Affairs Bureau in July. For most of the DCs, we consider that the proposal of maintaining the *status quo* is viable and appropriate. As a matter of fact, the extent of population increase or decrease in 15 out of the

18 districts would not exceed 10%. On the other hand, we note that the population growth in Tung Chung, Tseung Kwan O and Tin Shui Wai, ranging between 40% and 123%, is far more significant than the other districts. The average population per constituency in Sai Kung and Yuen Long would be as high as 22 000 to 23 000 people, if the *status quo* were to be maintained. This would be well above the territory-wide average of 17 635 people per constituency. In the case of Islands District, the two constituencies in Tung Chung would have to support some 60 000 people in total, if no extra elected seat were given to the new town. In view of the above, we agree that there should be a limited increase in the number of elected seats for the three DCs. Apart from preserving the integrity of the new town and rural constituencies in these districts, the proposal would also enable the relevant DCs to better respond to, and take care of, the needs of local residents.

Specifically, we recommend that one elected seat should be added to Islands, three to Sai Kung and six to Yuen Long. With the proposed additional seats, the respective average population size per constituency for Sai Kung and Yuen Long will be brought down to a more reasonable level, but will still be higher than the other districts. Furthermore, given the unique circumstances of the Islands District, we propose to provide an extra elected seat for the district to cater for the increase of population in Tung Chung new town.

At present, the number of seats to be elected to the 18 DCs is prescribed in Schedule 3 to the District Councils Ordinance. To implement the above proposal, the Bill will amend the number of elected seats specified in Schedule 3 in respect of Islands, Sai Kung and Yuen Long DCs.

I believe that Members may be aware that the EAC is originally required to submit recommendations on constituency boundaries for the second term DCs to the Chief Executive on or before 27 November 2002. To provide the EAC with the necessary time to redraw the constituency boundaries and conduct public consultation in the light of the changes to the number of elected seats for Islands, Sai Kung and Yuen Long, the Chief Executive has given approval, under the Electoral Affairs Commission Ordinance, to extend the above deadline by six months to 27 May 2003. This does not mean that the constituency boundaries for the 2003 DC elections would not be finalized until May next year. We expect that the EAC will be able to consult the public on its delineation proposals within a month after the passage of the Bill. Extending the deadline by six months serves to provide the EAC with adequate flexibility to complete the demarcation of constituencies.

Madam President, now I would like to speak on the publication dates of electoral registers. To implement the proposal of increasing the number of elected seats for the DCs, the Bill will also propose corresponding amendments to revise the existing publication deadlines of the electoral registers. As I have explained earlier, the boundaries for certain constituencies will need to be adjusted in view of the increase in the number of elected seats. As a result of this, the EAC will postpone its public consultation exercise. We envisage that the EAC can submit its recommendation to the Chief Executive by early next year at the earliest. According to this timetable, the Registration and Electoral Office (REO) will not be able to complete the voter registration exercise in time for the publication of the electoral registers in April 2003. This is because the REO will be able to allocate electors to the appropriate constituency on the basis of their addresses only when the EAC has finalized the constituency boundaries. To give the REO an extension of time, we propose deferring the publication dates of the electoral registers.

At present, the provisional and final registers are published in April and May each year respectively. The Bill will amend relevant provisions in the Legislative Council Ordinance for the publication of the geographical constituency and functional constituency registers. Changes will also be made to the Chief Executive Election Ordinance in respect of the Election Committee Subsector registers. The Bill proposes that in DC election years, such as 2003, the provisional and final registers should be published in August and September respectively. In other years, including Legislative Council election years such as 2004, the corresponding deadlines will be deferred to June and July.

The amendment will reduce the time gap between the publication of electoral registers and the polling day to about two months. This is a significant improvement when compared with the existing time gap of six months in DC election years, and four months in Legislative Council election years. This is also to respond to the suggestion made by Members before the last DC elections that the time gap between the publication of electoral registers and the polling days should be shortened as far as practicable, so as to ensure the electors' data contained therein would be more up-to-date.

Pursuant to section 8 of the District Councils Ordinance, subject to the approval of the Legislative Council, the Chief Executive in Council can, by

order published in the Gazette, amend the number of elected seats for the three DCs as specified in Schedule 3. Schedule 3 can be amended by way of subsidiary legislation. However, we need to revise the voter registration cycle at the same time, and this would involve amendments to two other ordinances. Accordingly, we propose to introduce the necessary amendments in the form of a composite bill for consideration by Legislative Council. Increasing the number of elected seats, redrawing constituency boundaries and deferring the publication dates of electoral registers are in effect a package of interrelated proposals. We therefore consider that it would be more appropriate to take them forward in a composite bill. Further, we would also take this opportunity to make technical amendments to the District Councils Ordinance by replacing some outdated terms and expressions therein.

Lastly, we hope that Members can accord priority to the consideration of this Bill. This will allow the EAC and the Administration to have sufficient time for the necessary preparations, including redrawing the constituency boundaries and drafting the subsidiary legislation.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Electoral Provisions (Miscellaneous Amendments) Bill 2002 be read the Second time.

The debate is now adjourned and the Bill referred to the House Committee.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Places of Public Entertainment Ordinance (Amendment of Schedule 1) Regulation 2002, the Places of Public Entertainment (Exemption) Order and the Solicitors (Group Practice) Rules.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MRS SELINA CHOW (in Cantonese): Madam President, I move that the motion standing under my name, as printed on the Agenda, be passed.

At the House Committee meeting of 4 October 2002, Members agreed to set up two Subcommittees to study respectively the Places of Public Entertainment Ordinance (Amendment of Schedule 1) Regulation 2002, the Places of Public Entertainment (Exemption) Order and the Solicitors (Group Practice) Rules that were submitted to the Legislative Council on 8 July 2002.

In order to allow the Subcommittees adequate time for scrutiny and report their findings to the House Committee, I hereby move that the scrutiny period for the three items of subsidiary legislation be extended to 6 November 2002.

Madam President, I urge Members to support the motion.

Mrs Selina CHOW moved the following motion:

"That in relation to the:

- (a) Places of Public Entertainment Ordinance (Amendment of Schedule 1) Regulation 2002, published in the Gazette as Legal Notice No. 120 of 2002;
- (b) Places of Public Entertainment (Exemption) Order, published in the Gazette as Legal Notice No. 121 of 2002; and
- (c) Solicitors (Group Practice) Rules, published in the Gazette as Legal Notice No. 122 of 2002,

and laid on the table of the Legislative Council on 8 July 2002, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) and deemed to be extended under section 34(3) of that Ordinance, be extended under section 34(4) of that Ordinance to the meeting of 6 November 2002."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mrs Selina CHOW be passed.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you 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 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): Proposed resolution under the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region.

PROPOSED RESOLUTION UNDER THE RULES OF PROCEDURE OF THE LEGISLATIVE COUNCIL OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION

MRS SELINA CHOW (in Cantonese): Madam President, I move that the motion standing under my name, as set out in the paper circularized to Members, be passed.

When the authorities introduced the accountability system for principal officials, the portfolios of various Policy Bureaux were also rearranged at the same time. Starting from 1 July 2002, the policy portfolios of the previous 16 Policy Bureaux have been placed under the command of 11 Directors of Bureaux. In the light of the above changes, it is therefore necessary to introduce certain changes to the 18 Legislative Panels corresponding to the bureaux/bodies. The relevant changes also include policies on the delineation of the duties of relevant Policy Bureaux within the terms of reference of the Panel on Public Service. All proposed changes have been endorsed by the House Committee.

Madam President, for the purpose of implementing various changes proposed by the House Committee, I hereby move a relevant motion to amend the list of corresponding bureaux/bodies in respect of the panels.

Thank you.

Mrs Selina CHOW moved the following motion:

"That the amended terms of reference and list of corresponding bureaux/bodies set out in the Schedule, as recommended by the House Committee, be approved in respect of the existing 18 Panels formed by resolutions made and passed by this Council at its meetings of 8 July 1998 and 20 December 2000.

SCHEDULE

<u>Panel on</u>	<u>Corresponding Bureau/Body</u>	<u>Policy Area</u>	<u>Terms of Reference</u>
1. Manpower	(a) Education and Manpower Bureau (b) Economic Development and Labour Bureau	Labour and manpower planning matters	Part 1

<u>Panel on</u>	<u>Corresponding Bureau/Body</u>	<u>Policy Area</u>	<u>Terms of Reference</u>
2. Commerce and Industry	Commerce, Industry and Technology Bureau	Matters relating to commerce, industry, business and services promotion, innovation and technology, intellectual property protection and inward investment promotion matters	Part 2
3. Public Service	(a) Civil Service Bureau (b) Financial Services and the Treasury Bureau	Matters relating to the civil service and government-funded public bodies, and other public service matters	Part 3
4. Administration of Justice and Legal Services	(a) Judiciary (b) Department of Justice (c) Administration Wing of the Chief Secretary for Administration's Office	Matters relating to the administration of justice and legal services	Part 4

<u>Panel on</u>	<u>Corresponding Bureau/Body</u>	<u>Policy Area</u>	<u>Terms of Reference</u>
5. Home Affairs	Home Affairs Bureau	District, community and rural matters, human rights, civic education, data protection, press freedom, building management, youth and women matters, the provision of leisure and cultural services as well as matters relating to development of arts and culture, public entertainment, sport and recreation	Part 5
6. Transport	Environment, Transport and Works Bureau	Transport matters	Part 6
7. Housing	Housing, Planning and Lands Bureau	Private and public housing matters	Part 7
8. Security	(a) Security Bureau (b) Independent Commission Against Corruption	Security, public order, public safety, corruption-related matters and nationality and immigration matters	Part 8

<u>Panel on</u>	<u>Corresponding Bureau/Body</u>	<u>Policy Area</u>	<u>Terms of Reference</u>
9. Constitutional Affairs	Constitutional Affairs Bureau	Matters relating to implementation of the Joint Declaration and the Basic Law, relations between the Hong Kong Special Administrative Region Government and the Central People's Government and other mainland authorities, electoral matters and district organizations	Part 9
10. Food Safety and Environmental Hygiene	Health, Welfare and Food Bureau	Matters relating to food safety, environmental hygiene and agriculture and fisheries	Part 10
11. Financial Affairs	Financial Services and the Treasury Bureau	Financial and finance matters	Part 11
12. Education	Education and Manpower Bureau	Education matters	Part 12
13. Planning, Lands and Works	(a) Housing, Planning and Lands Bureau (b) Environment, Transport and Works Bureau	Lands, buildings and planning matters, works and water supply and Public Works Programme	Part 13

<u>Panel on</u>	<u>Corresponding Bureau/Body</u>	<u>Policy Area</u>	<u>Terms of Reference</u>
14. Welfare Services	Health, Welfare and Food Bureau	Welfare and rehabilitation services matters	Part 14
15. Information Technology and Broadcasting	Commerce, Industry and Technology Bureau	Matters relating to information technology, telecommunications, broadcasting and film services	Part 15
16. Economic Services	Economic Development and Labour Bureau	Matters relating to economic infrastructure and services, including air and sea transport facilities and services, postal and weather information services, energy supply and safety, consumer protection, competition policy and tourism	Part 16
17. Health Services	Health, Welfare and Food Bureau	Medical and health services matters	Part 17
18. Environmental Affairs	Environment, Transport and Works Bureau	Environmental and conservation matters	Part 18

Part 1**Legislative Council
Panel on Manpower****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to labour and manpower planning matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 2**Legislative Council
Panel on Commerce and Industry****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to commerce, industry, business and services promotion, innovation and technology, intellectual property protection and inward investment promotion matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 3**Legislative Council
Panel on Public Service****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to the civil service and government-funded public bodies, and other public service matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 4**Legislative Council
Panel on Administration of Justice and Legal Services****Terms of Reference**

1. To monitor and examine, consistent with maintaining the independence of the Judiciary and the rule of law, policy matters relating to the administration of justice and legal services, including the effectiveness of their implementation by relevant officials and departments.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 5**Legislative Council
Panel on Home Affairs****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to district, community and rural matters, human rights, civic education, data protection, press freedom, building management, youth and women matters, the provision of leisure and cultural services as well as matters relating to development of arts and culture, public entertainment, sport and recreation.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 6**Legislative Council
Panel on Transport****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to transport matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy area prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 7**Legislative Council
Panel on Housing****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to private and public housing matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 8**Legislative Council
Panel on Security****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to security, public order, public safety, corruption-related matters and nationality and immigration matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 9**Legislative Council
Panel on Constitutional Affairs****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to implementation of the Joint Declaration and the Basic Law, relations between the Hong Kong Special Administrative Region Government and the Central People's Government and other mainland authorities, electoral matters and district organizations.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 10**Legislative Council
Panel on Food Safety and Environmental Hygiene****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to food safety, environmental hygiene and agriculture and fisheries.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 11**Legislative Council
Panel on Financial Affairs****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to financial and finance matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 12**Legislative Council
Panel on Education****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to education matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy area prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 13**Legislative Council
Panel on Planning, Lands and Works****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to lands, buildings and planning matters, works and water supply and Public Works Programme.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 14**Legislative Council
Panel on Welfare Services****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to welfare and rehabilitation services matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 15**Legislative Council
Panel on Information Technology and Broadcasting****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to information technology, telecommunications, broadcasting and film services.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 16**Legislative Council
Panel on Economic Services****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to economic infrastructure and services, including air and sea transport facilities and services, postal and weather information services, energy supply and safety, consumer protection, competition policy and tourism.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 17**Legislative Council
Panel on Health Services****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to medical and health services.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Part 18**Legislative Council
Panel on Environmental Affairs****Terms of Reference**

1. To monitor and examine government policies and issues of public concern relating to environmental and conservation matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mrs Selina CHOW be passed.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you 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 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): Two motions with no legislative effect. I have accepted the recommendations of the House Committee: the movers of the motions will each have up to 15 minutes for their speeches including their replies, and another five minutes to speak on the amendments; the movers of amendments will each have up to 10 minutes to speak; other Members will each have up to seven minutes for their speeches. I am obliged to direct any Member speaking in excess of the specified time to discontinue.

First motion: Expediting the implementation of the Northern Link.

EXPEDITING THE IMPLEMENTATION OF THE NORTHERN LINK

DR TANG SIU-TONG (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed. I have proposed the motion to urge the Government to expedite the implementation of the Northern Link (NOL) for three main reasons:

First, according to the Government, in contemplating whether the NOL should be built or whether its implementation should be expedited, consideration should be given to not only the growth rate of cross-boundary traffic at the western part of Hong Kong, but also its co-ordination with the planned development of places along this railway including Au Tau, Ngau Tam Mei and San Tin, so as to ensure that the limited public resources can be utilized in the best possible way. In my opinion, the rapid development of New Territories West in recent years has led to an ever-rising demand for the NOL. As estimated by the Government, the population of areas along the alignment of Phase I of the West Rail, including Yuen Long, Kwai Tsing, Tuen Mun, Tsuen Wan, Shum Shui Po, and so on, will exceed 2 million by mid-2003. This is comparable to the population in the areas along the East Rail. In the light of this projection, we can see that, if the Government insists on commissioning the NOL at least 10 years later as scheduled, this is not just ignoring the enormous demand of residents of New Territories West and Kowloon West, it would also cause its focused development of New Territories West to achieve only half of the results with twice the effort. Moreover, the Government has been encouraging the people to work or start business ventures in the Mainland, resulting in more frequent interactions between Hong Kong and the Mainland. Yet there is only one route for the people to travel northwards, that is, the ineffective East Rail. The Government just pays lip service to its proclaimed support for more frequent exchanges between Hong Kong and the Mainland. In fact, what it has done is just throwing a wet blanket on the people.

Secondly, on cross-boundary passengers, even excluding the exceptionally high annual growth of 17% in cross-boundary traffic recorded between 1997 to 1999 due to the reunification of Hong Kong with China, the year 2001 alone saw a growth of 4%. The daily average number of cross-boundary passenger trips at Lo Wu now reaches 250 000. On major festive days, the figure would rise to 300 000. With an ever rising throughput of cross-boundary passengers, the Lo Wu Line of the East Rail has become substantially overloaded. The trains at the Sha Tin Station are always overloaded early in the morning. During cross-

boundary peak periods, such as weekends and public holidays, the congestion at the Lo Wu Control Point will become a time bomb. Travellers could trample on each other just due to arguments over some very trivial issues. Although the Government is aware of the potential danger that exists at the Lo Wu Control Point, and has been trying every means possible to improve the immigration clearance facilities and procedures to ease congestion, the time bomb could explode on any day. If the Government cannot guarantee a hundred percent that this time bomb will not explode within at least the next 10 years, it should expedite the construction of the NOL. Only the NOL can really defuse the time bomb at Lo Wu. Although the Long Valley Line could divert the passenger flow from Lo Wu to Lok Ma Chau, the cross-boundary passenger flow is still concentrated along the East Rail. Diversion of the passenger flow between Sheung Shui and Hung Hom is basically impossible. Besides, with the subsequent commissioning of the Ma On Shan Spur Line and the Tsim Sha Tsui Extension, all the cross-boundary passenger flows coming from different directions will converge at Sheung Shui and Lo Wu via either the West Rail or even the East Rail. The kind of congestion we have today at Lo Wu will no longer be confined to Lo Wu. Instead, the congestion will be extended to all the stations of the East Rail. As a result, everyone will become unhappy and complain. Besides, it is also unwise to concentrate the entire cross-boundary passenger flow of 250 000 daily on one single railway line, because in the event of problems with the East Rail, the major boundary crossing between Hong Kong and the Mainland will be paralyzed. So construction of the NOL is the only solution that could divert the passenger flow into different directions and solve the present deadlock of "having only one railway for boundary crossing".

Thirdly, expediting the construction of the NOL is also conducive to remedying the planning error of Phase I of the West Rail which is sort of hanging in the balance, and it could prevent the \$46.4 billion West Rail from becoming a white elephant that will incur losses on a long-term basis. Phase I of the West Rail will be commissioned in the middle of next year. However, it can neither connect northwards to the border, nor southwards to the central business district. In addition, the Government cannot force the people into riding the West Rail by cutting down large number of bus routes in Northwest New Territories. So it has become inevitable for taxpayers to foot this bill of "losses". Even the Kowloon-Canton Railway Corporation (KCRC) has to admit that the West Rail is expected to incur losses in its first few years of operation. Mr Michael TIEN, Chairman of the KCRC, expressed this worry to the media in early August this year. The KCRC even estimates that the West Rail will not become profitable

until the commissioning of the Kowloon Southern Link (KSL) in approximately 2009. In fact, the root of the operational difficulties of the West Rail is not related to the absence of the KSL. Instead, it is related to the delayed construction of the NOL. Very much similar to the East Rail's reliance on cross-boundary service as its major profit spinner, the West Rail was expected to generate profit mainly from cross-boundary passenger and goods traffic when its very construction was proposed in the Railway Development Strategy. So, the West Rail that connects Northwest New Territories with the urban area is not expected to be the major source of income. Therefore, expediting the construction of the West Rail will not only make up for its inherent shortcomings, but will also help to reaffirm the West Rail's cross-boundary transportation function.

Unfortunately, the Government has all along been less than enthusiastic about expediting the implementation of the NOL. A careful analysis of the causes reveals that there are five aspects to it:

First, the Government says that it has to date only completed the preliminary planning of the NOL. So, neither has it conducted a detailed feasibility study on the project, nor has it conducted an environmental impact assessment. Worst of all, it has not yet drawn up a compensation package for the land resumption programme, which would usually lead to a lot of disputes. Even if the Government is willing to expedite the implementation programme, it has no way of doing it;

Secondly, as revealed by past experience, a major railway project usually takes eight to 10 years to proceed from the planning stage to completion, and it has to go through certain stages of appropriate statutory procedures and technical analysis. Therefore, for the purpose of solving the congestion at Lo Wu, the NOL seems to be a solution too distant for solving an immediate problem;

Thirdly, more than \$300 million has been spent on the Sheung Shui to Lok Ma Chau Spur Line of the East Rail as upfront investment. Once the project is suspended, all the upfront investment will be wasted;

Fourthly, the Chief Executive in Council has approved the revised proposal of the Sheung Shui to Lok Ma Chau Spur Line via the Long Valley by way of a tunnel. This means that the major statutory planning procedures have been completed, and the KCRC is ready to start the construction project which is

scheduled for completion in mid-2007. Therefore, there is no urgent need to expedite the implementation of the NOL in the next few years; and

Fifthly, the NOL has to provide train service for the development of Au Tau, Ngau Tam Mei, and San Tin. But the present total population of places along the route of the NOL is just 15 000. Therefore, the alignment of the NOL cannot be fixed until 2004 when the planning of the whole area is finalized.

In my opinion, the Government's reasons are specious. Firstly, if the Government does not adopt the attitude of "doing less to avoid trouble", the progress of planning of the NOL will not have been so slow. Even for projects with the huge proportions of the 10 Airport Core Programme Projects, the Government could finish them in six or seven years. Why a single railway like the NOL should take as long as until 2011 to complete? Of course the issue of land resumption compensation could easily trigger off protracted negotiations between the Government and the local residents. But the Government should have accumulated sufficient experience to deal with land resumption issues after all these years. So, I cannot see why issues related to land resumption for the NOL project could be so exceptionally difficult to handle. Besides, even if the NOL could not solve the congestion problem in time at Lok Ma Chau, neither could the Lok Ma Chau Spur Line solve the problem of overloading of the East Rail. On the other hand, the Lok Ma Chau Spur Line also cannot address the demand for cross-boundary railway service of residents of New Territories West and Kowloon West. More importantly, the Government should not use the fact that the Lok Ma Chau Spur Line project is "signed and sealed" as an excuse for refusal to consider the need for advancing the construction of the NOL. In fact, after the commissioning of the NOL, the passenger traffic on the Lok Ma Chau Spur Line will decrease as a result. For this reason, a lot of people in the community have been questioning the long-term benefits of the Spur Line and whether it should be built at all. There is still room for discussion on whether the NOL should be constructed to replace the Lok Ma Chau Spur Line, or whether both railway lines should be constructed, or whether the Lok Ma Chau Spur Line should still be constructed with supplementary connection services provided by other modes of transport linking the East Rail to Lok Ma Chau. The Government should carefully compare the various options in terms of economic benefits, time of commissioning and technical feasibility. Most important of all, it should not say that the Lok Ma Chau Spur Line project is "signed and sealed" and drag itself into a quagmire, washing the \$10 billion investment on the Long Valley Line down the drain.

(THE PRESIDENT'S DEPUTY, MR FRED LI, took the Chair)

Lastly, I want to point out that the idea of developing Au Tau, Ngau Tam Mei and Kwu Tung was the product of the Territorial Development Strategy Review released in 1998. The Administration chose Kwu Tung as a strategic growth area in the end of 1999 due to its proximity to the Long Valley Line. So it is a case of first fixing the alignment of a railway before proceeding with planning. But the Government has adopted a completely different approach with the NOL, that is, planning should go ahead first before deciding on the alignment. Is this a decision made by any particular senior government official?

I have been most puzzled by the fact that the Government prefers expediting the implementation of the KSL to actively pursuing the NOL, thus obviously placing the focus of the whole railway development strategy on the southward vector, with less attention being paid to its northward development. This approach, apart from ignoring the huge demand of southbound mainland visitors as well as northbound local travellers, is also inconsistent with the commercial principles for the sustainable development of the West Rail. Try to consider the issue from a commercial perspective and Members will find that it is only natural that the West Rail should endeavour to tap the northern market by attracting more cross-boundary passengers to travel on the NOL. However, the West Rail is not exploring the right market — skipping the northward track of business development. Instead, it opts to develop business in the south by building the KSL in a bid to compete with the Mass Transit Railway and bus companies for local passengers, a market with limited growth potential. This strategy of taking the hard course would affect the interests of others without actually benefitting itself. In the end, this would make the KSL become a white elephant that would eventually waste taxpayers' money. It is really ridiculous for two mass transit systems to compete with each other for such limited resources. If the West Rail is a private venture, no one would meddle with its southward development plan. But what the West Rail spends is public money, so it must act in public interest. I am saying this not as prophecy that the KSL must fail. In fact, I just hope the Government will weigh the pros and cons seriously and give priority to the construction of the NOL. This will avoid wasting taxpayers' money and in future requiring passengers to pay more expensive fares. This would make up for policy-making errors made in the past.

With these remarks, Mr Deputy, I implore Members to support my motion.

Dr TANG Siu-tong moved the following motion: (Translation)

"That, as the Government's proposed implementation programme for the Northern Link (linking the West Rail to Lok Ma Chau via San Tin) has failed to keep up with the rapid development of the Northwest New Territories, this Council urges the Government to expedite the implementation of the Northern Link, so that the public can have direct access to the Lok Ma Chau boundary crossing by the West Rail."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr TANG Siu-tong be passed.

DEPUTY PRESIDENT (in Cantonese): Mr Albert CHAN will move an amendment to this motion, as printed on the Agenda. The motion and the amendment will now be debated together in a joint debate.

I now call upon Mr Albert CHAN to speak and move his amendment.

MR ALBERT CHAN (in Cantonese): Mr Deputy, I move that Dr TANG Siu-tong's motion be amended, as printed on the Agenda.

Mr Deputy, the controversy over the issue of the NOL has been going on for several years. Many organizations and people in the local community are in support of the implementation of the NOL programme in principle. However, the Government has delayed the project for many years and has even delayed its construction to beyond 2010.

In fact, when Mr Michael TIEN took over the Chairmanship of the Kowloon-Canton Railway Corporation (KCRC), he once mentioned that if he ever had a choice or if history could be reversed, he would rather construct the NOL, instead of the Lok Ma Chau Spur Line. From this, we can see the importance of the NOL, and its better cost-effectiveness over that of the Lok Ma Chau Spur Line.

Mr Deputy, the Democratic Party supports the principle and letter of Dr TANG Siu-tong's motion, but we think that just urging the Administration to speed up the implementation of the NOL would deny us a discussion about the issue in a holistic perspective. This is because, in order to make the construction of the NOL cost-effective, the planning of land in the areas along the NOL has to be proceeded concurrently, and the development timetables of such areas must also be co-ordinated. The Democratic Party had a meeting with Mr Michael TIEN, Chairman of the KCRC, in the beginning of this year to discuss the issue of the construction of the NOL. At that time, Chairman Michael TIEN said explicitly that the KCRC was very willing to advance the construction of the NOL. However, the issue of train fares must be given due attention because if the entire New Territories North, especially areas like Au Tau, Ngau Tam Mei, San Tin and Kwu Tung, do not embark on actively development of towns, then there will not be sufficient patronage to support operation and the cost-effectiveness of the NOL will become a serious problem. The KCRC would not rush into a \$10 billion project when there are doubts about its cost-effectiveness and certainly would not take the risk of launching an investment that would incur losses. Therefore, the question of whether or not the NOL should be constructed should be considered in the light of its co-ordination with town developments along the NOL. The Democratic Party has moved the amendment today with the intention of inducing Members to take town developments along the entire NOL into consideration when examining the issue.

We can see that the development of the NOL will bring about a lot of benefits. Mr Deputy, when the Government considered the overall railway development programme, the NOL was in fact part of the comprehensive railway development. In the Second Railway Development Study (RDS-2), it was planned that the NOL was scheduled for commissioning between 2011 and 2016. However, according to the government position now, it is doubtful as to whether the NOL will be constructed at all. Under the present situation when the Government is facing the problem of fiscal deficits, a lot of committed public works projects have to be shelved. As the current railway development already involves extremely huge investment, I am not too optimistic that the Government would agree to investing a further on the \$10 billion NOL project. So, under the present circumstances, when the Government is considering the issues of the construction of the Lok Ma Chau Spur Line and advancing the implementation of the NOL project, it should rethink whether it is necessary to construct the Lok Ma Chau Spur Line at all. It is because, out of the \$10 billion to be spent on the

Lok Ma Chau project, \$2 billion will be spent on building a tunnel. It is just like throwing away money into the sea or burying the money under the ground. So if we have to construct a spur line which is not cost-effective, and if the project would affect the construction of the NOL in future, this is absolutely not a sensible decision. Therefore, the Government should now contemplate the relationship between the two projects — the Lok Ma Chau Spur Line and the NOL.

The Democratic Party thinks that the construction of the Lok Ma Chau Spur Line will bring about financial problems because the project will add \$10 billion to the total costs of the West Rail, and this additional cost will surely lead to higher train fares. I believe one of the reasons for building the Lok Ma Chau Spur Line is to alleviate the cross-boundary passenger traffic. In fact, we can see that the design of the Lo Wu Station is more than 30 years behind the times. No major railway cross-boundary point could rely on only the railway to carry the flow of passengers. Therefore, roads near the Lo Wu Station should be converted to allow public light buses, taxis and private cars direct access to the Lo Wu Station, so as to alleviate the pressure on the railway. I believe, if improvement can be made to the overall transport arrangements and other aspects, it would obviate the additional funding of \$10 billion to construct the Lok Ma Chau Spur Line. If this proposal is accepted, the Government will have adequate resources and the KCRC sufficient financial strength to speed up the construction of the NOL. If these factors are all considered together, I believe economic and transportation benefits will be brought to Hong Kong as a whole, in particular to Northwest New Territories.

Mr Deputy, I wish to explain why there are advantages in co-ordinating the construction of a railway with land development. We can see that the Tung Chung Line is itself an unhealthy development. Large pieces of land along the Tung Chung Line remain undeveloped after the rail line passes through Tsing Yi and the Tsing Ma Bridge. In the development of Northern Lantau, a lot of residential buildings and public housing estates are planned to be built in the original plan. However, due to the downward adjustment of the overall demand for housing, many housing projects have been postponed. And as a result of the postponed development of towns, the patronage of the Tung Chung Line is much smaller than originally envisaged, thus affecting the revenue of the MTR Corporation Limited. Therefore, in developing a railway system, it is a waste of resources to build the railway without developing the adjacent land. In Hong Kong, a lot of developed areas do not enjoy the convenience of railway services,

whereas areas adjacent to railways do not have land and housing developments. Such mismatch has led to a wastage of resources, failing to bring about substantive improvement to the quality of living of the people.

Therefore, I personally think that, basing on the experience of the Tung Chung Line, the Government should also take into account the development of adjacent towns when considering railway development projects, especially the NOL project. Of course, the interests of residents should be taken care of and considered in the development of towns, especially when dealing with the land resumption issue. On the land resumption issue, I have spoken on this subject in this Council on different occasions, particularly in connection with the traumatic incident of Wah Kai, which is still a case in dispute. Although this is the first time the Secretary attends the meeting of the Council, I still hope that she could get to understand and listen to the traumatic experience of the Wah Kai incident. And the case is still not yet solved. I hope I can have a chance to discuss the issue with the Secretary after the meeting. And I certainly hope that she could solve an old case that has been lingering on for so many years.

Moreover, Mr Deputy, I wish to mention the importance of the NOL to cross-boundary traffic. If the NOL project can be implemented, 2 million residents of the New Territories West, including such areas as Yuen Long, Tuen Mun, Tsuen Wan and Kwai Tsing, will be able to cross the border by way of a spur line of the West Rail. So, it will be beneficial to the people as a whole if the railways can divert the cross-boundary passenger traffic into the east and west directions. This would cut down the costs and the time to be spent on travelling. Therefore, from the perspective of overall co-ordination and design of the transportation system, the construction of the NOL and the expedition of its implementation will bring about obvious improvement to the cross-boundary service for Hong Kong and its people as a whole.

I hope Members will think about this suggestion put forward by the Democratic Party, and I also hope the Government will support our view. Thank you, Mr Deputy.

Mr Albert CHAN moved the following amendment: (Translation)

"To add "; moreover, in order to ensure the cost-effectiveness of operating the Northern Link, the Government must expedite the implementation of the land and town development plans along the Northern Link" after "so

that the public can have direct access to the Lok Ma Chau boundary crossing by the West Rail".

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr Albert CHAN to Dr TANG Siu-tong's motion be passed.

MR HUI CHEUNG-CHING (in Cantonese): Mr Deputy, as a member of the business community, I strongly support Dr TANG Siu-tong's motion and hope that the Government would expedite the construction of the NOL. As we all know, the Lo Wu Control Point is always heavily crowded with cross-boundary travellers on all major festive days. The increase in the number of counters and immigration officers could never catch up with the growth in the cross-boundary traveller flow. Under such circumstances, travellers could lose their patience and chaos might arise. If one day should an emergency like a fire occur, the consequences could be disastrous. Train service is already very frequent from Mondays to Fridays, departing at intervals of three minutes. Despite the frequent service, trains departing from and arriving at Lo Wu are nearly full. This illustrates that the commercial and industrial activities between Hong Kong and the Mainland are growing very fast. Although the Government and the mainland authorities have been working hard to improve the boundary clearance arrangements on an ongoing basis, including increasing the number of immigration counters and facilities, simplifying the immigration and customs clearance procedures, extending the operating hours of the control points, and so on, all these measures are just trivial ones, which could not address the basic problem of overloading on trains of the Lo Wu Line of the East Rail.

Expediting the construction of the NOL would help to foster closer economic and social links between Hong Kong and the Mainland, especially the links with Guangdong Province and the Pearl River Delta Region. In fact, with China's accession to the World Trade Organization (WTO), and the fact that Hong Kong's import and export, tourist and retail trades have to seek business development by strengthening co-operation with their counterparts in the Pearl River Delta Region, the railway development strategy of Hong Kong could no longer be confined to satisfying the internal demand of the territory. Instead, the strategy should also take the planning of cross-boundary transport into consideration.

Although the Chief Executive always stresses that Hong Kong's future depends on making good use of the economic hinterland in the Mainland, co-ordinated development of the Pearl River Delta Region, and facilitation as far as possible the cross-boundary traffic of people and goods, in proceeding with the actual work of cross-boundary transport, the Government is still paying only lip service or doing much less than what it promises. The Government's plan to shelve the NOL for 10 years is an obvious example illustrating this point.

First, the Government has scheduled the completion of the NOL project between 2011 and 2016, that is, 10 years from now. This is simply ignoring the growing demand of cross-boundary travellers in the next 10 years. Although the annual growth of cross-boundary traffic has dropped from 17% in 1997-99 to 4% in 2001, this does not mean that the growth of such traffic has already reached the ceiling. With the opening of the Disneyland two years later, together with the accession of China to the WTO, Hong Kong has started a new wave of economic integration with the mainland community. It is inevitable that cross-boundary activities will become active again.

Secondly, the Government's reluctance to expedite the construction of the NOL shows that it ignores the cross-boundary need of the people of western Hong Kong, which represents 40% of the local population. Within the next 10 years, residents living in Tuen Mun, Yuen Long, Tsuen Wan, Kwai Tsing, and so on, will have to continue travelling a long way, paying extra money on transport and changing to the East Rail before they can cross the border.

What is equally distressing to us is that, instead of expediting the implementation of the NOL project, the Government would rather speed up the construction of the Kowloon Southern Link. So, the overall railway development strategy obviously places emphasis on internal demand and internal infrastructural development to the neglect of the need for cross-boundary development. Since the beginning of the 20th century until now, Hong Kong has only one railway connected with the Mainland. It has been nearly 100 years since the beginning of the 20th century, yet we still only have the East Rail. However, during the past two decades, there have been more and more business and social exchanges between the Mainland and Hong Kong, and the trend is growing at an alarming rate. If we continue to have only one cross-boundary railway, we would never be able to catch up with the pace of development of the

times, and it is also not in line with the Government's policy in recent years to strive for economic development through co-operation with the Mainland. This would affect the long-term development of Hong Kong.

Mr Deputy, I so submit.

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy, in the past 10 years, the Government has constructed or planned seven railways to solve transportation problems within the territory, but regrettably, cross-boundary transport has remained fixated and among all these, the public can only look expectantly to the much debated and distant Long Valley spur line.

We think that even after the Long Valley spur line of the East Rail is completed, there will still be a need to build the NOL. The Democratic Alliance for Betterment of Hong Kong (DAB) has actually raised this issue a number of times in the past few years. Although the Government agrees that there is a need to build the NOL, it has said that this is not a matter for now but rather, 10 or 15 years later.

We believe this is unfair to the 1.7 million residents living in New Territories West because often they have to make a detour to take the East Rail in order to cross the border. This is indeed a very tortuous route.

In addition, we all know that the capacity of the East Rail is near saturation. It is unreasonable of the Government to turn down the request to bring forward the construction of the NOL on the ground that the Long Valley spur line of the East Rail will be constructed. From the viewpoint of the social benefits, the NOL can save travellers a lot of time, a point already mentioned earlier in the debate. It will reduce what is known as time cost in economics. The NOL starts at Kam Sheung Station of the West Rail and passes through Ngau Tam Mei, San Tin and terminates at Lok Ma Chau and measures 14 km in length. The journey takes eight minutes. Compared with travelling on the East Rail and crossing the boundary at Lo Wu, residents of New Territories West can cut the travelling time by more than half an hour by using this new railway. Compared with travelling on the East Rail and then crossing the border via the Long Valley spur line, 40 minutes or more can be saved.

Secondly, I wish to point out that with regard to traffic streaming, the direct and effective measure is to build the NOL. The daily patronage of the East Rail is at present 560 000 passenger trips, of which 230 000 are made to or from Lo Wu. The additional passengers attracted to the Long Valley spur line will surely impose a heavier burden on the East Rail. Without the NOL, however, the West Rail will have insufficient passengers. The East Rail will then be overloaded while the West Rail will be underutilized.

Thirdly, from the viewpoint of cost-effectiveness, it is only through building the NOL that the function of the West Rail as a trunk rail can be optimized and a serious wastage of social resources can be prevented. The cost of building the first phase of the West Rail is \$46.4 billion, however, if calculated under the present economic climate, after the commissioning of the railway next year, not only will its rate of return fail to attain its original target, the rate of return will even fall below the average capital cost and this means losses will be incurred. In that case, this project costing billions of dollars of public money will become a white elephant, and it is undoubtedly a serious waste of the resources of society. We can see from the experience of the recently commissioned Tseung Kwan O Extension that it is simply impossible for the West Rail to balance its books by fare increases, and the residents will definitely not agree to such a course of action. Therefore, the West Rail must enhance its network by expediting the implementation of the NOL to provide a direct access to the boundary, in order to increase its passengers volume and revenue.

We hope that the Government can adopt a pragmatic attitude and expedite the implementation of the NOL of the West Rail, so as to improve the complementary transport facilities at the boundary crossing for the benefit of the public. Therefore, the DAB and the Hong Kong Federation of Trade Unions support the original motion. Concerning the amendment requesting the Government to expedite the implementation of the land and town development plans along the NOL, if the Government can expedite the implementation of the NOL, the function and value of lands along the railway will be greatly enhanced and the relevant areas will prosper, thus offering a lot of job opportunities. Therefore, we believe that the Government should make a decision at an early date to implement the NOL. The relevant government departments in charge of planning should also work actively together. We also support the amendment.

Thank you.

MS MIRIAM LAU (in Cantonese): Mr Deputy, the Railway Development Strategy 2000 published in May 2000 points out that the timing of constructing the NOL depends on the development plan of the strategic growth areas in the Northeast and Northwest New Territories and the increase in cross-boundary traffic. It is estimated that it will not be necessary to commission the NOL until sometime between 2011 and 2016. In June this year, when the Government gave a briefing on the latest development of the NOL to the Subcommittee on matters relating to the implementation of railway development projects under the Legislative Council Panel on Transport, it still did not have any intention to revise the original schedule.

The Government explained that after the completion of the spur line between Sheung Shui and Lok Ma Chau and the Shenzhen Western Corridor in 2007, it is expected that the demand for cross-boundary transport for the next 10 years will be met. Furthermore, since the rate of population growth in the areas along the NOL is far below the planning target of 100 000 residents, there is insufficient population to support the development of a new railway.

At present, the pace of development of new towns in the Northeast and Northwest New Territories are far slower than the estimate made some years ago. This is particularly pronounced in the areas along the NOL. This is to a large extent related to the economic climate and the declining interest of the public to purchase properties in recent years. In order to ensure that the operation of the NOL is cost-effective, the Liberal Party does not object to expediting the implementation of the land and town development plans along the NOL. However, since it will still take a rather long time for the economy of Hong Kong to recover, the population in the areas along the NOL will probably still increase slowly, however, this does not mean that we consider it unnecessary for the Government to consider bringing forward the implementation of the NOL.

Apart from the population factor, the Government must take into account another important factor, which is the degree of integration between Hong Kong and the Mainland. Since the publication of the Railway Development Strategy 2000 two years ago, the degree of Hong Kong's integration with the Mainland may have already exceeded the original estimate of the Government of the Hong Kong Special Administrative Region. The volume of cross-boundary traffic may increase drastically as a result.

Firstly, the annual numbers of travellers passing through Lo Wu only experienced single-digit rates of increase before 1997, however, the rates of increase after 1997 have reached double digits. The Government may say that it has already taken into account the rate of increase in the number of travellers crossing the boundary, however, I wish to point out that of these travellers, the rate of increase in visitors from the Mainland must not be overlooked.

In recent years, the number of trips made by visitors from the Mainland has been increasing at double-digit rates and the flow of people has changed from unidirectional to both ways. However, since there is at present only freedom of movement from one side, the proportion of people travelling in each direction is still very much unbalanced, with only one visitor coming from the Mainland for about every 10 Hong Kong residents heading north. However, if Hong Kong relaxes its restrictions on visitors from the Mainland so that the people on both sides can travel freely, mainland visitors will then be able to come to Hong Kong at any time on business, to visit friends and relatives, for pleasure and spending such as visiting the Disney theme park, and the number of mainland visitors may increase at an astonishing rate, will far exceeding the Government's original estimate.

In fact, there is a practical need to relax the restrictions on mainland visitors. Hong Kong has always been a gate way through which people enter the Mainland to do business and make investments, and the Mainland is also a major investor in Hong Kong economy. It is the second largest direct overseas investor in Hong Kong. After China's accession to the World Trade Organization, not only will it strive to foster a better business environment, it will also further open up its market in different economic sectors to foreign investment. Since Hong Kong will, as in the past, assist overseas investors in entering the mainland market, in establishing partnerships with overseas and mainland investors and in providing various support services, the frequency of mainland businessmen coming to Hong Kong to negotiate business deals, to attend to their businesses will naturally also increase drastically. It goes without saying that the frequency of people travelling between the two places may also far exceed the Government's original estimation.

If Hong Kong hopes to continue to maintain its role as the southern gate of China and strengthen its position as a hub, it is imperative to promote an increase in the flow of people between the Mainland and Hong Kong. It is only by doing so that the flow of goods and capital can be further promoted. Not only is this favourable to the future development of Hong Kong, this will also contribute to the economic development of the Mainland.

In view of the changes in the past two years, the Liberal Party hopes that the Government will consider not only the internal factors of Hong Kong, but also the new trend of Hong Kong's integration with the Mainland and reconsider the early implementation of the NOL.

With these remarks, Mr Deputy, I support the motion and the amendment.

DR RAYMOND HO (in Cantonese): Mr Deputy, railway development is one of the key development projects of the Government in recent years. Apart from providing speedy transportation services, railways also play a functional role in environmental protection. In view of railways' mass transit functions, high efficiency and environmentally-friendliness, the Government formulated the Railway Development Strategy 2000 (RDS-2000) in 2000 to draw up plans for various railway projects in order to cater for the needs of Hong Kong in future. With the growing population of Hong Kong and increasing exchanges between Hong Kong and the Mainland, we need to speed up the pace of railway construction in order to cater for our future needs. Recently, the Kowloon Southern Link (KSL) project, which was mentioned in the RDS-2000, has been given the green light by the Government. If the construction of the NOL project is also launched early, Hong Kong's railway system will become more comprehensive. It will be able to handle cross-boundary passenger flow in a better manner, and the traffic will become smoother.

The KSL is a rail link between the East Rail and the West Rail. It would really provide great convenience to residents of Kowloon South. However, if we want to have a comprehensive railway network, the NOL is indispensable. This is because, once integrated with other railway lines, the NOL will then have complete access to and connection with other modes of transport in Hong Kong, Kowloon and the New Territories. The NOL will link up the West Rail, East Rail and Lok Ma Chau boundary crossing. After it joins up with the KSL, East Rail and the West Rail, a complete railway network will be formed. It would help to alleviate the traffic congestion in the New Territories, Kowloon and the boundary crossings to a great extent.

Presently, the boundary crossing railway station is situated at Lo Wu. In order to alleviate the congestion at Lo Wu, the Government has proceeded with the construction of the Lok Ma Chau Spur Line which is expected to be

completed by 2007. I agree with Mr Albert CHAN's point that, in order to build this spur line, an additional \$2 billion has to be spent on the construction of a tunnel. Under the present economic conditions, such a waste of money is not acceptable. I also agree that, in order to ease the congestion at Lo Wu, we must consider developing diversified modes of cross-boundary public transport. In dealing with a long-standing problem like the congestion at Lo Wu, we must not maintain a rigid stance. The NOL is the railway that will link up with the Lok Ma Chau boundary crossing, so whether the congestion at Lo Wu can be ameliorated depends to a large extent on whether the NOL will be built. In fact, the Government should make an early decision on the construction of the NOL. If it is ultimately decided that the NOL should be built, then the project should be started as soon as possible for the construction of a railway, apart from the building works, also involves such procedures as planning and resumption of land, which all take a lot of time. Now 2003 is around the corner, and there is less than five years before 2007. If we do not implement the NOL project as soon as possible, our resources will not be utilized fully. Furthermore, the population of Northwest New Territories is expected to grow continuously and eventually exceed 1.5 million. The NOL will be able to cater for their transportation demand.

From the perspective of environmental protection, the construction of the NOL will help to reduce air pollution. Presently, a lot of people will travel by bus or minibus. These two modes of transport emit a large quantity of nitrogen oxide, respirable suspended particulates and carbon dioxide. If the Government could complete the construction of the NOL and other railways as soon as possible, then, of the 10 million passengers now taking public transport daily, those travelling by train will rise from 32% to 40%. And the air of Hong Kong will become cleaner.

Apart from providing transportation convenience, railway also has an economic value. For example, it can turn shopping arcades along the railway lines into prosperous business places and raise the value of lands along its alignment. So if the Government decides to implement the NOL project, then it should concurrently proceed with the planning of land development programmes along the railway line. By then, if new towns or new districts are to be developed along the NOL, I think the Government should uphold the principles and directions of sustainability, environmental protection and creativity in planning.

Railway development has a significant impact on the economy of Hong Kong as well as the livelihood of the people because it would facilitate smooth passenger and cargo flow. It is beneficial to Hong Kong as a whole in the long run. The NOL is situated at Northern New Territories and is a major transport link with the Mainland. Doubtless the links between Hong Kong and the Mainland (especially the Pearl River Delta Region or even the Greater Delta Region) are becoming increasingly important. Therefore, the importance of the NOL is also enhanced accordingly. In short, the importance of the NOL exceeds that of KSL. When will the Government actually proceed with the construction of the NOL? The Government should immediately consider the issue carefully and make an early decision.

With these remarks, Mr Deputy, I support the original motion and the amendment.

MR ALBERT HO (in Cantonese): Madam President, according to our information, the present passenger throughput at Lo Wu is alarming. The number of travellers accounts for 85% of the total cross-boundary passenger volume. In recent years, the number of travellers has recorded double-digit growth annually, from 43.3 million passenger trips in 1995 to 86.43 million in 2001, that is, from 118 000 passenger trips daily to 236 000 daily. On Saturdays and Sundays, the congestion is even worse. The number of people who cross the boundary amounts to 268 000 passenger trips daily, and on long holidays, the figure can be as high as 300 000. However, the Government did show some foresight, because as early as the middle of '90s, it had already pointed out that the number of cross-boundary train passengers would increase substantially and already acknowledged that a second cross-boundary railway would be necessary.

In 1994, the Government released the first Railway Development Strategy Study. The recommendation then was to build a second cross-boundary railway along the Western Corridor. In fact, the proposal already contained the prototypes of the NOL and Lok Ma Chau Spur Line mentioned in the subsequent Railway Development Strategy 2000.

After 1997, the Government chose Lok Ma Chau Spur Line as the short-term solution to easing the congestion at Lo Wu. However, the Spur Line had aroused controversies on environmental issues. As a result, the completion date was delayed from 2004 to 2007. If the Government could act decisively then to

shelve the Lok Ma Chau Spur Line project and implement the NOL as a replacement, I believe the congestion at Lo Wu could be solved more quickly and effectively.

All along, the Democratic Party is of the view that the NOL is a more cost-effective route than the Lok Ma Chau Spur Line, and its function in diverting passengers is more evident. Since the NOL is an extension of the West Rail, and that the Kowloon Southern Link (KSL), once completed, would enable residents in the entire Kowloon West and New Territories West to travel on these railways. So apart from substantially enhancing the cost-effectiveness of the West Rail and the KSL, the NOL will also enable the East Rail to concentrate its efforts on meeting the transport demands of residents along its route and those who live in Kowloon East and to relieve greatly its passenger load.

In 2001, the population of Northwest New Territories (including Tsuen Wan, Kwai Tsing, Tuen Mun and Yuen Long) was 1.32 million. According to the projection by the Government, the population in the area will increase to 1.94 million by 2010, with a growth rate of 47%. Due to the high population growth, there are sufficient justifications for building an additional cross-boundary railway. From the consideration of diverting the passenger flow, this is indeed necessary. Otherwise, by 2010, we would still be seeing a large number of residents of Northwest New Territories taking other modes of transport to travel to Kwu Tung, and then take the Spur Line heading for Lo Wu. It would be as inconvenient as now when we have to first travel to Sheung Shui before going to Lo Wu. Besides, if they have to go to Lok Ma Chau, which is quite near geographically, they will still have to go to Kwu Tung first before taking the train at the Spur Line to reach there. I believe sensible passengers would not take this option to cross the boundary. Therefore, to residents of the Northwest New Territories, the Spur Line is like a "good-for-nothing" railway — it is much less convenient than the NOL.

When will the NOL become operational? The Democratic Party is really gravely concerned. Some months ago, we had discussed the prospects of the NOL with the management of the Kowloon-Canton Railway Corporation (KCRC). The KCRC told us that, once the construction of the Lok Ma Chau Spur Line started, it would be impossible for it to construct the NOL shortly. From the viewpoint of the KCRC, it would not be cost-effective for it to build two cross-boundary railways, both of which being heavy rails. This is because, after the commissioning of the Lok Ma Chau Spur Line, the construction of the

NOL would not bring about an increase in passenger volume, or the increase would not be significant if any. The function of the NOL then will only be diverting the passenger flow. If the Government does not proceed with town developments along the various stations of the NOL in order to bring about population growth, the railway will not have enough passengers to maintain its operation.

Therefore, based on the same consideration, the Democratic Party proposes that the Government, while constructing the NOL, should conduct planning again on the directions of land development and population growth, including designating the various stations of NOL as strategic growth areas so as to boost the passenger volume. On these points, Mr Albert CHAN has already explained the Democratic Party's stance in detail. I am not going to repeat them now.

We believe, only the NOL can solve the cross-boundary transport problem of Northwest New Territories, and that only the NOL can enhance the cost-effectiveness of the West Rail and the KSL.

With these remarks, I support the amendment.

MR ABRAHAM SHEK: Mr Deputy, there have been increasing integration and cross-boundary economic activities with the Pearl River Delta since 1997. Development of the Northwest New Territories has been given a boost, resulting in a surge in cross-boundary rail passenger traffic which has been growing at an annual rate of 18% to 20% since mid-1996. The daily average number of cross-boundary passengers at Lo Wu now reaches about 250 000. Passenger volume at weekends and holidays is substantially larger than on weekdays. Although the Immigration Department has made special arrangements to cater for the increased passenger volume, a prolonged immigration and customs clearance problem still exists. In order to meet the growth of the cross-boundary demand and relieve the Lo Wu congestion in the long term, it is necessary to expedite the implementation of the Northern Link (NOL) which provides a direct access to the Lok Ma Chau boundary crossing point by connecting the West Rail. Today's motion is undoubtedly a response to the general public's demand.

The NOL is one of the rail projects promulgated in the Railway Development Strategy 2000 (RDS-2000) which maps out a rail network

expansion plan to meet Hong Kong's needs in the next 15 years. The NOL is planned to serve three functions. Firstly, it will provide the Northwest New Territories with direct train services to the Lok Ma Chau boundary crossing by linking the Spur Line at Kwu Tung and West Rail at Kam Sheung Road. Secondly, it will provide domestic train services to developments at Au Tau, Ngau Tam Mei and San Tin. Thirdly, together with the Spur Line, the NOL will form a strategic rail link to join up West Rail and East Rail at the Northern New Territories. According to the recommendations of the RDS-2000, the completion date of the NOL will be approximately in 2011 to 2016, depending on the development programme of the strategic growth areas in the Northwest New Territories and the growth of cross-boundary traffic. However, the Sheung Shui to Lok Ma Chau Spur Line is scheduled to be completed by mid-2007. In other words, there will be a time lag of about four to nine years for a strategic rail network to be completed. In view of the rapid growth of cross-boundary traffic arising from an increasing economic integration with the Pearl River Delta and rapid development of the Northwest New Territories, the Government should consider advancing the proposed implementation programme for the NOL.

It is acknowledged that the Government's planning intention is to develop three strategic growth areas along the NOL alignment, namely Au Tau, Ngau Tam Mei and San Tin, to house a total projected population of over 100 000. Yet, the existing population within the NOL's catchment is only about 15 000. I understand that the Government desires a more cost-effective use of limited public resources and wishes to integrate the NOL with the development plan of the three strategic growth areas. However, at present, cross-boundary passengers from the western part of Hong Kong such as Tuen Mun, Yuen Long, Tin Shui Wai are increasing rapidly. In addition to a surge of mainland visitors since the abolition of a travel quota system in January this year, growth of cross-boundary passenger traffic is the most critical consideration as for the NOL's implementation programme with an added benefit of jobs creation.

If the Government is concerned about the funding of this rail line so as not to deplete further our financial reserves, it should embark on innovative measures of building railways through private sector finance investment (PFI) in rail development.

Mr Deputy, I would like to suggest that the Government should not only focus on relieving the Lo Wu congestion by improving the existing facilities and

providing an additional rail passenger boundary crossing at Lok Ma Chau, but should also consider operating a sea-boundary control point at Tuen Mun pier to solve the existing border crossing problem.

In November 2001, the Legislative Council Panel on Transport requested the Government to conduct a study on remodelling the Tuen Mun pier so as to provide a cross-boundary ferry pier for passengers, thereby providing greater convenience for residents in the Northwest New Territories travelling to Macao and the Pearl River Delta Region, and *vice versa*. In fact, there is an increasing number of people who own residential properties in the Pearl River Delta Region for leisure and resort purposes. The journey time from Tuen Mun to Macao and some places of Guangzhou Province such as Zhuhai, Zhongshan, Shunde, Panyu and Nanhai is less than an hour. This sea-crossing route has a shorter journey time than Lo Wu and Lok Ma Chau crossings, thus providing better services to the public. Furthermore, the above places are situated in the heart of the Pearl River Delta Region, which is one of the most affluent regions in the Mainland. It has an enormous potential for attracting tourists to Hong Kong.

With the closer economic and social integration with the Mainland, it is high time that the Government should take positive and pro-active steps to plan ahead to cater for the cross-boundary demands in the coming years. In my view, the Government should expedite the implementation of the NOL under the PFI scheme, and should also modify the Tuen Mun pier as a cross-boundary ferry pier.

Thank you, Mr Deputy.

MS AUDREY EU (in Cantonese): Mr Deputy, I rise to speak in support of the original motion and the amendment. Many academics, environmental protection bodies, people in the districts and political parties have analysed in detail the advantages of the construction of the NOL. Even Mr Michael TIEN, Chairman of the Kowloon-Canton Railway Corporation (KCRC), and Dr Sarah LIAO, the Secretary for the Environment, Transport and Works, have said that the NOL is more cost-effective than the Lok Ma Chau Spur Line.

It seems impossible to suspend the construction of the Lok Ma Chau Spur Line project that is going to be implemented, but it does not mean that the NOL cannot co-exist with the Lok Ma Chau Spur Line. In particular, the West Rail will be commissioned next year, so if the NOL is completed earlier, a total of

2 million population within the catchment from Sham Shui Po to the New Territories would have access to direct cross-boundary railway services and would no longer have to take a tortuous route to the East Rail when commuting between Hong Kong and the Mainland.

Mr Deputy, when the West Rail was first planned by the KCRC, there was an inflation and the property market was very prosperous, but the times have changed and the KCRC has indicated that the fares of the West Rail would be lower than originally estimated, and as it can no longer rely on subsidies from property development along the route, the West Rail may face a heavy financial burden after commissioning and it will become another "big white elephant" transport infrastructure. The Government has given the KCRC approval to construct the Kowloon Southern Link connecting the Nam Cheong station of the West Rail to Tsim Sha Tsui. Together with the NOL, the southern and northern passages of the West Rail will be opened up and the cost-effectiveness of the West Rail will be substantially increased. In the long run, it may also relieve the pressure of an upward adjustment in fares. The NOL can also provide Hong Kong with another cross-boundary freight line and promote trade between Hong Kong and China.

The earlier construction of the NOL will undoubtedly thin out the cross-boundary patronage at the Lo Wu line of the East Rail and the Lok Ma Chau Spur Line, but the NOL, besides being a cross-boundary railway, will also link up the Northwest New Territories, Sheung Shui and Fan Ling, attracting new passengers to the East Rail. The number of passengers travelling between China and Hong Kong by rail has been increasing year on year. Last year, the passenger volume exceeded 106 million last year, and there has been a 94.3% increase over the last five years. This growth trend is expected to continue with the economic and trade ties between Hong Kong and China becoming increasingly close.

The Democratic Party's amendment proposes that the Government must expedite the implementation of the land and town development plans along the NOL in such areas as San Tin, Hung Shui Kiu and Kwu Tung, to create sources of passengers for the NOL and raise its cost-effectiveness. According to the statistics of the Government, some 54 000 people now work in the Mainland, with many of them working in Shenzhen or regions near the boundary. Moreover, these people who often shuttle between Hong Kong and China may choose to live in Hong Kong if there are a few more new towns in the North District in the New Territories.

The NOL would be completed between 2011 and 2016 as projected in the Railway Development Strategy 2000 promulgated by the Government in 2000. Although the Government used to work by the book, I hope it would be flexible and adjust its strategies in the light of new circumstances, especially in respect of the railway that is closely related to the well-being of millions of people and environmental protection in Hong Kong. I extend my congratulations to the new Secretary Dr LIAO and I sincerely hope that, with her new thinking and style of work, she would demonstrate to people the advantages of an accountability system. I so submit.

DR DAVID CHU (in Cantonese): Mr Deputy, I am of the view that it is necessary to expedite the implementation of the NOL to cope with the traffic demands of the New Territories residents, and help the East Rail to stream traffic more effectively, thereby relieving pressure on the Lo Wu Control Point. Besides, from the financial angle, the NOL can lure more people to patronize the West Rail, thereby boosting the revenue of the latter. Even the Kowloon-Canton Railway Corporation has recently expressed support for the expedition of the implementation of the NOL in order to make its railway network more comprehensive. Nevertheless, it will take at least nine years, or at most 14 years, before the NOL can be commissioned. This is indeed too long.

According to the Government, the population in the catchment areas of the NOL stations is only 15 000. Pointing out that the NOL must be co-ordinated with the planned developments to be carried out along the rail line, the Government hinted that the population of the catchment areas is not enough to justify the early construction of the NOL. I do not agree with this argument. In assessing the cost-effectiveness of the NOL, we should not merely look at the population of the catchment areas of the rail stations. Instead, we should consider the overall situation of the Western New Territories. The population of this part of the New Territories is projected to exceed 1.84 million by June 2003. As this figure will continue to grow, the Government must make preparations early. Besides providing interchange services for the people living the NOL stations, the catchment can be expanded too. Lastly, the Government must not overlook the point that railway developments can provide an impetus to regional developments, and in turn boost traffic demands.

Mr Deputy, it is stated very clearly in the government papers that the NOL can provide more direct cross-boundary rail services to the north part of the territory and connect the East Rail with the West Rail. Upon the completion of the NOL, residents of the Western New Territories can cross the boundary direct via Lok Ma Chau, without having to make a big detour to use the East Rail. At present, the number of passengers crossing the Lo Wu Control Point daily has reached 250 000. While both the railway and the immigration hall have found the throughput difficult to cope, there is not much room for expansion. On the contrary, the Lok Ma Chau — Huanggang Control Point has huge potentials for development for only 40 000 passenger trips pass through it daily. In addition, the Shenzhen mass transit railway, due to be commissioned by the end of 2004, will have a station at Huanggang. More and more people will thus cross the boundary via Lok Ma Chau. In addition to the New Territories residents, people living in the urban areas can cross the boundary via the Lok Ma Chau Crossing by making use of the West Rail and the NOL too. It has been roughly estimated that 40% of the total population of the territory can be benefitted. On the other hand, should the NOL project be delayed, the load on the East Rail will be difficult to cope. Residents of New Territories East will then have to travel in congested trains for a prolonged period of time.

Although the benefits to be brought by the NOL are evident to all, the Government is still reluctant to expedite its implementation. This is indeed hard to understand and disappointing. According to the Government, the tentative completion falling between 2011 and 2016 is consistent with the realistic need because major railway projects usually take eight to 10 years to go through various stages from planning to completion. The remarks made by the Government are really frustrating for the Chief Executive has repeatedly stated the need to boost the efficiency of public works and shorten the construction time. Why should it take eight to 10 years to build a rail line measuring only 10-odd km in length? How can this be fitting of a modern government that pursues efficiency? I would like to ask the Government to give us a reasonable explanation. Officials from the former Transport Bureau indicated in a meeting of the Panel on Transport that the planning and timetable for the NOL would be decided only after a study by the Planning Department on land use planning of lands in the vicinity of the NOL was completed in 2004. How can such a slow and bureaucratic working style answer the needs of rapid development in Hong Kong? Can land use planning and railway planning not proceed simultaneously? Since it has been decided that the NOL will be implemented, early commencement and completion of the project will not lead to a substantial rise in

construction costs. On the contrary, job opportunities can thus be provided, thereby boosting cost-effectiveness and improving the livelihood of the public. For these reasons, I urge the Government to expedite the implementation of the NOL.

With these remarks, Mr Deputy, I support the original motion.

MR NG LEUNG-SING (in Cantonese): Mr Deputy, railway development involves a comparatively long process that requires long-term planning. At the same time, we must constantly adjust to and meet the needs of changes in realistic circumstances as far as practicable. Nevertheless, extreme caution must be exercised in making adjustments to the railway development programme as a whole. Careful consideration must be given to both practical needs and effectiveness.

Undoubtedly, the ideal option is for all railway lines to be implemented expeditiously, or even completed at the same time, so that they can then play their roles as planned. However, this is impossible in reality. Therefore, we need to prioritize the various projects in accordance with their importance. If we can start all current railway plans over again, perhaps we will come up with different conclusions as to whether the Lok Ma Chau Spur Line or the NOL should commence first. This is because the two railway lines play a similar role in streaming cross-boundary passenger traffic. At the same time, the NOL can stimulate the passenger flow of the West Rail, thereby boosting the latter's investment return. Nevertheless, the Lok Ma Chau Spur Line plan has already been put into implementation, albeit after numerous setbacks. Up to end 2001, the total expenditure on the project, including that on design, exceeded \$300 million. It is apparently impractical for the Lok Ma Chau Spur Line to be replaced by the NOL. Furthermore, further delay to the schedule for completion will be detrimental to expediting the improvement to cross-boundary traffic. Should the implementation of the two railway lines be expedited, it will apparently lead to problems in terms of utilization and effectiveness since, to a certain extent, the two railway lines play the same function of streaming cross-boundary traffic. As it costs \$100 million and \$90 million to build the Lok Ma Chau Spur Line and the NOL respectively, the cost will nearly double if the two railway lines are constructed simultaneously. Yet they will, to a certain extent, overlap in terms of effectiveness. At a time when public finance is so tight, it is imperative to consider the matter very carefully in public interest.

It is pointed out in the Railway Development Strategy 2000 that the timing for the construction of the NOL will hinge on the development plans of the strategic growth areas in the Northeast and Northwest New Territories, and the situation of cross-boundary traffic. According to the information submitted by the Government, cross-boundary traffic grew 17% between 1997 and 1999, but a mere 4% in 2001. We must study and analyse the matter in more detail before we can conclude whether this indicates a tendency for the growth of cross-boundary passenger traffic to slow down, or the growth is being curbed by the poor capacity of infrastructural facilities. As regards the development plans for the land and towns adjacent to the NOL, it is planned by the Government that Au Tau, Ngau Tam Mei and San Tin will ultimately develop into a region that can accommodate a population of over 100 000. However, the population in the catchment areas of the NOL stations at the moment is merely 15 000. It is therefore necessary to co-ordinate the NOL with the planned developments along the railway line. This is another practical consideration. Should it prove to be necessary to expedite the land and town development planning along the NOL, massive population movement will be involved. I am afraid this is an even longer-term initiative.

In principle, as part of the overall infrastructure of the territory, expediting the planned railway development plans as far as practicable can undoubtedly help stimulate the overall economy and create job opportunities. This will also help promote local economic activities and the economic and trade integration between Hong Kong and the Mainland. In evaluating the railway development needs and formulating the timetable, we need to look at the past demand trend over a certain period of time. At the same time, we need to make an appropriate projection and assessment of the future demand trend. To make such a projection, we need to base on practical data. Meanwhile, we need to give more consideration to possible social changes, including expanding the capacity of cross-boundary railway that will in turn stimulate and induce new growth in cross-boundary traffic demands. In this case, the Government will need to come up with more ideas, as well as larger and more forward-looking plans. In a free economy driven by capitalism, effectiveness remains the fundamental starting point for evaluation. In my opinion, various strata of society, including the Government and this Council, may conduct in-depth studies into the implementation of the NOL in an open-minded manner, so as to allow the general public and investors in various trades and industries to understand and have a better grasp of the relevant arguments, with a view to

facilitating co-ordination with and the implementation of this long-term development plan.

Mr Deputy, I so submit.

MR WONG SING-CHI (in Cantonese): Mr Deputy, this question, namely the NOL, has been discussed more than once in this Council. In the previous Legislative Council Session, I moved an amendment to a motion moved by Mr LAU Kong-wah to appeal to the Government to build the NOL expeditiously. My amendment was passed by the whole Council at that time.

The debate was conducted at a time when there were endless disputes on the Lok Ma Chau Spur Line. The Democratic Party held that the NOL was a more feasible option for resolving the disputes. It has now been decided that the Lok Ma Chau Spur Line will go ahead. Yet the NOL remains a conceptual line on the map. No preparation work has been carried out in relation to this rail line. According to the Government's timetable, the NOL can be completed in 2011 at the earliest. Judging from the present circumstances, however, this is too optimistic. According to the latest government position, whether the NOL will ultimately be built will hinge on cross-boundary ridership and the population growth of the areas along the rail line.

Earlier on in the debate, Mr Albert CHAN from the Democratic Party clearly pointed out that the progress of the planned development of the land and towns along the NOL had been too slow. For this reason, the railway corporation dared not embark on planning work for fear of the excessively low cost-effectiveness of the NOL. In my opinion, the NOL must be built. It is a pity that the relevant plan continues to be delayed in the hands of bureaucrats. I am not optimistic about the prospects of the rail line. Though it is suggested in the Railway Development Strategy that the NOL be completed by 2016 at the latest, I am worried it will remain unfinished by that time.

As a Legislative Council Member representing the New Territories East and Chairman of the Traffic and Transport Committee of the North District Council, I am very much concerned about the road traffic conditions in the North District of the New Territories. At present, residents of the Northwest New Territories heading for the Mainland must cross the boundary via Lo Wu. In other words, numerous residents must connect trains at the Sheung Shui railway

station in order to reach Lo Wu. If the Secretary can spare the time, I may accompany her to inspect the heavily congested pedestrian link of the Sheung Shui railway station, for at least 100 000 passenger trips pass the station every day. Upon the completion of the Lok Ma Chau Spur Line, commuters will be able to switch to Kwu Tung instead of Sheung Shui. Nevertheless, Kwu Tung is a new town situated in the North District. The traffic congestion problem facing the district will therefore still remain. In the end, congestion in the district may even worsen as more commuters might make use of the North District as an interchange. For these reasons, I personally hold that the NOL is the best option for resolving the problem completely. Residents of the Northwest New Territories can then cross the boundary direct by rail, instead of using the rail line in the North District as an interchange.

The Democratic Party is still convinced that the NOL is more attractive than the Lok Ma Chau Spur Line. Mr Michael TIEN, Chairman of the Kowloon-Canton Railway Corporation (KCRC), told the newspapers in August that he had reflected to government officials that he wished to replace the proposed Lok Ma Chau Spur Line by constructing the NOL expeditiously. He also indicated lately that a "perfect" combination could be achieved if the NOL connecting the Kam Sheung Road station and Lok Ma Chau could be constructed expeditiously, in addition to the West Rail and the Southern Link. These remarks made by Mr Michael TIEN in his capacity as Chairman of the KCRC do reflect that the initial position held by the KCRC to give priority to the Lok Ma Chau Spur Line is questionable. History might have been rewritten had the Secretary, Dr Sarah LIAO, been appointed as an accountable official one or two years earlier. It is a pity that we cannot change history; we cannot but to look forward. There is apparently nothing we can do to block the Lok Ma Chau Spur Line. However, we consider the revised plan for the spur line still unsatisfactory. As the spur line will pass through Long Valley, many problems remain unresolved. On the other hand, the construction cost of the spur line will soar to \$10 billion. It also remains questionable as to whether the tunnelling option will lead to the loss of underground water at Long Valley. Many villagers have expressed the worry that they might be forced to cease farming if the problem really arises. They also fear that they will suffer great losses if land use is subject to restrictions. In addition, following the rise in construction costs, the KCRC must raise fares in order to maintain its anticipated return. Lastly, the spur line will serve as a connection from Sheung Shui to Lo Wu or Lok Ma Chau. From the angle of streaming traffic, commuters from the

urban areas or rural areas will still be required to put up with long, congested journey before reaching Sheung Shui. For these reasons, we consider the Lok Ma Chau Spur Line not the best option. Only the NOL can really provide commuters with a more comfortable cross-boundary transport service and serve the function of streaming traffic.

Therefore, I would like to urge the Government to consider expediting the implementation of the NOL to tie in with the development of the Northwest New Territories, as well as exploring the long-standing traffic problem facing the residents of the North District.

Mr Deputy, I so submit.

MR FREDERICK FUNG (in Cantonese): Mr Deputy, with the rapid integration between Hong Kong and the Mainland over the past decade, the socio-economic ties between the two places have become increasingly close. The Hong Kong Association for Democracy and People's Livelihood (ADPL) and I opine that, in planning Hong Kong's future transport development, the Administration must abandon its previous egocentric mentality. Instead, it must start by taking a macroscopic view of the geographical position and development layout of the entire Pearl River Delta. In addition, it should make linking up the transportation networks of the entire region and maintaining the vitality of the economic system of the whole of South China as its ultimate goal.

For these reasons, both the ADPL and I consider that ties relevant to the economic development, such as enhancing the flow of people, goods, capital, services, information, and so on, should underpin the transport development in Hong Kong. While answering the aspiration for environmental conservation, which is attracting growing attention, measures should be taken to facilitate the travel of Hong Kong residents who choose to spend, take up employment, operate business, and even take up residence across the boundary, thereby achieving a "win-win" situation. Owing to this development direction, both the ADPL and I support the Government's proposal of constructing the second cross-boundary railway, that is, the NOL, expeditiously. This railway line is one of the solutions that will genuinely relieve the cross-boundary pressure facing Hong Kong at the moment.

The Government indicated in mid-2001 that the cross-boundary passenger service provided by the East Rail was able to cope with the demand. However, as a matter of urgency, short-term measures would still be adopted to ease cross-boundary passenger traffic. In the long run, the Lok Ma Chau Spur Line of the East Rail, which is to connect Sheung Shui with Lok Ma Chau as well as serving as a cross-boundary passage, would be built initially. Upon the completion of this project, the NOL, stretching from Kam Sheung Road, Yuen Long to Lok Ma Chau, would be built in 2011 in accordance with the original plan. Nevertheless, from the angles of environmental conservation, financial implication and social development, the ADPL and I consider it necessary for the Government to reconsider the priority of building the two railways.

To start with, as opposed to the highly controversial Lok Ma Chau Spur Line project, the NOL can, in terms of conserving the environment, completely avoid Long Valley, a wetland of great ecological value in Yuen Long. At the same time, it can serve the dual purposes of practically supporting the sustainable development of Hong Kong and reducing the conflicts and misunderstandings between the Government, the Kowloon-Canton Railway Corporation (KCRC) and the indigenous villagers.

Secondly, according to the information acquired by the Conservancy Association when conducting a simulated financial calculation in mid-2002, the NOL compares more favourably than the Lok Ma Chau Spur Line in terms of investment return and construction costs. Judging from the angle of financial commitment, both the ADPL and I believe the NOL can bring the KCRC greater profits.

Thirdly, and most importantly, the NOL can serve not only as the second cross-boundary railway line, but also divert 150 000 cross-boundary passenger trips a day and thereby ameliorate the existing congestion problem facing the East Rail. Residents of Kowloon and New Territories West, including people living in the Yau Tsim Mong, Sham Shui Po, Kwai Tsing, Tsuen Wan, Tuen Mun and Yuen Long districts, can thus benefit directly. According to the Government's projection, the population of these six districts will soar to 2.63 million, or approximately 36% of the total population of the territory, by 2010. Insofar as the western part of the territory is concerned, such as the six districts mentioned earlier, this cross-boundary railway can help relieve the congestion encountered by travellers to the Mainland.

The ADPL and I are convinced that the NOL can definitely play its role. During a meeting held with the Deputy Secretary for the Environment, Transport and Works yesterday, we pointed out that even if the construction of the NOL really commenced, it would take seven to eight years before the railway could be completed. What should we do in the interim? The ADPL and I made a proposal to the Secretary. Today, let me raise it again for Members' consideration. In order to provide an effective solution to the existing cross-boundary congestion problem in the short term, the ADPL and I suggested that a major cross-boundary bus terminal be built, either in Tuen Mun or Tin Shui Wai. Upon the completion of the Shenzhen Western Corridor in 2005, residents of the western part of the territory, that is, the residents of the six districts mentioned earlier, can then make use of the West Rail, to be commissioned next year, to cross the boundary by bus via the Shenzhen Western Corridor. This will also help link up the transport networks of Hong Kong and those of various counties and cities west of the Pearl River Delta. This option can not only effectively divert cross-boundary passengers in the short term, but also optimize the carrying capacity of the West Rail and make it more cost-effective.

Moreover, the ADPL and I believe that most of the equipment and back-up technical support currently used for constructing the West Rail can be transferred to the NOL project. In doing so, the construction time and costs can be further reduced. Through connecting the West Rail with the Pearl River Delta, the carrying capacity of the West Rail can be fully optimized. It is our hope that the West Rail can provide the fifth entrance to the Mainland and link up with the railway network of the Pearl River Delta. By way of the Shenzhen Western Corridor, it is also hoped that Hong Kong can link up with such places in the Mainland as Shekou, Huangtian Airport, Guangzhou Baiyun Airport, and Nansha, through connecting railway networks with aviation networks by means of railways. This will enable Hong Kong's transport hardware to integrate closely with the development momentum of the Mainland on the one hand and, further capitalize on the West Rail on the other, with a view to reducing its construction costs in the long run and relieving the pressure of raising fares. If the Government takes into consideration the ADPL's proposal of treating the West Rail as a major project, the speed and significance of constructing the NOL will definitely be affected, since the West Rail will be able to replace certain functions of the NOL.

In conclusion, both the ADPL and I believe that it is essential for the Government to consider the cross-boundary function of the NOL and the planned development of the areas along the railway line. However, given the

irreversible trend of Hong Kong's integration with the Mainland, we cannot merely look at the internal transport problems facing Hong Kong and the development of the catchment areas of the local railway network when considering the future railway network development in Hong Kong, for this is a significant event having a bearing on the vitality of the economic system extending to the entire Pearl River Delta Region.

With these remarks, Mr Deputy, I support the motion and the amendment. We lend our support because we think there is no harm for us to make more suggestions for the Government's consideration. Our proposal should be viewed from the angle of the entire Pearl River Delta. We hope we can induce the emergence of more valuable suggestions and offer the Government more possibilities for studies. Thank you.

MR LAU KONG-WAH (in Cantonese): Mr Deputy, many Members have just spoken on the urgency of constructing the NOL. I certainly share their views which are very much the same. However, I have reservations about the point made by some Members, that the Lok Ma Chau Spur Line may be given up now that there is a NOL.

The views expressed by these Members can actually not solve the problem. Even if the construction of the Lok Ma Chau Spur Line is carried out quickly, it will be completed only in 2007 and no passenger crossing facility will be completed within five years from now to 2007. Can we solve the congestion and immigration clearance problems within these five years? Can we tolerate them? No, we cannot. The proposal of giving up the Lok Ma Chau Spur Line would only be established if there is any proposal that would improve services before the completion of the Lok Ma Chau Spur Line in 2007. Nevertheless, it does not mean that such a proposal is not available.

The Democratic Alliance for Betterment of Hong Kong made a proposal a year ago for the erection of an additional checkpoint at Sheung Shui and the provision of feeder train services between Sheung Shui and the Shenzhen Railway Station. It is actually a good proposal that would solve the problem quickly and inexpensively and the checkpoint would be completed before 2007. Under the circumstances then, the Government seemed unwilling to study the proposal in detail. However, I hope the new Secretary would consider the proposal again. The Lok Ma Chau Spur Line must be constructed if the proposal is deemed infeasible.

Insofar as land use is concerned, residential flats must be constructed along the NOL but, in the light of the market situation and summing up the economic development of Hong Kong in the past, we must consider whether the old mode of using property development over the stations to promote railway operation should be adopted for railway development.

A delegation of this Council led by Dr TANG Siu-tong has recently visited other cities and inspected town planning projects there. I have a very deep impression of Dockland in London. It used to be a barren lot that would not be able to be developed without the construction of a railway, but Dockland has finally developed on the basis of a railway. It is not a pure residential area but a commercial area or commercial/residential area that gives priority to employment. Therefore, in respect of land planning, we must change the past mode of giving priority to residential or property development and adopt the Dockland model. I think that commercial development along the future NOL and especially at the boundary would bring about a prosperous railway.

Concerning the overall layout of railways, Mr Deputy, after the commissioning of the Lok Ma Chau Spur Line, the NOL and the Kowloon Southern Link, there will be a loop and the railway pattern will be in the shape of the digit "8" when another circular railway is constructed on Hong Kong Island. It will be a satisfactory system, albeit with two deficiencies. When we planned the layout of railways in the past, we failed to take freight transport into account and we had not considered the matter in an outward-looking manner. The railway pattern in the shape of the digit "8" that I have mentioned is also an inward-looking layout. With economic co-operation between Hong Kong and the Mainland, it will be more pressing to have an outward-looking freight railway layout.

Mr Deputy, there are two new tendencies in the development of Guangdong Province. Firstly, Guangdong Province would develop westward and a bridge must be constructed to connect Hong Kong and the Pearl River Delta. Secondly, a new railway will be constructed between Guangzhou and Nansha, and Nansha, Panyu will become the new centre of Guangzhou. Just take a look at a map and we will see that Yuen Long is the closest place in Hong Kong to Panyu. Would the Secretary consider connecting the Yuen Long station of the West Rail along the coast to Nansha through the regional lines and northbound lines? A large loop will basically be formed and the idea is different from that of merely forming a small loop in Hong Kong. My

conclusion is that it is pressing to construct the NOL, but even more pressing to construct a northbound line. Hong Kong needs the construction of an inward-looking small loop, but it is more pressing for us to make plans for a large loop. Mr Deputy, in a word, besides matching residential development, I think that railway development should also match economic development.

When Chairman Michael TIEN first assumed office, he asked me what the railway should serve and I answered him that the railway should ultimately serve economic development. I hope future railway planning would be led by this idea.

Thank you, Mr Deputy.

MR LEUNG YIU-CHUNG (in Cantonese): Mr Deputy, with the rapid growth in population and the political and economic developments, the development of road networks, particularly access roads and railways, has become indispensable. This has nothing to do with subjective preferences; it is imperative to do so from the objective point of view.

When it comes to the development of the New Territories, Members must be aware that the New Territories has become urbanized. In other words, the abovementioned auxiliary facilities are essential to the further development of the New Territories. For these reasons, the original motion merits support. Nevertheless, in developing the railway lines, it is most important that, as stated by Mr Frederick FUNG earlier, attention be paid to conservation. Reviewing the past, we will find that the attention paid to conservation was indeed too little. As a result, today's New Territories has changed enormously. As I mentioned earlier, the New Territories has become urbanized. This explains why conservation must top the agenda. I am certainly not an environmentalist. I will not merely talk about environmental protection while neglecting development in other areas. However, a balance must be achieved. If the Secretary is to implement the relevant development project, I hope she can pay attention to conservation at the same time.

I would like to say a few words on the amendment moved by Mr Albert CHAN. He pointed out that in order to ensure the cost-effectiveness of operating the NOL, the Government must expedite the implementation of the land and town development plans along the NOL. In my opinion, there is a key

issue we must consider. While I have no objection to the Honourable Member's idea, we must bear in mind that new road or railway development will definitely involve the resumption of land, which will have a major impact on the living styles or other aspects in relation to the indigenous residents. When we talk about cost-effectiveness, should we take into account those indigenous residents as well? It is indeed worthwhile for us to pay attention to this point. Insofar as the past practice is concerned, this was completely ignored by the Government. With its emphasis on "cost-effectiveness", the Government has always put compensation and care given to these people in an extremely low position. Therefore, we can see that there was strong discontent among many of the affected residents during the land resumption process. I must point out that future development will definitely bring much benefit to society as a whole. However, does it mean that certain people must sacrifice themselves in order to promote the interests of the entire society? We must consider this point carefully.

Furthermore, I hope the Secretary can consider whether the Government's land resumption policy has taken care of the local community culture or living styles of the local residents. It is inappropriate of us to consider the matter purely from the angle of cost-effectiveness to the neglect of these issues. In my opinion, if the Government is to really implement the relevant project, a review should be conducted again in such areas as compensation amounts, arrangements for residents, influence on the local community culture, and so on. The Government must evaluate the overall situation, rather than considering the matter from a single perspective.

A recent example I would like to quote concerns the development of the Deep Bay Link. Due to the development of the Deep Bay Link, the Government must resume land. However, this move has dealt a significant and serious blow to the farmers in Deep Bay. For instance, some farmers possessed both farmhouses and farmland. Since the Government adopted the principle of keeping the land resumed to the minimum, these farmers were compensated with farmland in exchange for their farmhouses. May I ask where they can live and how they can continue with their farming? In some cases, three quarters of the farmland owned by the farmers were assumed, and only one quarter was left. How can these farmers continue with their farming activities? In some other cases, even the wells were acquired, whereas only part of the farmland was returned to the farmers. Without the wells, how can the farmers cultivate their land? The Government has completely brushed aside these issues with recourse to the principle of keeping the land resumed to the minimum. It has not only

completely ignored the residents' living styles and habits, but also ignored the hardships they have thus encountered. In my opinion, the Government's approach is absolutely inappropriate. Today, if we are to take cost-effectiveness into consideration when talking about land and town development, these issues must be considered.

Earlier on in the debate, Mr Albert CHAN quoted the Wah Kai Industrial Centre as an example. I believe Members understand it very well that the Wah Kai incident is a prominent example. Yet Members might not be aware that many small farmers had been made sacrifices in silence in the past. This is why I think it is worthwhile for me to raise these issues today to give Members an opportunity to discuss what we should do to take care of the residents, and how far they should be protected in the pursuit of social interest as a whole. I hope Members can give consideration to these issues.

Just now, Ms Audrey EU said she hoped the new Secretary could come up with new thinking. I believe having new thinking is still not enough. I hope the new Secretary can come up with a new position and new attitude as well. By referring to a new position and a new attitude, what I mean is the Secretary must not follow the rigid and bureaucratic working style of her predecessors. Instead, I hope she can adopt the "people-oriented" concept proposed by the Urban Renewal Authority on establishment as her direction. In the course of carrying out development, emphasis must be put on the local living styles, culture, and so on. The Government must not ignore everything else for the sake of development. Though I support the amendment, I still feel that it is flawed for it has apparently overlooked the rendering of protection to the interests to the affected residents.

Mr Deputy, I so submit.

MR LAU PING-CHEUNG (in Cantonese): Mr Deputy, I rise to speak in support of the motion on expediting the implementation of the Northern Link (NOL). Superficially, constructing a railway to meet the transport demand of the people is a transport problem but the Government's projection on overall economic development and planning and other considerations are actually embedded at the back.

After the reunification, cross-boundary passenger and freight transport has failed to cope with vigorous cross-boundary economic activities and the

congestion at the boundary crossings has constantly become a cause of complaint. According to media reports, some Executive Council Members have suggested that the Chief Executive should try crossing the boundary at Lo Wu to understand the people's sentiments. That the construction of the Lok Ma Chau Spur Line and Shenzhen Western Corridor has to be launched in such a hurry to address the people's dissatisfaction reflects to a very large extent the Government's failure to accurately forecast the trend of economic development after the reunification.

Even though the improvement works at Lo Wu and the Lok Ma Chau Spur Line would respectively be completed in 2005 and 2007 and the cross-boundary passenger traffic is expected to improve at that time, the Government would only be mending the fold after a sheep is lost. It should seriously learn the lesson from this experience and make better economic forecasts and planning. Since the West Rail will be commissioned in 2003 and the KCRC has started studying the construction of the Kowloon Southern Link, it is expected that transport in New Territories West will be greatly improved and more people will be attracted to relocate to the region, seeking an improvement on the crowded urban dwelling.

Mr Deputy, if we believe that one of the key areas of future economic development is in the Northwest New Territories or there would be continuous growth in cross-boundary economic activities, there is no reason why we should not immediately embark on studying the construction of the NOL to enhance the efficiency of dovetailing the East Rail with the West Rail. The Government has recognized three functions of the NOL as stated in the paper presented to this Council:

- (a) providing the western part of Hong Kong with more direct train services to the boundary by linking the West Rail to Lok Ma Chau;
- (b) promoting new development in Au Tau, Ngau Tam Mei and San Tin; and
- (c) connecting the East Rail and the West Rail and linking up the Northwest New Territories.

Putting it simply, the effectiveness of the NOL is far higher than its effectiveness as independently assessed. Therefore, I support Dr TANG Siu-tong's motion.

Next, I would like to discuss Mr Albert CHAN's amendment. I believe Mr CHAN has worries about the population of only 15 000 along the NOL and that the Government may therefore set the objective of completing the NOL in 2011 as originally planned, or that the inadequate patronage of the NOL may exert pressure on fares. As I said at the beginning, infrastructure projects have other factors for consideration. As we all know, the Rose Garden project and the construction of the new airport announced by the British Hong Kong Administration in early 1990s included political considerations. The North Lantau Expressway and the Tung Chung Line and Airport Express of the Mass Transit Railway (MTR) had not taken the demand of the population into account. At that time, nobody knew in advance that the Disney theme park would be developed in Lantau.

I have looked up the annual reports of the MTR Corporation Limited (MTRCL) to see if the Tung Chung Line and Airport Express have generated profits for the MTRCL. However, the annual reports have not disclosed the independent income situation of these two lines. Nevertheless, on the basis of the annual reports of the Transport Department in the past (before the Tseung Kwan O Extension commenced operating), the MTRCL had a total of 946 trains last year and 96 and 88 trains respectively served the Tung Chung Line and Airport Express. It has also been disclosed in the annual report of the MTRCL that the distance between trains on the urban lines is approximately two minutes during peak hours but the distance on the Tung Chung Line and Airport Express is approximately 10 minutes. The two data show that the Tung Chung Line and Airport Express of the MTR may not generate profits and may even incur losses.

We should conversely consider the profits generated by the new airport for Hong Kong, especially when the economy is in the doldrums today. Had we not decided to build the new airport then, the situation might have been even worse today. Therefore, preparations should be made for the NOL as soon as possible, but the Government should not pace up land development along the railway merely for the sake of the cost-effectiveness of the railway.

I so submit.

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

(No Member responded)

DEPUTY PRESIDENT (in Cantonese): Dr TANG Siu-tong, you may speak on the amendment of Mr Albert CHAN. You have five minutes.

DR TANG SIU-TONG (in Cantonese): Mr Deputy, the amendment of Mr CHAN is not much different from my motion and it has only added flowers to the brocade. These flowers may be roses or chrysanthemums as what TAO Yuanming would or peonies as people during the TANG Dynasty would. In fact, there is not much difference between his amendment and the motion.

It is indispensable for the Government to pace up land development along the NOL to ensure the cost-effectiveness of the operation of the NOL. I believe the Government is very clear about this point and it would take this into consideration whether we have raised the point or not. With broad experience accumulated for decades, I think the Secretary Dr Sarah LIAO, has great insight into the issue of cost-effectiveness. But as Mr LEUNG Yiu-chung has said, it is hoped that the Secretary would consider the interests of the affected people in the course of land resumption so that the people concerned would be given fair and reasonable compensations.

Mr CHAN often has an upsurge of emotions, but he seems a bit too sentimental on this occasion. His amendment gives people an impression that he is a bit too sentimental, just like a kind mother bidding her son who is going aboard to do something. The mother says, "it is cold abroad, put on more clothes", or "food is not good there, have one more bowl of rice". I believe Secretary Sarah LIAO, with a lady's elegance and motherly love, is well-versed in inquiring about somebody's well-being and suggesting somebody to put on more clothes or have more rice.

The Government proposed carrying out development along the railway alignment until there is an adequate population before developing the rail transport system or routes, but Mr CHAN was not convinced of the Government's argument. When we discussed the development of Tin Shui Wai, there was a population of 100 000 and Route No. 3 and the West Rail had not been constructed then, therefore, there was serious traffic congestion. Mr CHAN and I have all along objected to the Government's policy of moving people move in before constructing the transport system. Although Mr CHAN has white hair early, he is still very young. His sudden change of character today has really made me very astonished. Nevertheless, I hope it is a good phenomenon.

A month ago, Mr LAU Kong-wah, 11 Members and I visited Europe, Britain, Germany and Singapore and we also saw the development of Dockland in Britain. All these countries considered railway development before regional development and have achieved satisfactory development today. It is a good phenomenon that continuous regional development can be promoted on the basis of a sound transport network. I hope Members would take these matters into consideration. Thank you.

MR ALBERT CHAN (in Cantonese): Mr Deputy, can I ask Dr TANG Siu-tong to clarify his remark about me? He has just mentioned my name.

DEPUTY PRESIDENT (in Cantonese): Mr CHAN, you have to state which part of the speech shows Dr TANG Siu-tong's misunderstanding.

MR ALBERT CHAN (in Cantonese): Mr Deputy, he has just referred to my sudden change of character (轉性) and I wish to clarify whether he has referred to the change of my character or gender. (*Laughter*)

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Mr Deputy, I am very grateful to Dr TANG Siu-tong, Mr Albert CHAN and other Members who have spoken for expressing their views on and concerns about the development of the NOL. A few Members have just said that they have great expectations of me, and they have put me under heavy pressure.

(THE PRESIDENT resumed the Chair)

In this motion debate, let me first discuss the railway development programme of the Government. After listening to the discussions of Honourable Members, I find that they may be more familiar with the subject than I. But I have to give a brief account in any case.

We all agree that the railway is a convenient, fast, reliable, highly efficient and, to a certain extent, environmentally-friendly means of transport. The first

Railway Development Strategy promulgated by the Government in December 1994 laid the foundation for railway to become the backbone of the passenger transport system in Hong Kong. I have gone through the report and learnt that the NOL had been planned at that time, but the Government only constructed a section of the West Rail, but not the remaining section of it for various reasons. I believe most incumbent Members were not Legislative Council Members then. The construction of a section of the West Rail was turned down because of the construction costs but the priority projects proposed in the Railway Development Strategy have already been constructed one after another. They include the latest MTR Tseung Kwan O Extension, the West Rail next year, the Ma On Shan to Tai Wai Rail Link the year after next and the KCR Extension to Tsim Sha Tsui in the next few years, plus the Sheung Shui to Lok Ma Chau Spur Line and the MTR service to the Penny's Bay. The total investment is almost \$100 billion. The expenditures on several completed railway projects are lower than the budgeted expenditures because the construction costs have dropped in tandem with economic changes and the population within the railway network catchment may be increased from the existing 50% to 60%. The NOL that we are discussing is one of the rail projects recommended by the Railway Development Strategy 2000 promulgated by the Government in 2000.

The priority of the Railway Development Strategy is set on the basis of three principles: first, whether the railway projects can meet local transport demand, especially to relieve the pressure on various corridors. Second, the cost-effectiveness and financial viability of these railway projects; the economic and trade development with the Mainland is a very important factor for consideration. Third, whether the projects are conducive to land use development. The Railway Development Strategy 2000 proposes the construction of six new railways to meet local transport demand, including the Sha Tin to Central Link, the Kowloon Southern Link, the Island Line Extensions, the NOL, the Regional Express Line and the Port Rail Line. The total investment in the six new projects is almost \$100 billion and the population within the railway network catchment is expected to increase to 70%. Then, people would be able to enjoy more convenient and comfortable public transport for commuting between places for work, leisure or study. As we have just discussed, railway development requires enormous investments and the cost-effectiveness, priority and timetable of construction of railway projects are very important. We do not want mismatching of works to put a heavier burden on society, for instance, the expected patronage demand and operating income from fares relative to the construction and operating costs would put excessive

pressure on the public. Therefore, cost-effectiveness is the principal factor for consideration when we determine whether a railway project should be launched.

The NOL recommended by the Railway Development Strategy 2000 will connect the West Rail at the Kam Sheung Road station to the Lok Ma Chau boundary crossing and the Kwu Tung station to be constructed under the Sheung Shui to Lok Ma Chau Spur Line project, via Au Tau, Ngau Tam Mei and San Tin. In this discussion about the NOL, Members have mentioned three very important functions of the NOL: first, linking the West Rail to Lok Ma Chau, providing the western part of Hong Kong with direct train services to the boundary; second, providing domestic train services to new development areas at Au Tau, Ngau Tam Mei and San Tin; and lastly, together with the Sheung Shui to Lok Ma Chau Spur Line, joining up the West Rail and the East Rail to form a strategic railway network. This railway is closely related to the development of the Northwest New Territories. I understand the concern expressed by Honourable Members for the population growth and transport arrangements for the Northwest New Territories. In the last five years, the population of the Northwest New Territories has increased from 800 000 to 950 000 and the Government is in the process of re-evaluating the long-term population growth. The West Rail to be completed by the end of next year will aptly meet the needs of people in the New Territories. The Kowloon Southern Link and the Sha Tin to Central Link at the stage of detailed planning and design are expected to be completed in 2008 and 2009. By then, residents in the Northwest New Territories may take the West Rail direct to the urban centre and they may travel from the Hung Hom station in Kowloon to Hong Kong Island along the Central Link. The Kowloon Southern Link mainly solves the problem of travelling from the Northwest New Territories to the heart of Central.

Between 1999 and 2000, there was double-digit growth in cross-boundary passenger traffic as Honourable Members have illustrated in detail. The growth rate has reduced to 5% the last two years. The daily average cross-boundary throughput at Lo Wu is 250 000 passenger trips and it exceeds 300 000 during holidays. I believe Honourable Members are very much concerned about the queues at the border control points. Our prime objective now is the expeditious completion of the Sheung Shui to Lok Ma Chau Spur Line to relieve congestion at Lo Wu. The tendering and land resumption procedures for the Spur Line have been carried out in full swing and the Spur Line is expected to be completed by mid-2007.

The major cause of congested cross-boundary passenger traffic at Lo Wu is the restricted passenger flows at the Lo Wu Control Point rather than the capacity of the East Rail. Actually, Mr Michael TIEN, Chairman of the East Rail, has reflected to me time and again that the capacity of the East Rail has only been utilized by 60% to 70%, being far from saturation. Diversion of passenger traffic by the Sheung Shui to Lok Ma Chau Spur Line will be able to solve the congestion problem at Lo Wu and divert the queues at the border control point to Lok Ma Chau, yet, the East Rail will still be able to accommodate the patronage. We estimate on the basis of the second Railway Development Strategy that cross-boundary passenger traffic using the NOL would increase 10% to 500 000 in 2016. According to our preliminary estimation, a daily cross-boundary passenger traffic of 40 000 is financially inadequate to support the construction and operation of the NOL. However, the Railway Development Strategy 2000 recommends that the timeframe for the construction of the NOL should depend upon the plans for the development of the New Territories and the cross-boundary traffic conditions. On the basis of the preliminary proposal, the NOL would be completed between 2011 and 2016. As we have recently seen, the green light has been given to the Shenzhen Western Corridor project within two years, and the project is now in full swing. It has already passed the stage of environmental impact assessment and will enter the stage of detail design very soon. The number of boundary crossings may increase from four to five very soon. A Member has earlier mentioned that developing the west is a key project of China and it is also essential to the overall economic development of Hong Kong. Given the controversies over the NOL and the Lok Ma Chau Spur Line, I hope Honourable Members would break through the rut and consider how passenger flows should be distributed among the various boundary crossings. Insofar as immigration clearance at the border control points is concerned, we really want to use the Lok Ma Chau crossing but the development of Huanggang is restricted to a certain extent for various reasons. Honourable Members should be aware that we have comprehensively considered a Regional Express Line project that would be able to satisfy the demand of certain people such as those in the economic and trade sectors who have to travel between Hong Kong and Shenzhen or Guangzhou within one day.

Besides considering immigration clearance at the boundary crossings and providing convenience to people going north for work and families living in the north, we have considered matching land planning and development, and we agree with the proposal made by Mr CHAN. Land development along railway

lines will provide people with a fast means of transport, allow more people to use railway services and increase the cost-effectiveness and financial viability of railway services. Insofar as land development is concerned, we must consider the people's needs such as places of work, community facilities and other matching infrastructure in the development of districts. The Housing, Planning and Lands Bureau is conducting a "Hong Kong 2030: Planning Vision and Strategy" study. We have to consider in detail, re-assess the development of the Northwest New Territories and draw up different development strategies and proposals. Before the completion of the study by the Planning Department next year, the timetable for the provision of services to new development areas such as Ngau Tam Mei, Au Tau and San Tin along the NOL has not been firmed up yet. After the completion of the study by the Planning Department, the Government would again request the KCRC to conduct a further study on the planning and financial viability of the NOL. In line with the route planning of the Railway Development Strategy 2000, the Government has reserved land for the NOL. We will fully consider the result of the study of the Planning Department and pay close attention to and review the growth in cross-boundary traffic before determining the need for the NOL and the timetable for its implementation. The Government will fully consider the valuable views expressed by Honourable Members when we discuss the construction of the NOL with the KCRC. I believe we have to take a lot of factors into consideration and consolidate a lot of ideas on the railway project.

Lastly, we would like to fulfil the responsibilities of a responsible government and make appropriate use of public resources. Indeed, we would experience a lot in the course of development. Concerning the example of Dockland cited by Mr LAU Kong-wah, the development project commenced in the 1970s when I was in Britain. A lot of investors who raised funds in Hong Kong incurred losses in the first phase of the project. Nevertheless, when the investors were freed 20 years later, changes were made to the project and it has become a very successful example. Similarly, I would like Honourable Members to consider the role to be played by the NOL in the overall development from different angles, how it would help overall public transport development and promote economic and trade development of the Mainland and Hong Kong so as to satisfactorily solve the traffic problem of the public and the traffic flow problem. Nevertheless, I wish to emphasize that timetables are always too slow. I hope Honourable Members and the Government would conduct a review together with a view to making the relevant development serve the best interest of Hong Kong people. Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr Albert CHAN to Dr TANG Siu-tong's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(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 amendment passed.

PRESIDENT (in Cantonese): Dr TANG Siu-tong, you may now reply and you have four minutes 35 seconds.

DR TANG SIU-TONG (in Cantonese): Madam President, I am grateful to the 14 Members who have spoken on my motion and raised suggestions. All these Members support expediting the implementation of the Northern Link (NOL). The Secretary mentioned in her reply a moment ago that it is most important for us not to have any transport mismatch, so as not to put any extra burden on the community. But I think it would certainly be a case of transport mismatch if we proceed to build the Long Valley Line or the Kowloon Southern Link (KSL), but not the NOL, for it may not be good for Hong Kong as a whole. The Secretary said that, if the NOL is built, the daily passenger volume will only be 40 000. But if we compare this with the present daily cross-boundary passenger volume of 250 000, I think this prediction is unrealistic. I do not know how this prediction is arrived at. I think, of the 250 000 cross-boundary passengers, at least 100 000 will cross the border by way of the NOL. Therefore the figure would not be as small as 40 000.

About seven Members support cancelling the construction of the Long Valley Line, and replace it with the NOL. They have put forward a lot of reasons, such as the impact on residents of New Territories West, and that the Long Valley Line is not convenient for residents of New Territories West and Kowloon West for the purpose of crossing the border, and so on.

Of course, the Secretary has the authority and the power (just like King Arthur) to make any decision. We really hope that the Secretary could make a decision on whether the construction of the Long Valley Line should be shelved. It all depends on the Secretary now.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr TANG Siu-tong, as amended by Mr Albert CHAN, 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 as amended passed.

PRESIDENT (in Cantonese): Second motion: Solving the problem of unemployment.

SOLVING THE PROBLEM OF UNEMPLOYMENT

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

The job market in Hong Kong is facing a formidable challenge: our workforce has increased from 3.09 million in 1996 to 3.5 million at present. This represents an increase as much as 13%, but the increase in job vacancies lags far behind the growth in the size of the workforce. The skills and knowledge of job seekers fail to meet the requirements of new types of jobs and so it is very difficult for them to find suitable jobs. When this is added to the drastic adjustments of the economy and the spates of downsizing and layoffs by companies, our jobless rate has surged to 7.8%. Figures for the last quarter, that is, from June to August, show that 274 000 people are out of work.

Economic development strategy that gives priority to employment

Since 1999, the Democratic Alliance for Betterment of Hong Kong (DAB) and the Hong Kong Federation of Trade Unions (FTU) have repeatedly urged the Government to promote the development of binary economy. That is to say, while developing hi-tech, high value-added and high profit industries, assistance must be given to various kinds of industries and services with a greater demand for labour and to offer preferential treatment to attract inward investments so that more job opportunities can be created for the grass-roots workers. Such a proposal has gained the acceptance of all strata in society and become a consensus. The Chief Executive, Mr TUNG Chee-hwa has also agreed to such a direction of economic development.

Hong Kong needs an economic development strategy which gives priority to employment because there is a lack of job opportunities in the job market to absorb the grass-roots workers. As a result of this, their unemployment situation is serious while the wages keep falling. With regard to the overall state of the economy, as the prospects of the external economic situation remains grim and as our economic structure remains to be adjusted, there is still a long way to go before a new engine for economic growth can be developed. In terms of human resources, close to half of our workforce has only an education level of Secondary Three or below. With the restructuring of the economy, these grass-roots workers will only find jobs increasingly harder to land. As they are the breadearners of their families, it is vital that assistance should be given to them to find a job so that our society can be made stable and that the economy can maintain a steady growth.

Now I would like to borrow some concepts from traditional Chinese medicine to illustrate my point in finding a solution to the problem of unemployment. First of all, it is vital that proper medicine must be prescribed to cure the disease in question. It is essential that the blood and the *qi*, or the vital forces of the body, be invigorated. Then the liver and other internal organs should be carefully tended to remove the melancholy and kill the pain. A study made by the Organization for Economic Co-operation and Development on the initiatives taken by member states in solving the problem of unemployment shows that with regard to increasing the supply of jobs and reducing the difficulties faced by the unemployed in finding jobs, different measures must be devised specific to different kinds of unemployed people. Such measures include the direct creation of jobs, subsidy in employment, assistance in starting businesses, placement advice service, formal classroom training, in-service training, and so on, and all of these should be applied concurrently. The DAB is of the opinion that an economic development strategy that gives priority to employment must encompass the following three major areas: first, attract investment and promote economic development; second, create employment and assist the grassroots; and third, enhance training and upgrade the skills of employees. With these three major areas in mind, I have proposed eight measures in my motion.

Attract investment and promote economic development

The purpose of attracting investment and promoting economic development is to invigorate the blood and the *qi* of the job market so that it can be revitalized. To this end, the DAB has proposed five measures: first, review and abolish outdated policies and restrictions which are detrimental to business operations and the setting up of businesses by members of the public, so as to improve the local business environment; second, examine the adjustment of taxation and land policies with a view to attracting enterprises to invest in Hong Kong; third, assist the development of small and medium enterprises (SMEs) and various industries in Hong Kong, and optimize the brand name of "made in Hong Kong", so as to enhance the competitiveness of local products; fourth, expedite the improvement and construction of various cross-border links to facilitate commercial activities between Guangdong Province and Hong Kong and attract more mainland visitors; and fifth, promote vigorously the development of the logistics services and extend the sources of cargo.

With respect to reviewing and abolishing outdated policies and restrictions which are detrimental to business operations and the setting up of businesses by members of the public, the Government may relax the restrictions on the use of factory buildings, speed up the take-up of vacant commercial units in shopping malls run by the Housing Department and relax its hawker policy to enable the unemployed to earn a living.

With respect to attracting enterprises to invest in Hong Kong, the Government may think about utilizing fully the border areas. Preferential treatments and concessions can be offered to attract local, foreign and mainland enterprises to invest here. In addition, land can be zoned to set up tourist and shopping areas, hi-tech industrial parks, school parks, and so on. In terms of tax concessions, considerations can be given to offering tax holidays, deductions on research and development and training expenditure as well as raising the depreciation allowance of plant equipment. As for the leasing of land at affordable cost and increasing matching facilities for waste recovery and recycling industries, thereby creating job opportunities for grass-roots workers, it is an idea which the DAB and the FTU have been advocating for a long time. Besides, it is also a measure welcomed by the industries and environmental groups.

In offering assistance to SMEs, despite the injection of \$1.9 billion by the Government to set up four funds to assist the operation of SMEs, the SMEs are still plagued by problems in maintaining short-term cash flow and other related financing problems. There are as many as 280 000 SMEs in Hong Kong and they employ more than a million people, taking up 94% of the number of enterprises and 45% of the workforce. It is therefore imperative that positive efforts be made by the Government to assist the SMEs. With regard to promoting their cash flow, it is essential that the Government should study the recommendations made by various sectors. For example, the Government should discuss with the banks to improve the practice of secured loans and promote the practice of "account receivable discount services", and so on. In addition, the Government should set up some long-term credit assurance schemes so that the SMEs can obtain credit support services of a long-term nature. On the other hand, the Government should assist the SMEs in looking for business opportunities and promote the brand name of Hong Kong and engage in more publicity efforts to promote local products. For outstanding local brands, efforts should be made to commend and make them better known in the market so that more markets can be developed.

With respect to expediting the improvement and construction of various cross-border links to facilitate commercial activities between Guangdong Province and Hong Kong, the Government must plan cross-border infrastructure projects with long vision and to actively study into the opening of the closed areas in Lo Wu and Lok Ma Chau, launch a through-train service between Sheung Shui and Shenzhen, discuss with the mainland authorities on the opening of more border crossings such as the western border crossing by way of Tuen Mun, at Lian Tong on the Mainland, and so on, in order to provide better links with the Pearl River Delta Region. In addition, more efforts should be made to entice visitors to come to Hong Kong. So apart from doing its best to maintain Hong Kong's reputation as a shoppers' paradise and a gourmet paradise, the Government should also tap our potentials in tourism by developing eco-tours, marine cruises and building more tourist facilities, and so on.

As regards the promotion of the development of the logistics industry, the Government should engage in talks with the Mainland to provide 24-hour clearance service at Lok Ma Chau as soon as possible, co-ordinate the planning of the overall set-up of the clusters of ports that sprawl over Guangdong Province and Hong Kong, work towards the plan of building a bridge that links up Hong Kong, Macao and Guangdong. Besides, the freight capacity of our railways should be increased to extend the sources of cargo for Hong Kong. In air services, there should be better links and co-operation between our airport and those on the Mainland so that the potentials of the airports can be fully tapped. The promotion of the development of the logistics industry is one viable way to increase the employment of low-skilled workers. According to a forecast made in the *Bank of China Economic Review Monthly*, if we are to develop our logistics industry, as many as 70 000 jobs can be created within five years, with three quarters of which falling under the non-skilled category.

Create employment and assist the grassroots

Under the second major area of creating employment and assisting the grassroots, the DAB has proposed two measures. These include promoting the development of the local community economy and stepping up the clampdown on the employment of illegal workers, as well as expediting the implementation of various large-scale infrastructure and community facilities projects. With regard to the development of the local community economy, the DAB proposed quite a number of initiatives in the past, such as opening up the closed area in Sha Tau Kok, developing marine eco-tours, developing leisure fishing areas along

the shores of the Tolo Harbour and Sai Kung, redeveloping Stanley, renovating the existing tourist facilities and formulating plans regarding their use, as well as designating areas in various districts across the territory as bazaars for used articles, free performance venues for artists and instruction grounds for Chinese martial arts, *Qi Gong* and *Tai Chi* practice. All these will hopefully give a boost to economic activities within a community on a mutual aid basis and will in the end promote the development of the local community economy. We are pleased to note that the Financial Secretary has expressed great support for such development and we hope that they will be put into practice soon.

As regards the implementation of large-scale infrastructure and community facilities projects, the DAB has also made many suggestions. In particular, the various projects endorsed by the former Provisional Municipal Councils should commence as soon as possible.

With respect to the job market, I propose that in order that the blood and *qi* are invigorated, the liver and the various internal organs must be tended and that the melancholy be dispelled and the pain killed. In other words, the Government must strictly clamp down on the employment of illegal workers, and stop the influx of low-skilled workers into Hong Kong. As compared to the policy of restricting overseas workers in European countries and America, our control in this respect is not very stringent and this has led to serious abuse. Large numbers of illegal workers flood into the territory and the authorities are quite ineffective in cracking down on these illegal workers. In such trades as construction and personal care, these illegal workers have snatched the jobs of many local workers. The Government should conduct a review of the enforcement of relevant legislation expeditiously and look into practicable measures to improve the situation. These measures may include raising the minimum level of punishment in order to achieve greater deterrent effect. More inspections and raids should be made to crack down on employers hiring illegal workers. Moreover, stringent measures must be put in place to eradicate the problem of employing foreign illegal workers, hence helping local grass-roots workers enter the home help and elderly care service markets.

Enhance training of employees and upgrade their skills

The third major area is to enhance training of employees and upgrade their skills. Using the terms of traditional Chinese medicine, the purpose is to make the body fit and strong. The DAB urges the Government to allocate more

training resources and encourage enterprises to provide on-the-job training so as to upgrade the skills of the working population and enhance the competitive advantage of Hong Kong. The report on global employment released by the International Labour Office in mid-2002 reiterates that it is extremely important that the level of education and training of the working population be improved so that the economy can operate smoothly, more people will have jobs and business will grow. The Government should set up the Manpower Development Committee as soon as possible. A comprehensive and effective policy on the training of grass-roots workers should be devised to assist them in upgrading their skills and their capabilities in making a living and adapt to changes. Tax concessions should be offered to encourage employers to make greater investments in manpower capital and to provide more on-the-job training to enable employees to keep themselves abreast of the times and acquire new knowledge. There must be positive efforts made by the Government to develop continuing education and provide resources to enable various institutions to offer courses in different areas. In addition, the quality of continuing education, training and skills upgrading courses should be raised.

Madam President, if unemployment is allowed to remain a persistent thorn in our side, and if no sound solution is found, the stability of the community will definitely be put at risk. Admittedly, the causes leading to the unemployment problem are very complicated and it is no easy task to solve it. But that does not mean that there is nothing the Government can do. A proactive employment policy must be adopted to tend and revitalize the job market, stop the bleeding and dress the wounds, so to speak. Only when the Government has done this that Hong Kong can remain stable and thriving. As physicians tending all these ills, the Bureau Directors should prescribe the most efficacious medicine for speedy recovery.

With these remarks, I beg to move.

Mr TAM Yiu-chung moved the following motion: (Translation)

"That, in view of the high unemployment rate in Hong Kong, this Council urges the Government to expeditiously formulate an "economic development strategy that gives priority to employment", and to promptly adopt various measures to solve the serious problem of unemployment; the measures should include:

- (a) reviewing and abolishing outdated policies and restrictions which are detrimental to business operations and the setting up of businesses by members of the public, so as to improve the local business environment;
- (b) examining the adjustment of taxation and land policies with a view to attracting enterprises to invest in Hong Kong;
- (c) assisting the development of small and medium-sized enterprises and various industries in Hong Kong, and optimizing the brand name of "made in Hong Kong", so as to enhance the competitiveness of local products;
- (d) expediting the improvement and construction of various cross-border links to facilitate commercial activities between Guangdong Province and Hong Kong and attract more Mainland visitors;
- (e) Promoting vigorously the development of the logistics industry, assisting the industry in enhancing the efficiency of the logistics services and extending the sources of cargo;
- (f) Promoting the development of the local community economy and stepping up the clampdown on the employment of illegal workers;
- (g) Expediting the implementation of various large-scale infrastructural and community facilities projects; and
- (h) allocating more training resources and encouraging enterprises to provide on-the-job training, so as to upgrade the skills of the working population at large and enhance the competitive advantage of Hong Kong."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr TAM Yiu-chung be passed.

PRESIDENT (in Cantonese): Mr WONG Sing-chi will move an amendment to this motion, as printed on the Agenda. The motion and amendment will now be debated together in a joint debate.

I now call upon Mr WONG Sing-chi to speak and move his amendment.

MR WONG SING-CHI (in Cantonese): Madam President, I move that Mr TAM Yiu-chung's motion be amended, as printed on the Agenda. Madam President, I have proposed this amendment because I note that the original motion has overlooked a number of important issues such as the environmental protection industry, fair competition and the problem of youth unemployment. The focus of my speech will be on the problem of youth unemployment, and Mr SIN Chung-kai will later speak on other issues.

In September the Government released the latest figures on unemployment and it is not bad to find that for the first time in 20 months there is a drop in the jobless rate. The jobless rate for the period from June to August fell to 7.6% and the number of unemployed fell by 1 000. But I want very much to know whether the jobless rate for the young people has also improved as no official figure on that for the period from June to August has been released. Past figures show that despite improvements to the overall jobless rate, the jobless rate for the young people aged between 15 to 19 would remain at 20% to 25%. The jobless rate for the period from April to June was 30.1%, meaning that three out of 10 young people in Hong Kong are out of work. There are 90 000 so-called "non-engaged youths" in society aged between 15 and 24 who are neither studying nor working, of whom there are 21 000 aged between 15 and 19. During the Question Time earlier, the Secretary was unable to answer my question on whether he would think that the existing jobless rate was acceptable or that the situation of more than 90 000 "non-engaged youths" in our society could be considered as grave. Apparently, this situation falls far short of the expectations of the public. For the findings of a survey conducted by the Democratic Party in July showed that with regard to the acceptable unemployment rate for youths between the age of 15 and 19, half of the people interviewed thought that an acceptable rate would be 10% or below. But the fact is that our youth unemployment rate stands at 30%.

Today is 9 October and once we are in September or October, various secondary schools and post-secondary institutions would start their new term.

For those young people who are not in employment and study, it is very likely that over the next few months they would continue to be out of work and study as well. When their peers are now in schools, these "non-engaged youths" would tend to feel isolated and likely make friends with bad elements in society. An on-line survey has shown that the greatest problem faced by 30% of the young people not in employment and study is financial in nature. In such circumstances, it is likely that they may take part in some illegal activities such as selling pirated compact discs and soft drugs. Persons between the age of 15 and 19 are young and not mature. Their problem of unemployment is a far urgent problem than that of persons between the age of 20 and 24.

What strategy can be employed to resolve the problem of youth unemployment? From the findings of a survey conducted by the Democratic Party in July, the option chosen by most interviewees is education and training. This is more acceptable to the public than the creation of posts or helping the young people to start their own businesses. Young people between the age of 15 and 19 interviewed in the survey showed a clear preference to more opportunities in training and studies.

Many young people aged 15 to 19 only have an education attainment of Secondary Three. Some of them may have had occasional jobs since leaving school at Secondary Three. They are always on the search for jobs and when they have found one, they may be dismissed without working for long. So they may waste a few years' time. The creation of posts or the offering of apprenticeship opportunities for the young people will not be enormously helpful to enhancing their competitiveness in the job market, for it will only give them some temporary work. In fact, these young people should be given more opportunities to receive education so that they can be trained and be enabled to develop their potentials in future.

Under the existing policies, young people with an educational attainment of only Secondary Three find it hard to benefit. The other thing is that emphasis is only placed on short-term employment. Though it looks as if the Government has reined in the rising unemployment, it has obviously overlooked the factor of education. The Youth Pre-employment Training Programme (YPT Programme) and the Youth Work Experience and Training Scheme (YWET Scheme) are mainly aimed at finding short-term jobs for the young people and it is questionable that they can offer any substantial relief to the problem. Reports in the media say that many of the applicants for the YWET

Scheme are people who have completed the YPT Programme. Moreover, there is an excessive demand for the YWET Scheme as some 27 000 young people have applied. Though it is said that there are more than 6 000 jobs available, it seems that many of these are jobs which young people will not be able to land. Perhaps the Permanent Secretary may like to inform us of the situation later on. When the young people apply for these trainee positions, they are subject to such a meticulous process of selection as if they are entering a beauty pageant. The situation in reality is not like what has previously been said that employers do not have a right to choose and that they must hire the young people who are allocated to their companies. In such circumstances, young people who have an educational attainment of only Secondary Three will naturally find themselves in a very disadvantageous position. So these short-term relief measures may be helpful to those young people who have completed Secondary Seven, but for those who have not even completed Secondary Five, it is quite difficult to expect that their life and their employability will improve in any substantial manner. Young people still apply for the YWET Scheme, knowing that it will not improve their employability, because they want to get rid of the stigma of being labelled as "non-engaged youths" and because of the mentality that enrolling in the Scheme is better than being out of work.

In terms of the educational support given to these "non-engaged youths", it is unfortunate that very few resources are put in by the Government. The tuition fees for the Project Springboard and the associate degree programmes are exorbitant. Young people who do well in their studies may go on to study Secondary Four or Secondary Six and their studies are subsidized by public funds. But for those with poor academic results, they will have to pay for the costly tuition fees. The authorities should consider offering some subsidies to these "non-engaged youths" who lack the means to pay for their tuition so that they will not be denied opportunities of receiving education.

As Hong Kong is undergoing a transformation into a knowledge-based economy, young people with lower educational attainment find themselves stuck at a dead end. In face of this grave problem of "non-engaged youths", the Government is obliged to change the existing education system to help the young people continue with their studies so that their education attainment can at least reach Secondary Five. Now there is about 5% of Secondary Three leavers each year who cannot further their studies. During the four-year period from 1997-98 to 2000-01, about 18 000 Secondary Three leavers were unable to further their studies, and became "non-engaged youths". What the Government should

do is to offer a "nine-plus-two" system of education, that is, two years of subsidized education should be provided in addition to the present nine years of free education. This will endow students with the right to return to schools and receive two years of subsidized education even if they do not study in senior secondary school as soon as they have completed Secondary Three. In this way they can have an educational attainment of at least Secondary Five. The findings of a survey conducted by the Democratic Party show that more than 80% of the members of the public interviewed indicated support for this idea.

One consideration must be in respect of providing 11 years of subsidized education and that is, there are 2 000 to 3 000 Secondary Three leavers each year who are unable to study Secondary Four and there are more than 20 000 students who fail in all subjects taken in the Hong Kong Certificate of Education Examination. These students may not be suitable for studying in grammar schools or purely academic subjects. However, the current curricula of secondary schools do not offer many practical subjects, so we hope that more diversified curricula of a practical nature can be introduced into our secondary schools. In this way, the young people will be provided with more diversified opportunities to further their studies and the interests and needs of different students will be attended to. Past experience shows that parents do not find a practical curriculum as attractive as one which is composed of purely academic subjects. The main cause for this is probably the fact that these practical subjects do not articulate so well with post-secondary education programmes. The result is that after studying these practical subjects, the students will not have any chance of further development. For this reason, we think that apart from adding these practical subjects to the secondary school curriculum, some post-secondary programmes should be offered along the ladder to academic advancement. Such programmes may include visual arts courses. It is hoped that young people with potentials can receive training in the post-secondary institutions.

Recently there have been reports in the media that the Education and Manpower Bureau is considering the introduction of the TAFE system of Australia into Hong Kong. The idea is to offer courses which emphasize practical and vocational training and to set up a system of accreditation for this. This will enable secondary school leavers to have access to university education. Over the past few years, the Democratic Party has been urging for the offering of diversified programmes of study and the setting up of an academic accreditation system. These proposals should be supported. But if these programmes are

not given any government subsidy, the costly tuition fees will prevent young people from studying and so these young people will not be able to benefit from them.

With these remarks, I beg to move.

Mr WONG Sing-chi moved the following amendment: (Translation)

"To add "(f) promoting the development of the waste recovery and recycling industry so as to create 'green collar' jobs;" after "assisting the industry in enhancing the efficiency of the logistics services and extending the sources of cargo;"; to delete "(f)" and substitute with "(g)"; to delete "promoting" and substitute with "providing a business environment in which small businesses are able to compete fairly with consortiums, so as to promote"; to delete "and" after "the development of the local community economy" and substitute with "; (h)"; to delete "(g)" and substitute with "(i)"; to delete "and (h)" and substitute with "(j)"; and to add "; and (k) increasing subsidized formal education places in the face of the high unemployment rate among young people, so as to raise their education level" after "so as to upgrade the skills of the working population at large and enhance the competitive advantage of Hong Kong;"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Sing-chi to Mr TAM Yiu-chung's motion, be passed.

DR RAYMOND HO (in Cantonese): Madam President, according to statistics on the workforce released recently by the Census and Statistics Department, the unemployment rate (provisional) after seasonal adjustments for the months from June to August is 7.6%, representing a drop of 0.2% from the 7.8% for the months from May to July. This is the first time in over a year's time that the unemployment rate has seen a drop. Though it is not a marked decrease, it is nevertheless encouraging news for the people of Hong Kong. However, given the external economic conditions and the uncertainties in the political scene, most people would share the feeling that they cannot be too optimistic about the unemployment situation in the future. In order to prevent the jobless rate from

making a comeback and to make the jobless rate drop to a low level, the Government of the Hong Kong Special Administrative Region (SAR) is obliged to make the creation of jobs as its first and foremost task so that public confidence in the economy can be restored.

In the past few years, though the Government attached importance to the creation of employment, it did not put its pledges into practice. Sometime earlier the Government expressed great support for the development of local community economy, but it has not made enough efforts in taking the lead to promote it, nor has it devised any guiding development strategies. Take the opening of the night bazaar at Sheung Wan as an example, the plan has suffered repeated delays. As far as I know, the project involves many government departments and the lack of communication and co-ordination among departments is one of the major causes of the delays. What the Government has been doing is sticking to outdated practices and rigid administrative procedures in the face of the grave unemployment problem. It is still using old thinking and approaches to cope with the problem. No wonder the unemployment problem of Hong Kong remains unsolved.

On the other hand, the Chief Executive pledged in his policy address in 2001 that more than 30 000 job opportunities would be created in the public sector. Then afterwards the Government indicated that an additional 2 000 jobs would be created. That makes a total number of jobs at about 33 000. But to date the authorities are still unable to inform the public the exact number of jobs that have been created. When the issue is beset with problems of a lack of reports on the progress and a lack of transparency, the impression which the Government gives to the people is that progress has been dead slow and totally disappointing.

Apart from this, the cross-party coalition made seven recommendations to the Government last year on measures aiming at relieving the hardships of the people. These recommendations were made on basis of the consensus reached by the parties. One of these recommendations, which I am going to make, is to speed up the progress of infrastructure projects, implement the projects pledged by the two former Municipal Councils and undertake improvement and repairs of aged infrastructure facilities so as to create employment. Despite the response from the Government that it would try to simplify the administrative procedures for approving projects and to streamline the entire process, the fact is that the

progress of infrastructure projects has been getting slower and slower, and regarding the projects left over by the former two Municipal Councils, the situation remains not optimistic at all.

More disappointing still, there have been reports recently that Mr Frederick MA, the Secretary for Financial Services and the Treasury, has issued internal circulars to various departments to require them to delay or terminate some infrastructure projects and some minor projects which are non-essential. But as a matter of fact, these minor repairs and improvement projects and community improvement projects, such as the projects pledged by the two former Municipal Councils, are usually labour-intensive and they can benefit local companies and workers the most. The above examples serve to show that the Government has been making very little progress in works projects and sending out muddled messages that have put the construction industry at a loss.

Recently, the Public Works Concern Group, formed by 12 bodies such as the Hong Kong Institution of Engineers, the Hong Kong Construction Association, the Hong Kong Electrical and Mechanical Contractors' Association and the Hong Kong Construction Industry Employees General Union which has a membership of more than 200 000, together two Honourable colleagues of the Council, namely Mr LAU Ping-cheung and Mr Abraham SHEK, tried to arrange for a meeting with Dr Sarah LIAO, Secretary for the Environment, Transport and Works, to learn about the latest policies and directions of the Government on public works projects. However, the reply given was that the present time was not the most appropriate moment for a meeting because the Government had to carry out some internal co-ordination work on the relevant policies. I do not know if the Government really understands the predicament confronting the construction industry, that is, the companies have no projects to submit tenders and the workers do not have any work. Both the companies and the workers are hoping that the Government will take some concrete actions and put an end to this indefinite process of co-ordination and consideration.

As for other initiatives mentioned in the motion to solve the problem of unemployment, I am not going to discuss them one by one because of the time constraints. However, I wish to make use of this opportunity to urge the Government to make efforts to promote the waste recovery and recycling industries. Compared to other economically advanced countries and places, Hong Kong has been making very slow progress in the development of waste

recovery and recycling industries. Our waste recovery rate as compared to other advanced countries is extremely low. The Government is indeed duty-bound to take the lead in promoting the development of the recycling industry. For not only can such development meet the needs of environmental protection, but also more job opportunities. So it can be killing two birds with one stone.

Madam President, I so submit.

DR LUI MING-WAH (in Cantonese): Madam President, the unemployment rate in Hong Kong has been constantly on the rise for 20 months, and has hit an all-time high of 7.8%. It is only recently that the unemployment rate for June to August has dropped slightly to 7.6%. However, as Mr Antony LEUNG, the Financial Secretary, has said, though the unemployment rate has somewhat dropped, we cannot be too optimistic about it.

After the onslaught of the financial turmoil and the September 11 incident, the Hong Kong economy has sunk to rock-bottom and there is no sign of recovery. Even as Hong Kong continues to rank high in terms of the freedom of its economy and attractiveness as a place for foreign investment, the pace of economic recovery still lags far behind that of neighbouring countries in Asia. As for the unemployment rate, the continual rise for 20 months has made Hong Kong worse off as opposed to Singapore, South Korea and Taiwan, and even Japan which has been in recession for 12 years in a row. Thus unemployment is indeed a grave problem for Hong Kong.

That the unemployment rate continues to remain high is due to a reduction in investment and the decline in business activities, consequently leading to an insufficient supply of jobs in the labour market. When all these are coupled with economic restructuring, during which the manufacturing industries which previously took up a dominant role in the Hong Kong economy are relocated, many employees have been forced out of their jobs. Therefore, the effective solution to the problem of unemployment is to attract investment and create social wealth. Only when investment increases and the commercial and industrial sectors thrive that job opportunities can be created. Otherwise, any measure aiming at solving the unemployment problem is only short-term and can only address the problem at its surface while not able to eradicate it at its roots. Thus it will be useless.

The Government is very much concerned about the problem of unemployment, and it has proposed a number of solutions. But the jobless rate remains high. Where does the problem lie? It is because the governments of places like Taiwan and South Korea have always been taking proactive measures to promote the development and upgrading of their manufacturing industries and so their industrial base is solid. When the Asian financial turmoil has gradually spent its force, the economy of these places could pick up on the impetus produced by the industries and exports. Unemployment figures then begin to drop. This is also the reason why the Hong Kong economy could manage to effect a speedy recovery after recessions in the past. But the British Hong Kong Government and the SAR Government have allowed the local manufacturing industries to move out of the territory, taking away a strong underpinning of the economy. All that was left were the real estate, finance and the services sectors. In such a situation of trying to stir up economic activities in the absence of any solid foundation, a bubble was thus formed. When the bubble burst with the onset of the financial turmoil, assets value shrank and the economy dived. What come next are closures of enterprises, business shrinkage, consumption reduction and high unemployment.

After five years of recession, the economy of Hong Kong is now in a very critical condition. It has become a pressing concern that measures should be devised to salvage the economy and increase employment. What the Government should do is to address the problem and identify its root causes, restructure the economy, rebuild the local manufacturing industries, especially the hi-tech and high value-added industries, as the engine of our economic growth. We must know that only the manufacturing industries can earn huge amounts of foreign exchange for Hong Kong, that they can propel the growth of service industries like finance, insurance, transport and trade, boost the retail and catering industries, and most important of all, provide numerous job opportunities. It is necessary for the Government to devise effective and competitive industrial policies such as those which offer tax concessions, the importation of semi-skilled workers and professionals, plus the provision of land concessions. All these may hopefully attract inward investments, assist in upgrading the local industrial structure and raise the survivability and competitiveness of local enterprises. Only then will a ray of hope dawn on our economy and our unemployment problem be ameliorated.

As to the initiatives such as the Project Springboard and the Youth Pre-employment Training Programme presently implemented by the Government to

alleviate unemployment, though they can provide some short-term relief to the young people, they are only temporary solutions to the unemployment problem. The Government should enhance vocational training that meets market needs so that young people with low academic qualifications can acquire skills required by employment. Only in this way can they re-enter the job market as the economy picks up and cope with economic development.

I am very glad to see that the Government has begun to realize the importance of the creation of social wealth to an independent economy. In a recent meeting of the Legislative Council Panel on Commerce and Industry, Mr Henry TANG, Secretary for Commerce, Industry and Technology, pointed out that the challenge he was facing then was how to make use of our edge to provide new impetus to the growth of the economy of Hong Kong and to create wealth and job opportunities. I hope that the new accountable Bureau Directors and the Government will soon propose a package of plans to invigorate the industries and revive our economy. Only in this way can our employment situation improve. Thank you.

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, there are always two sides to a coin. Thanks to advances in science, we are leading a more comfortable life. But to the one-million-plus members of the workforce with low educational attainment, this is a nightmare. Despite the drop in unemployment rate according to the latest figures released, the unemployment rate for people with an educational attainment below junior secondary level remains close to 10%, much higher than the overall level. It is estimated that demand for this section of the labour force in future would continue to slow down. In other words, more and more people will be hard-pressed by unemployment.

Each year the Government spends tens of billion dollars on education and the education opportunities for the young people have been greatly enhanced. The overall education attainment of the workforce in Hong Kong has seen marked improvements over the past decade. However, it should be noted that there is a marked gap between the average education level of mainlanders resettling in Hong Kong each day and that of the local residents. Information shows that among those local residents aged 15 to 60, only 6% have finished junior secondary education or below. But among those who came from the Mainland over the past five years, as many as 66% have received junior

secondary education or below, or 10 times more than the local population. Among these new arrivals, some of them will pursue formal education in Hong Kong, while quite a substantial portion will join the labour market direct. Hence, the number of people with low educational attainment in our workforce has never changed over the past decade and stayed at about 1.2 million.

The DAB always holds the view that a two-pronged approach must be adopted to enhance the quality of our workforce. Firstly, efforts must be taken to strengthen the provision of formal education in Hong Kong. This encompasses an increase in the number of Secondary Six places, the development of associate degree programmes, the increase in undergraduate places in universities, the change from a three-year to a four-year system of undergraduate studies, and so on. The DAB is convinced that one of the objectives of formal education which we must pursue is to improve our general education programmes, cultivate in the students the ability to cope with problems from different perspectives and enable our next generation to be endowed with stronger competitiveness and adaptability. This is also the key to the success of our economic restructuring.

Secondly, the Government should pay greater attention to the problem of employment of the million-strong section of our workforce who have low educational attainment and low skills. Help should be given to these people. On the one hand, the Government should assist thriving conventional industries such as the tourist and logistics industries in raising their competitiveness by way of suitable upgrading and restructuring, and it may go so far as redeveloping the local industries. It is hoped that more jobs can be created as a result.

On the other hand, the Government should strengthen various on-the-job training programmes and to make them more competitive and in tune with social changes. It should formulate training policy for low-skilled workers and conduct a full-scale review of the various training programmes provided by different organizations, with a view to upgrading their skills. At present, preparations are being undertaken by the Government to set up the Manpower Development Committee in April 2003 with the aim of avoiding duplication of services offered by various training organizations. The DAB hopes that the Committee can take into account different manpower demand and supply situations in various trades and formulate training strategies that will meet the needs of society and ensure that the number of training places will be in line with such needs. Early this week, criticisms were made in the press on the training

courses in IT assistants offered by the Vocational Training Council, that the number of places on these courses had not been adjusted according to market changes. We consider that the Government and the training organizations must keep a close watch on the market changes so that resources can be put to their optimal use.

Thirdly, the Government should encourage private sector organizations to make greater investments in human capital and train up people with professional expertise and skills. The DAB believes that if the Government can allow training expenses to be tax deductible, that will attract more employers to make investments in training.

Madam President, I would like to turn now to the issue of how to create job opportunities from the perspective of education.

First, more education workers should be employed to reduce the number of lessons they teach every week. As the birth rate in Hong Kong continues to drop, the number of children of school age is always on the decline. In this September, the number of Primary One classes in Hong Kong was reduced by 130 and 180 teaching posts were scraped. As a result of this, more than 300 teachers are affected. It is only after strenuous efforts made by the Education Department that these teachers have not become unemployed. But next year, the total number of Primary One pupils in Hong Kong is likely to reduce by 9 000 and by that time a further 240 classes will be cut. And so more teachers will be threatened by unemployment. With respect to the problem of an oversupply of teachers as a result of the reduction in the number of classes, we do not think that the Government should resort to slashing resources and laying off teachers. It should on the contrary seize the opportunity to relieve teachers of their heavy workload. Currently teachers teach an average of more than 30 lessons a week and when this is added to the cumbersome administrative duties, teachers find it difficult to bring the potentials of pupils into full play and help the low achievers. Raising the teacher-to-pupil ratio and reduce the weekly number of lessons may help create room for teachers to attend to the individual needs of their pupils and to adjust their teaching methodology accordingly. Teachers may then also be able to conduct researches in teaching and enhance the effectiveness of their instruction.

Second, a mechanism should be devised to permit the sharing of a teaching post by two teachers. In other words, the workload of one teacher will be

shared by two teachers who will share the remuneration for that particular post. Such an arrangement is necessary as there are some teachers who may want to spare more time to pursue further studies or do something they like. A teacher may also like to use part of his or her salary to employ a teaching assistant to mark assignments or perform administrative duties on his or her behalf. The aim of this is to free teachers from their heavy workload so that they can have ample time to raise the quality of their teaching.

Third, a voluntary retirement scheme should be launched to provide compensation as appropriate in order to attract teachers aged 50 or above to retire early. The scheme will spare more teaching posts and attract young teachers to join the profession and offer more opportunities of promotion to able and young teachers.

With these remarks, I support the motion moved by Mr TAM Yiu-chung.

MR HOWARD YOUNG (in Cantonese): Madam President, in the wake of the financial turmoil, the Hong Kong economy made a nose dive and to date it still has not yet recovered. All sectors and trades find survival very difficult. The only exception is the tourist industry, for it has managed to maintain a certain rate of growth. But for the tourist industry to achieve sustained growth, it has to depend to a large extent matching efforts and support from the Central Government in relaxing the policy of allowing mainland residents to visit Hong Kong. For this reason, we should seize this opportunity to promote the tourist industry.

My speech will focus on how matching facilities for tourism can be improved to spur economic development. Later on, Mrs Selina CHOW will speak on the situation in the retail sector and other issues in the sector.

The Liberal Party is of the view that if tourists from the Mainland are to be attracted to come to Hong Kong for fun and shopping as a means to offer a stimulus to the economy, the first thing that needs to be done is to improve the border-crossing facilities and solve the problem of frequent congestion at the crossing points. As mentioned by Honourable Members in the previous motion debate, queues of people are found in Lo Wu and Lok Ma Chau on major festive occasions. People have to wait for hours before they can clear the customs, so inbound travellers, their first impression of Hong Kong is thus greatly damaged

before they have actually entered the territory. Therefore, we hope that the Government will employ all means possible to improve the clearance facilities such as setting up more counters, deploying more staff and shortening the time taken for clearance, and so on.

It remains, of course, that matching efforts must be made by the tourist industry itself. Take the just past "golden week" of the National Day holidays as an example, various government departments made the co-ordination in advance and strengthened communication with the tourist industry. The result is that the situation at the Lok Ma Chau Control Point was much better than the case in the Labour Day holiday. The industry should learn from this experience and try to make efforts to adapt to this new mode of border-crossing. If we can submit to the authorities in advance accurate information such as the number of visitors who will come with the tours so that accurate estimates of the arriving visitors can be made, then the new arrangements can operate more effectively.

In the long run, the Liberal Party opines that it is very important that close ties be forged with the Pearl River Delta Region and the various cross-boundary infrastructure projects be finalized as soon as possible. I do not think we should dismiss the idea and say that this is a distant solution that will not help solve the immediate problems. But these are important things we should do, for if they are not done, all we can do is to sit here day in and day out and say that this is impossible. So we support the proposal of building a bridge linking Hong Kong with the western part of the Pearl River. Once the bridge is built, not only will it benefit passenger and cargo flows and give an impetus to the growth of tourism in Hong Kong, but also offer some relief to the critical unemployment problem.

On the other hand, the Government should decide on the kind of bridge to be built and formulate a timetable for its completion. For we ourselves, we would eagerly hope that the bridge can be completed as soon as possible, without having to wait for 10 years or more before we can see any sign of it.

Moreover, the Liberal Party is also very supportive of local community economic activities, for they are closely related to the tourist industry. It is because to a certain extent they can create some employment opportunities. We proposed a motion on this in the last Session.

We can see that the Government has really done something in the promotion of local community economy, only that it has not done enough to

remove barriers and lift restrictions. So the initiative remains a half-hearted attempt. For example, starting from this July, the authorities have launched a sidewalk cafe plan in Sai Kung that will last for half a year. Under the plan, restaurants are allowed to place tables and chairs outdoors. However, the licensing requirements are extremely stringent and rigid, so to date only three such licences have been issued. As far as I know, the restaurants which have already been issued a liquor licence will have to apply for an extra licence if they wish to place one or two tables outdoors. However, the Liquor Licensing Board was on closed for August and this made the restaurants miss a golden opportunity to do business during the peak travel season.

Therefore, the Liberal Party hopes that the Government should be more flexible and do away with those unnecessary rules and regulations, streamline the complicated licensing procedures and administrative measures so that there can be real improvements to the business environment.

Another thing is that we suggest that reference should be drawn from overseas experience for the purpose of setting up more pedestrian precincts in some of the busy areas so that performances can be put up there. In famous tourist spots like Covent Garden in London, and the pedestrian areas in Dublin, Ireland and in Frankfurt, Germany, there are all sorts of street performances during holidays. These include clown shows, magic shows, and so on. These shows will attract hundreds of tourists, and there are lots of vendors selling things in these places. For Hong Kong, if we are to put up these street shows, we may add some Chinese elements to them, such as Chinese dances and martial arts. Not only will this create more employment and performance opportunities, but also render those places into popular spots. In the end, this will add some cultural flavour to our tourist attractions.

We would also suggest that the Government should deploy more tourist ambassadors to popular tourist spots such as Sai Kung, Stanley, the Peak, and so on. These ambassadors will be responsible for promoting and introducing the special features and historical information of these spots so that tourists can have a deeper impression of the territory.

Madam President, as the Financial Secretary mentioned earlier, the tourist industry is one of the key industries upon which the future economic development of Hong Kong hinges. The Liberal Party hopes that more assistance can be given by the Government to this linchpin of our society to

speed up the pace of economic recovery and thereby improve the employment situation.

We notice that in his amendment to the seventh measure of the original motion, Mr WONG Sing-chi mentions the problem of small businesses and consortiums. We would note the views presented by the Democratic Party on this issue. The amendment as it is has made us cautious. I can say that the tourist industry encompasses big companies as well as small and medium enterprises (SMEs). The big companies are the airlines and hotels and the SMEs are the travel agencies. Both the big companies and the SMEs have been working in close partnership and they have not tried to deny the others vitality. There is also no need to engage in ferocious competition in order to increase job opportunities.

I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, in a television interview, the new Bishop of the Catholic Diocese of Hong Kong, Joseph ZEN, said that he would pray for the Government and the Chief Executive every day. He would pray to God that wisdom be bestowed on Mr TUNG. Bishop ZEN's prayers have indeed highlighted the crux of the problem. Over the past couple of years, what has been lacking in the Government of the Hong Kong Special Administrative Region (SAR) is precisely the wisdom to lead Hong Kong out of the predicament. In fact, many policies of the Government have not been very helpful to resolving problems, and sometimes they have even caused the problems to deteriorate. The unemployment problem under discussion today is a case in point.

Items (a) and (b) of the motion mentioned the need to improve the local business environment and attract foreign capital. These are certainly ways to address unemployment. But how can we accomplish these two tasks? How can we achieve these objectives? This is precisely a key area of our discussion today. Indeed, many representatives of the industrial and commercial sector in this Council may consider it most important to cut wages, thereby reducing the costs and hence enhancing competitiveness and attracting investments. But I must ask: While it is natural for capital to flow into places where the cost is low under globalization, to what extent should wages be cut in order to be

competitive? Even if wages in Hong Kong are reduced to the level in Shenzhen, would that be low enough? Some may still say that it is not low enough. Why? It is because when compared to Vietnam, wages in Shenzhen are still slightly higher. And even if the wage level is lower than that in Vietnam, is it lower than that in Nepal? How far should wages be cut for all such reductions to come to an end? According to statistics, some 150 000 people in Hong Kong are making a monthly income of less than \$3,000 only. Does the Government consider this level of income low enough? Do representatives of the industrial and commercial sector in this Council find this agreeable and reasonable? I really would like to ask the Government this: Is an income below \$3,000 sufficient to cover the basic expenses of a person's subsistence? If wages would continue to be cut, even if the community at large could still manage to live at subsistence level, the quality of living of the people would retrogress seriously. Is this in any way meaningful to society? Furthermore, do the realities allow a further reduction of our wages?

To attract investments, we absolutely cannot rely on lowering the costs to be the cheapest among all. Rather, we must develop our own strengths. Indeed, advanced European societies have seldom competed by low labour costs. Rather, they have attached great importance to bringing their own strengths into full play. For instance, the Scandinavian countries have put great emphasis on the development of telecommunication technology. So, we must identify and develop our own strengths. Members may ask what exactly are the strengths of Hong Kong. According to a survey conducted by *Business Week*, 70% of the leaders and decision-makers of enterprises interviewed consider that Hong Kong's strengths lie in the rule of law and an independent Judiciary, free flow of news and information, and so on. Such being the case, we must capitalize on these strengths and bring them into full play. Regrettably, over the past few years, the SAR Government has not only failed to vigorously develop these strengths. Worse still, it has been doing the contrary and taking retrogressive measures. Farther from now there was the "AW Sian incident", which undermined the rule of law and induced doubts on the fairness in the investment environment of Hong Kong; and more recently there was the proposed legislation in respect of Article 23 of the Basic Law, which has aroused grave concern among Taiwanese business associations. They fear that their activities in Hong Kong would be affected after the enactment of the legislation. Even though their activities would not constitute a breach of law, they would have more concern, and once they have more concern, their incentives for investment would certainly diminish. What good would it do to Hong Kong then?

Moreover, a more important point is the freedom of information. The definitions on theft of state secrets and protected information in the Consultation Paper are ambiguous. Some economic information that will affect public interest may be considered as protected information related to the commission of offences or criminal investigations. Once such information is disclosed by the media, the media may have committed an offence. So, the media may also have concern, and when the media has more concern, it is only natural for the media to become reluctant in disseminating sensitive information. As a result, the public would be kept in the dark, whereas some privileged people would subsequently be able to reap benefits and have access to information. The freedom of the publication of information would also be strangled imperceptibly. This would even have an adverse impact on the business environment. Then how could we create a fair, just and open business environment? In fact, under the present circumstances, it would already be sheer luck for us not to see a decrease in investments. How could we unrealistically expect investments to increase? The Government is hell-bent on its own way, putting the strengths of Hong Kong in jeopardy. This is tantamount to taking up a stone to smash its own feet. How can there be twilight in the future of Hong Kong?

Furthermore, according to a survey conducted by Political and Economic Risk Consultancy, Limited, foreign businessmen considered that the biggest problem with the Hong Kong market is the existence of consortiums and joint enterprises, for these consortia or enterprises, whose interests are given special protection, can directly manipulate prices in the market, and this has, therefore, drawn much criticism. Supermarkets are a clear example. Monopolization by consortiums has shattered the commercial viability of small businesses, resulting in the closing down of many shops and unemployment. But what measures have been taken by the Government accordingly? The answer is that the Government has continued to help them to do evil. In fact, the entire market of the supermarket business in Hong Kong has all along been dominated by a few consortiums, as a result of which investors have been deterred. Some foreign investors also had to fold up and leave the market, thus affecting the local economy and employment. However, the Government has not only failed to reverse this trend. Worse still, it has added fuel to the flames by, for instance, reserving space in the shopping arcades of public housing estates for major consortiums, thus making the operation of small businesses difficult. Another example is contracting out the management of Sheung Wan Gala Point to a

consortium, as mentioned by a Member earlier in the debate. As there is a lack of monitoring by the Government, the management company has kept on exploiting and suppressing the small business operators, subjecting them to tremendous financial pressure before they actually open for business. Therefore, the capital of small business operators will be sucked up by consortiums; and this may eventually cause unemployment to rise.

So, Madam President, the Legislative Council is certainly not God as referred to by Bishop ZEN and therefore cannot bestow wisdom on Mr TUNG. But I hope that our views can change the wrong policy direction of the Government, so that it will not only give top priority to unemployment, but will also reverse its policy on the tackling of unemployment, in order to eliminate public discontent expeditiously.

Madam President, I so submit.

MR KENNETH TING (in Cantonese): Madam President, today, I will discuss ways to ameliorate the unemployment problem, which has long been alarming, mainly from the perspective of the industrial sector.

Since the '80s, many traditional labour-intensive industries in Hong Kong, such as garments, clocks and watches, toys, and so on, have relocated their plants northward to the Mainland, in order to cut costs and to resolve the difficulty in employing suitable workers in Hong Kong back then. However, these traditional industries all have a great capacity to generate foreign exchange earnings and serve as an important pillar indispensable to economic development. Take the experience of South Korea as an example. Their economic recovery in the wake of the financial turmoil is entirely attributed to the drastic increases in the exports of manufactured goods. From this, we can see that Hong Kong cannot ignore the importance of revitalizing traditional manufacturing industries. So, I very much support the motion proposed by Mr TAM Yiu-chung today which stresses the need to assist the development of SMEs and various industries in Hong Kong.

Moreover, the Liberal Party also favours the introduction of tax concessions to encourage local industries to increase their investments in Hong

Kong and step up their marketing and research efforts, hence gradually moving in the direction of high value-added development. This can also attract more enterprises outside Hong Kong to come to invest in the territory. Therefore, the Liberal Party supports in principle the proposals made earlier by the Secretary for Commerce, Industry and Technology on scientific research expenses and tax deduction.

The motion mentioned, among other things, the need to encourage on-the-job training. This is also a long-standing demand of the Liberal Party. We have consistently urged the Government to allow tax deduction for training expenses. This can not only encourage ongoing efforts by enterprises to perfect their human capital, but also improve productivity and enhance competitiveness.

On the other hand, the industrial sector has conducted a survey jointly with the Hong Kong Polytechnic University on the return of industries to Hong Kong. The findings showed that 83% of the factory owners interviewed stated that they would wish to relocate some of the production processes back to Hong Kong as long as Hong Kong could provide them with the same concessions and treatment in respect of factory plants, rental and taxation as in the Mainland; some companies even stated that they would take on more employees in Hong Kong.

I think these proposals are very much worthy of the Government's consideration, because in recent years, land prices, rentals as well as prices of goods in Hong Kong have kept on falling, and this has in turn made the relocation of factory plants back to Hong Kong a more attractive option. To make these proposals successful, it all depends on whether the Government can provide sufficient incentives and how it will provide support in its policies.

Indeed, apart from providing concessions for enterprises, the brand name or trademark of "made in Hong Kong" is very significant to many manufacturers. The garment industry in Hong Kong, for example, has reached a very high standard whether in keeping tabs on the trends or in terms of originality and standard of design. If the goods are manufactured under the quality brand name of "made in Hong Kong", I believe it would not be difficult for Hong Kong garments to seize a substantial share of the mainland market. So, we hope that the Government, the Trade Development Council, and so on, can organize more promotional activities to upgrade the image and status of the brand name of "made in Hong Kong" in the international market.

I wish to emphasize that unlike what many people think, the local manufacturing industry is not diminishing and it is not short of prospects for further development. In fact, so long as the Government can provide support in administration, the manufacturing industry can still play a vital role in promoting economic development and employment.

Finally, Madam President, to thoroughly resolve unemployment, we must, in the final analysis, create a business-friendly environment. This is a long-standing demand of Liberal Party and me. The proposals made by Mr TAM Yiu-chung today are very much in line with the motion moved by me last year, and they can be said as fully echoing my views. But regarding Mr WONG Sing-chi's amendment which stresses the provision of a business environment in which small businesses are able to compete fairly with consortiums, the wording appears to be driving a wedge in society. Faced with the prevailing hardships, we should unite and join hands to urge the Government to improve the business environment, rather than splitting ourselves up into opposing camps. So, the Liberal Party considers that the drafting of the amendment is inappropriate and we will, therefore, abstain in the vote. Since I still have some time, I wish to briefly respond to what Mr LEUNG Yiu-chung has said. He said just now that the industrial and commercial sector considered workers' wages too high. I have not mentioned in my speech anything about high wages. My arguments mainly focused on improving the business environment. Thank you, Madam President.

MISS CHOY SO-YUK (in Cantonese): Madam President, in recent years, the employment problem has been bothering Hong Kong people and has become an issue of prime concern to the general public. To ease the atmosphere in society, it is imperative for the SAR Government to expeditiously use its imagination to come up with cost-effective ideas to absorb a large number of grass-roots workers, having regard for the characteristics of the local labour market.

As a matter of fact, public views on ways to resolve unemployment are diverse indeed. But as the SAR Government has recorded a deficit for successive years, any proposal to create employment opportunities should be self-financing. Unless it is absolutely necessary, the Government should not buy jobs with public funds, for this would further strain the already tight finances. It has been reported that the Government plans to import the most expensive, top-notch railings in the world to replace the existing ones, and to mandatorily

require all government offices to replace their office furniture, or else reports would have to be submitted to give explanations. If the Government is squandering public money in such a way, even though a small number of jobs could be created, I would still find this puzzling. If the report is true, I really hope that the Government will hold back these plans before it is too late.

Meanwhile, any opinion on the unemployment problem should carry specific solutions. Otherwise, the situation would remain unchanged after rounds of hollow criticisms with no improvement made; and no rational discussion would likely be aroused. This is irresponsible.

To address the problem, Mr TAM Yiu-chung has put forward many practicable proposals earlier on. I would like to focus on the proposals in relation to environmental protection.

Madam President, let me cite an example that concerns us all. The refuse recovery rate in Hong Kong has always been on the low side. The recovery rate in urban areas is a mere 36%, and the recovery rate of domestic waste is even as low as 10%. To address this problem, the Democratic Alliance for Betterment of Hong Kong (DAB) proposed in August this year a new waste recovery and disposal system operating mainly through a separation of dry and wet refuse, and under this system, the existing refuse separation system will also be enhanced. At a rough estimate, the new system, if implemented, can create over 10 000 jobs, and achieve annual savings of close to \$2 billion in government expenditure.

The SAR Government's attitude towards this issue is commendable. Secretary Sarah LIAO has not only undertaken to provide as much support as possible. She has even lived up to her words by taking actions to identify suitable sites for the pilot implementation of this proposal.

When we were working on this waste recovery scheme, several private companies already indicated that if the SAR Government could provide support in respect of land supply by granting land, albeit land in remote areas, at concessionary prices, they would open three to five recycling factories in a short space of time. Should this realize, Hong Kong would very likely become the first place in the world where "wet" domestic refuse could be commercialized. This valuable experience could then be "exported" to other parts of the world in the future.

The recovery of plastic bottles has all along been considered an industry with little business opportunities. It is mainly because of the limitations of the technology applied in the past, in that the recycled products are of a low quality, which are unsuitable for development in Hong Kong. But thanks to modern technology, the same types of plastic bottles can now be recycled into quality thermal insulation materials. So, setting up such plants in Hong Kong is already an item on the agenda of the relevant companies.

Madam President, the view that there is little room for the development of environmental industries apart from some simple waste recovery and recycling processes is outworn. In fact, all we need to do is to use our brains, and with suitable government incentives and publicity, the potential business opportunities of environmental industries and the job opportunities that these industries can generate should absolutely not be overlooked.

Moreover, eco-tourism is also worthy of mentioning. As I already emphasized in a motion debate in May this year, the ultimate objective of eco-tourism lies definitely not in the increase of public revenue. But it is true that promoting the development of eco-tourism can not only provide a huge financial incentive to induce government endeavours to protect our diversified eco-environment, but also create many jobs in the territory. At a rough estimate, some 2 000 jobs can be directly created, including jobs for docents, drivers, and so on.

Finally, I wish to talk about the exhibition business where my expertise lies. The SAR Government is duty-bound to expeditiously give a green light to the construction of a large exhibition hall at Chek Lap Kok Airport. I have made an estimation. Of the exhibitions held in Hong Kong, 17 have great potentials to expand their scale. If these exhibitions are held in Chek Lap Kok instead, then with a rather conservative estimate and assuming that only 10 exhibitions are held in Chek Lap Kok yearly, the extra revenue to be generated would exceed \$5 billion, and at least 5 000 jobs would be directly created, including interpreters, contractors for exhibition booths, jobs in transportation and printing industries, and so on.

In fact, there can be numerous such ideas which are beneficial to both the SAR Government and the general public. As to whether these ideas can be put into practice, it depends on whether the authorities are willing to adopt an open

attitude, remove all restrictions, and continue to explore different proposals to create job opportunities.

With these remarks, Madam President, I support Mr TAM Yiu-chung's motion.

MR ANDREW CHENG (in Cantonese): Madam President, as the measures proposed by Mr TAM Yiu-chung to the Government in relation to the formulation of an "economic development strategy that gives priority to employment" and those proposed in the amendment add up to as many as 11 measures, I will, on behalf of the Democratic Party, focus on one of them, namely, "allocating more training resources and encouraging enterprises to provide on-the-job training, so as to upgrade the skills of the working population at large and enhance the competitive advantage of Hong Kong", in order to reflect to the Government the Democratic Party's view on the Government's inadequacy in the facilitation of this measure and in the co-ordination of other policies in this respect. Madam President, insofar as those neighbouring countries with a comparable level of economic development are concerned, and take South Korea where I have visited recently as an example, I noticed that a comprehensive lifelong learning scheme was published in January this year in South Korea, and a policy *inter alia* most worthy of our reference is the setting up of a flexible qualification framework. Like all governments in the world endeavouring to cope with the development of knowledge-based economy, the South Korean Government has introduced the "credit bank system" and "self-learning system", so that adults who have not received university education can pursue studies in degree programmes to enhance their competitiveness. The South Korean Government also encourages private companies to set up cyber universities, with the objective of assisting adults to pursue studies in programmes that can cope with the development of knowledge-based economy. Moreover, to facilitate the diversified development of the South Korean community, the Government has set up technical institutes offering two-year programmes and technical universities offering four-year programmes to encourage adults to take up vocational training and serving workers to receive professional training of a higher quality.

Madam President, although the SAR Government has set aside \$5 billion for the Continuing Education Fund and begun to receive applications for reimbursement from eligible applicants who have completed their training

courses, the courses that can qualify for government subsidies are confined to those that belong to four industry-specific sectors, namely, logistics, financial services, China business and tourism, and those focusing on three generic skills, namely, language, problem solving and team building and change management, and design, lacking the objective to promote the diversified development of a knowledge-based society. Compared with the lifelong learning scheme promoted by the South Korean Government mentioned by me earlier, it is evident that the SAR Government's training policy appears to be not comprehensive and aggressive enough, and lacking in forward-looking and long-term objectives. The Democratic Party hopes that the Government will consider these views and come up with more forward-looking measures.

With regard to encouraging enterprises to provide on-the-job training, another example of success is the French Government. According to the information released by the French Ministry of Labour, between January 1999 and March 2000, close to 15% of the 59 million-odd population in France had taken up training courses in the two years preceding the population census. On the other hand, in 1999, the total expenditure on training in France amounted to FF 145 billion, which was double the amount of the same expenditure a decade ago. Of the FF 145 billion training expenditure, investment by the central government and local governments accounted for 57%, which was equivalent to 4% of the total budgeted expenditure by the French Government for the whole year. The spending on training by enterprises accounted for 40.5% of the training expenditure, which was equivalent to 2.9% of the total budgeted expenditure of the French Government for the whole year, and the remaining 2.3% was borne by users.

Madam President, from this information, surely we can see that both the French enterprises and the central government have taken up a huge share of the training expenditure. For what reason are the French enterprises willing to inject such a massive amount of resources? We have looked up certain legislation of France and found that the reason is very simple. It is because the French Government has the foresight to make it clear in law to employers and employees the importance of injecting resources for training and receiving training. As early as in 1971, such legislation was already enacted in France, and a number of key points therein are worthy reference for the Government. First, it is stipulated that enterprises having a strength of 50 employees or more must provide training programmes for employees. Second, it is stipulated that any company employing 10 employees or more must plough in a certain amount

of resources for training purposes. In 1984, in the light of changes in the economic environment, the French Government further enacted legislation to provide for training leave for employees to enable the latter to take up training courses to add value and hence enhance their competitiveness.

Madam President, in Hong Kong, however, we cannot find in past and present laws or guidelines provisions requiring companies to provide training programmes or inject resources for training. At present, training funds are collected through various channels by the five major statutory training providers to promote training policies in Hong Kong. The Occupational Safety and Health Council, Clothing Industry Training Authority and Construction Industry Training Authority operate training courses on levies imposed on the relevant industries; the Employees Retraining Board has to rely on government funding and the retraining levy collected from employers hiring imported employees to maintain its operation; the resources for training of the Vocational Training Council mainly come from the recurrent subsidies from the Government and the fees charged for the courses. In other words, the Government has all along taken on a leading role in financing training policies, and the role of employers has been rather passive. Under such circumstances, without active government efforts to encourage employers to give weight to employees' training, it appears that local employers have never identified with the importance of the training policy. Nor are they aware of its ultimate bearing on the sustainable development of Hong Kong.

Madam President, are these examples not proof of the fact that the training policy of the SAR Government is 30 years lagging behind? The Government has failed to make early preparations, for no legislation has been made to require enterprises to provide training programmes and also training leave for which the Democratic Party has consistently demanded. Therefore, I hope that the Government can, apart from allocating additional resources for training initiatives, require enterprises to provide training programmes and training leave for employees through some measure of legislation.

Madam President, I so submit.

MR MICHAEL MAK (in Cantonese): Madam President, the Legislative Council has debated the topic of unemployment many times before and has advanced a number of proposals. However, as in the case of the health care

policy in the past, the Government has all along adopted a "piecemeal approach" to the unemployment problem, failing so far to implement any comprehensive strategy that can offer an effective solution in the long run. This reflects that despite its determination, the Administration simply lacks the ability to tackle the problem. The people have thus lost all their confidence in the Government's ability to resolve the problem at all!

I think we should be especially concerned about two categories of unemployed people, namely, those middle-aged or even older workers with low academic qualifications and skills as well as the "non-engaged" youths who are jobless and who have dropped out from school. It is a pity to note in retrospect that though the series of measures implemented by the Government could provide some sort of temporary relief, the unemployment problem has remained an albatross around our necks, even like a demon possessing our bodies. I think even if the Exorcist was brought back to life, he too would not be able to offer any solution.

The causes of the 270 000-strong unemployment army are many, the most shameful one being the massive layoffs by large consortia. The PCCW, for example, still laid off some 800 employees early this year even though it was making profits, directly plunging many people into unemployment and sowing the seed of social instability. Trade unions should join hands to condemn this kind of companies which are completely devoid of any social conscience. The Government should also make some moral appeals at this very time when the unemployment problem is so serious.

The myopia inherent in government policies has fanned the flame of unemployment. The health care policy is one example. The population of Hong Kong is continuously growing and ageing, leading to a sustained and increasing demand for health care services in the community. The Government should logically formulate a long-term strategy on maintaining the quality of services, and such a strategy should cover a stable system of health care and allied health personnel.

However, following the Government's decision to introduce pay cuts to cope with its fiscal deficit, the Hospital Authority (HA) has likewise turned its axe to my health care colleagues, deleting a number of allied health personnel posts or converting them to posts on one-year renewable terms, with the result that some fresh graduates are forced to perform non-professional tasks. The

reduction of allied health personnel posts is in fact a disguised means of driving people into unemployment. Those who suffer ultimately will definitely be the general public.

In addition, in order to relieve its financial pressure, the Government has even required various bureaux to cut their expenditure by 1.8% this year. It has also come up with a series of civil service reforms and even a decision to reduce civil servants' salaries, all of which will seriously threaten their job security. People have thus lost confidence in the future, and because of factors like layoffs, unemployment and pay cuts, their consumption desire has dwindled drastically. The resultant decrease in demand has affected the services industries, causing the closure of many restaurants. In the end, a vicious cycle has emerged, producing a downward economic spiral that further aggravates the unemployment problem.

As I said earlier on, most of those middle-aged people with low qualifications and skills are battered by unemployment. Many of these people are sometimes nicknamed the "555 class" — educated up to Secondary Five, used to earn \$50,000 a month and having reached the age of 50. They are plunged into unemployment all of a sudden, and once they become unemployed, it will be very difficult for them to re-enter the labour market. Therefore, the Government and large enterprises must together make available more resources to provide these unemployed people with the necessary training, and they should also create more posts, so that these experienced workers can once again contribute their productivity and re-enter the labour market. The unemployed, on the other hand, should of course stop missing their good old days. Instead, they must accept the realities, and even if they think that their status may be lowered, they still have to bestir themselves and make a new start.

I think the problem of youth unemployment is largely caused by the fact that young people finish their studies just too early, and this is in turn related to the shortage of formal sixth form and university places. During the time of labour-intensive economic activities in Hong Kong, Secondary Five graduates could still struggle for their prospects through hard work. But given the keen competition in society now, Secondary Five graduates, even with the knowledge and skills they have acquired, are simply unable to keep abreast of the restructuring towards a knowledge-based economy.

The purpose of increasing sixth form and university places is to enable students to acquire more knowledge and skills and receive more prevocational

training, in the hope that unemployment in the future can be reduced as the overall intellectual standard of society rises. Being the future pillars of society, all young people should set their mind on lifelong learning, enhance their own value and properly equip themselves, whether or not they are unemployed. The \$5 billion Continuing Education Fund established by the Government is precisely a measure aimed at indirectly easing the problem of unemployment.

Madam President, besides causing poverty and a host of economic problems, unemployment will also lead to a whole series of psychological, family and social problems. A report by Samaritans Hong Kong shows that over 30% of suicides in the past few years were unemployed. Last year alone, 379 of the suicides, or 38% of the yearly total, were unemployed, showing that continuing unemployment is, to a certain extent, related directly to the number of suicide cases. If the Government does not take any prompt and effective measures to ease the unemployment problem, I am afraid that more tragedies may occur. Madam President, I so submit.

MS LI FUNG-YING (in Cantonese): Madam President, today marks the commencement of the new Legislative Session. In the past, the first motion debate of a new Legislative Session used to be a Motion of Thanks on the policy address, moved by the Chairman of the House Committee. However, this year, the SAR Government has introduced a controversial initiative of deferring the announcement of the policy address to January next year, which means that the Motion of Thanks will have to be deferred accordingly. Anyway, it does not matter so much whether the announcement of the policy address is deferred until January next year, or whether it is announced at the commencement of a new Session as it used to be, because I am sure that most Members will still share the concern of Mr TAM Yiu-chung's motion today — that the Government must solve the unemployment problem.

Looking back at the past Session, we can see that of the 51 motion debates moved by Members, 10 or so were related to economic and labour issues. The precise motion topics covered improving the business environment, going north to the Mainland for employment opportunities, the local community economy and giving priority to employment. If Members' remarks on the policy address and the Budget are also taken into account, then we can say that our debates in the last Session actually covered all aspects of unemployment and related economic issues. But today, we still have to discuss this very same topic. Is

this because we Legislative Council Members are harping on the same old tune? Or, is this because new circumstances have since emerged?

Here, let me first quote the answer given by the then Secretary for Education and Manpower to a Member's oral question at the meeting on 27 February this year: "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 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." End of quote.

In fact, it seems that there have been some obvious changes to this attitude of letting the private market chart its own course since the accountability officials' assumption of office. The remarks made by the Secretary for Commerce, Industry and Technology and the Secretary for Economic Development and Labour in July this year seem to suggest that there has been an adjustment of position. Various proposals have been made to tackle the problem of unemployment, ranging from encouraging the development of high technology through tax and land grant concessions, rejuvenating our industries, inducing the return of traditional industries and even using the employment of local workers as a condition of importing foreign labour. The motion proposed by Mr TAM Yiu-chung today is to a large extent a response to these changes. But it is indeed very surprising that these changes are embodied in this motion, and that the Financial Secretary, who so strongly advocates competition under the law of the jungle which sees only the survival of the fittest, will personally respond to the unemployment issue raised in the motion.

However, despite all these changes, and since the unemployment rate has remained so high, I cannot help asking, "Has the Government adopted the wrong policies to deal with unemployment? Or, are our measures not adequate?" It is true that the motion and amendment today both propose a number of measures to ease the problem of unemployment, including the clampdown on the employment of illegal workers, expediting the implementation of various large-scale infrastructural and community facilities projects, the creation of "green collar" jobs, and so on. But I must add that we are at the same time worried by some of the proposals, such as the one on reviewing and abolishing outdated policies and restrictions which are detrimental to business operations, so as to improve the local business environment. I hope that the proposals of the motion

today can lead to positive exploration and rational discussions in society instead of further dividing the community and making workers the victims of improving the business environment. Why do I say this? The reason is that some views expressed are really very worrying; some political party leaders from the commercial and industrial sector once urged the Government to conduct a comprehensive review of the labour legislation as a measure of improving the business environment. I can still remember such a view even now.

Madam President, I can say that the measures we have adopted to tackle unemployment are not adequate. How can we solve the problem then? The answer is basically not at all complicated — first, the unemployed must be helped to secure employment again, and second, financial assistance must be offered to those unemployed people who are in need. Any scheme laying undue emphasis on either of these two aspects is nothing but an evasion of responsibility, certainly unable to solve the unemployment problem fully, certainly not a good scheme at all. I understand that the finances of the Government are tight, and precisely for this reason, the Federation of Hong Kong and Kowloon Labour Unions has proposed to establish an "unemployment loan fund". Since we have raised this request many times before, I do not wish to discuss it any more here. But still, I wish to quote some information for the reference of government officials who see only economic efficiency. A study conducted by the United States Department of Labour in 1999 shows that following an expansion of labour insurance, each US dollar in premium will boost domestic production by as much as US\$2.15. The lesson here is that even unemployment assistance can also serve as a means of boosting the economy. I hope our government officials can consider this idea thoroughly.

I so submit. Thank you, Madam President.

MR AMBROSE LAU (in Cantonese): Madam President, the seeds of the current unemployment problem were sown in the past years of an expanding bubble economy. With the rapid economic and social restructuring now, manpower mismatches as a problem has grown increasingly acute. Old jobs simply keep disappearing, but new ones have yet to be provided, or if there are any at all, they invariably require much higher skills and intellectual standards. The threshold of the door of re-employment is really very high. The unemployment faced by Hong Kong now has already become structural in nature. Short-term relief measures are of course urgently required, but we must not

forget that if we do not formulate an economic development strategy that gives priority to employment, the unemployment problem will only continue to deteriorate.

When he met with members of the Hong Kong Federation of Trade Unions (FTU), Mr TUNG said that the Government would implement a wide range of measures to ease unemployment, including the building up of a sound business environment, the formulation of a "priority-to-employment scheme", assistance to traditional industries, stronger support for small and medium enterprises (SMEs), the development of job openings for domestic helpers and property management personnel, enhanced retraining, more investments in education, and so on. I believe that stronger support for SMEs should be made a significant part of any economic development strategy aimed at giving priority to employment.

The International Labour Organization is of the view that the vigorous development of SMEs is the most effective way to counteract the negative economic impact of globalization, and to maintain and even increase the number of existing jobs. In general, SMEs are labour-intensive, and hence they do play a significant role in creating more jobs. With the same amount of capital, the number of jobs one can create in an SME will be three times larger than that which can otherwise be created in a large corporation. According to the statistics of the Small Business Administration under the United States Federal Government, the role played by SMEs in providing jobs is also reflected in their net increase in number (defined as the number of new enterprises minus that of those already closed down). From 1990 to 1995, the contribution rate of new small businesses in the United States in respect of new jobs was 69%.

Hong Kong SMEs represent more than 90% of all local companies, numbering some 290 000 and providing Hong Kong with 1.4 million jobs, which is why they are vital to the local economy. Upgrading the productivity and competitiveness of our SMEs is therefore a matter of extreme urgency. Given the current economic sluggishness in Hong Kong, our SMEs are facing a very tough time, because with their small scale and consequent shortage of resources, they are less able to overcome difficulties. If the SMEs in Hong Kong close down in large numbers, the already high unemployment rate will certainly soar still higher. For this reason, the Government must make assistance to SMEs as a significant part of any economic development strategy aimed at giving priority to employment.

Madam President, the Government has already taken some steps to assist SMEs. For instance, last year, it allocated \$1.9 billion for the establishment of three funding schemes and a credit guarantee scheme with a total commitment of \$7.5 billion, namely, the SME Business Installations and Equipment Loan Guarantee Scheme, the SME Export Marketing Fund, the SME Development Fund and the SME Training Fund, which are all aimed at making it easier for SMEs to obtain loans from banks. At the same time, quite a number of government departments also provide SMEs with support services. However, the sector still thinks that the relevant vetting and approval criteria are too stringent, with the result that SMEs have not been able to benefit much. For example, under the loan guarantee scheme, the cumulative amount of loan guarantee as at the end of August was merely \$800 million.

I am of the view that the vetting and approval criteria of the various SME funding schemes should be reviewed and suitably relaxed, so as to really help SMEs. The Government should also urge the banks to completely alter their "bricks and mortar culture", so that the financing difficulties of SMEs can be relieved. Besides, the Government should also encourage SMEs to increase their competitiveness through the development of innovation and high technology, manpower training, brand creation and value-adding. In the world today, "size" is no longer dominant; what counts most instead is "speed". As long as local SMEs can enhance their competitiveness with government support, Hong Kong will be able to extricate itself from the current darkness and ascend to the sun-lit upland of bright employment prospects.

Madam President, I so submit.

MR CHAN KAM-LAM (in Cantonese): Madam President, the DAB has recently held an "employment summit". Those from the different sectors of the community who attended the summit all put forward many valuable opinions, and one of them, Mr LUI Chi-woo, even suggested the Legislative Council to suspend for one year and stop enacting any laws to upset the business environment. In response, Mr Henry TANG, Secretary for Commerce, Industry and Technology, said that an alternative to this might be the repealing of some existing laws to achieve the effect of "removing unnecessary restrictions". Yes, we can indeed find lots of regulations and systems that hinder business operation in society today. Their timely adjustments will not only help our economic development, but also help create jobs.

There has been a recent case where three young people tried unsuccessfully to start a business in a shopping centre under the Housing Department, and the case was resolved only after the Director of Housing had intervened. Following this, the Housing Authority set up the Business Opportunity Centre, which commenced operation in early August and already managed to let 140 shops in early September, an increase of nearly 100% compared to the monthly average of about 80 shops in the past. This shows that as long as government departments can change their inflexible practices and accord priority to facilitating business-starters, they should be able to achieve some results.

The DAB has advanced various proposals on what to do with vacant shops — the abolition of designated uses, rental reduction, and so on. The shops under the Housing Department are no doubt governed by commercial principles, but since the Housing Department is currently the largest owner of commercial properties in Hong Kong, its policy will definitely produce very immense impact. The installation of air-conditioning systems in market complexes, a much discussed issue recently, can also reflect the inflexibility of the department concerned. Why is such a good plan being held up now? The reason is the department concerned insists that shop tenants must first undertake to pay all the maintenance costs and power charges before the installation works will commence. But why is it impossible to start the works first and then deal with the costs and charges later? The DAB hopes that the department concerned can start negotiations on the installation of air-conditioning systems with shop tenants as soon as possible, so as to improve the business environment in market complexes.

The northward shift of Hong Kong industries started as early as some 20 years ago. Following the relocation of the manufacturing and processing industries to the Mainland over all these years, some factory buildings are by now basically vacant. Vacant factory buildings are now a common scene in the industrial areas all over Hong Kong.

The Town Planning Board has, over the past two years, gradually converted many industrial areas into commercial/trade areas. The Planning Department is exploring the introduction of the concept of "more room", with a view to making a more flexible use of factory buildings. However, many owners of factory building units have criticized that the change of designated

uses will involve huge regrant premiums, and that many conversion schemes have been shelved because the owners concerned simply do not have the means, thus leaving factory buildings vacant as before. In addition, there has also been a proposal to redevelop factory buildings into low-priced hotels. However, all these proposals have been rejected by the Government.

As a matter of fact, many owners of factory building units have approached us on the fee for waiving the restrictions on designated uses. According to them, the computation of the fee is based on the whole difference in rateable value after the change in uses. This method of computation has made owners think that a change in designated uses will not bring them any benefits, thus dampening their desire to change uses and leading to the continued existence of vacant units.

Therefore, the DAB proposes the Government to relax the restrictions on factory buildings as follows:

1. The Government should consider the idea of allowing owners to pay the regrant premium in instalments, so as to free them from the pressure of a lump-sum payment. Besides, only a specified portion of the difference in rateable value should be levied for waiving the restrictions on designated uses.
2. More flexibility should be applied to the designated uses of factory buildings. In addition to offices, retail warehouses, homes for the aged, kindergartens, private workshops, studios, galleries, shopping centres, and book centres, other uses should also be allowed as much as possible on the premise of not violating safety regulations.
3. The Government should consider the possibility of converting factory building units into shopping arcades or lower-priced offices and let them on short-term tenancy agreements, so that people can set up their businesses in the old industrial areas.

In addition, the DAB also thinks that the Government should review its existing hawker policy, with a view to giving people more opportunities to start their own businesses.

Actually, given the current economic sluggishness and high unemployment rate, the Government should really relax its hawker policy a little bit for those who wish to earn their own living. It must of course be borne in mind that if the Government does not rigidly control the number of hawkers, the environment will be affected, and not only this, it will not be fair to shop operators. But the Government must still strike a balance among all these considerations. For example, there should be a review of the hawker policy covering the possibility of issuing hawker licences with fixed validity periods and places of operation, and the number of arts bazaars and various kinds of stalls allowed in scenic spots should be increased.

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

MR SIN CHUNG-KAI (in Cantonese): Madam President, the motion today is in fact not very different from the one on giving priority to employment, moved at the last meeting of the past Session by the Democratic Party.

Most of the points contained in the original motion were in fact gone through in detail by the Democratic Party in the last motion debate mentioned above. That is why I shall make no repetition here. Unfortunately, however, the Democratic Party's motion last time was negated, because some Honourable colleagues did not agree with the Democratic Party that full employment should be made an objective of administration. In spite of this, the Democratic Party still maintains that a specific target must be set down for the unemployment rate, so that the Government can be urged to do the best it can to push the rate down to a satisfactory level. What the specific level should be may of course be open to discussion. But if there is no target at all, will it end up like how people responded to the rate of the last quarter? I mean, will people think that the Government has already solved the unemployment problem when the unemployment rate falls from 7.8% to 7.6%, as in the case of the last quarter? The Democratic Party reiterates that the Government is obligated to formulate specific measures to lower the unemployment rate, and it must be held responsible for solving the problem. If not, it is all pointless for the Legislative Council to "urge" it repeatedly.

I wish to raise two issues for detailed discussion. The first is a recovery industry; the second is a business environment underpinned by fair competition. The Democratic Party maintains that the Government is obligated to — and must — foster or even help create a recovery industry in Hong Kong. The

reason is that a recovery industry is one of the few industries which can provide a comparatively large number of low-skilled jobs. And, unlike most other industries, it is incapable of relocating out of Hong Kong; as long as people live and spend in Hong Kong, there will be wastes. It has so far been very difficult to develop a recovery industry in Hong Kong because waste separation is extremely costly. But if the Government is willing to provide low-priced lands on a long-term basis, and if it is also prepared to provide satisfactory systems and facilities for waste separation, it will be possible for Hong Kong to develop a recovery industry.

Financially, if the Government can succeed in helping the development of a recovery industry, it will not only be able to lighten the financial pressure coming from unemployment, but also be able to reduce landfill costs and even improve the environment. My point is that assisting the development of a recovery industry should not be regarded as government intervention in the market. The experience of many countries shows that without government involvement, it will be difficult for a recovery industry to operate, because its operation will necessarily involve many rules and regulations, and even control. Government assistance is therefore required. There must naturally be a limit to how much help the Government should offer. This can be discussed further. But as far as rules are concerned, if the Government does not take any positive steps, it will be very hard for a recovery industry to operate.

As for the promotion of the local community economy, the Democratic Party has always maintained that the Government should foster a satisfactory business environment, one which can provide the conditions and room necessary for SMEs of various trades and industries to compete on an equal footing with consortiums. The Democratic Party has no intention of "hating the rich and looking down upon the poor". It does not abhor any consortiums either. But when it comes to anti-competitive behaviour, I think the Government must really do something, take some measures. Even the Liberal Party also once criticized the oil companies. Why did they say that something must be done in respect of oil companies? It is because some oil companies might have engaged in some anti-competitive acts, and so, they had to say something. Every time when we talk about fair competition, it is never our intention to induce division. Please do not elevate the whole thing to the plane of principle. In this connection, I must criticize the Liberal Party, and I must also criticize the Members belonging to the Breakfast Group, for the latter have advanced some "commercial welfarism" ideas which are even more radical than those advocated by the Liberal Party.

In past debates, the Democratic Party raised precisely the point that the local community economy is a way to boost local consumption. Once the economy picks up, people's confidence and income will improve, and this will give small businesses some vitality. That way, the situation of the various consumer markets will improve. Actually, the Government needs not make any special efforts to promote the local community economy. As long as there is fair competition, (in the words of Mr CHAN Kam-lam just now) small businesses will automatically come up with ways to remove their restrictions, that is, to reduce unnecessary hindrance from the Government. The Government needs to examine what obstacles it has posed to business operation. In more colloquial language, it needs to examine how it should avoid stopping people from making money.

In recent years, small businesses have been on the decline continuously. Besides the economic downturn, the Government's inaction towards the monopolistic control of consortiums is also a reason. Such an economic policy is heavily biased towards management facilitation. Examples like markets, community planning, and so on, can all reflect this bias. As a result, many small business operators have been rendered unable to compete with consortiums. In the case of markets and groceries, for example, the problem of monopolization has remained a concern to the Consumer Council in recent years. Supermarkets have become increasingly like traditional markets and posed challenges to the traditional grocery trade, selling also fresh food and cooked food like siu mei and lo mei. Some consortiums have even forged links with electrical appliances chains, driving many trades with good track record out of business.

What can the Government do when monopolization emerges in the market? This is a big subject. In the past, the Democratic Party proposed to enact a fair competition law. In the amendment today, we have not raised this point, because we know that if we do so, the motion will certainly be negated. But can we possibly solve the problem by doing nothing at all? If inaction continues, the whole economy of Hong Kong may well be controlled by three to four or four to five consortiums. Do we wish to see that happening? I hope the Liberal Party and the Breakfast Group can consider the matter again. Without any fair competition law or a fair competition commission, are there any means to ensure fair competition in Hong Kong, to enable small businesses to survive?

Thank you, Madam President.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, that this motion has been proposed in the first meeting of the new Legislative Session shows precisely that there is a consensus between this Council and the community, that the problem of employment is a focus of attention for all. As a matter of fact, the people of Hong Kong have been plagued by the problem of unemployment for more than five years and to date we are really having a very rough time. Despite measures taken by the Government in the interim and a drop in the jobless rate by 0.2% as seen in the figure released last month, the jobless rate of 7.6% is still very high indeed. As we look back, we will find that comparing with the jobless figures in the past, this jobless rate of 7.6% is really sky-high and colossal. In rough times as these, the Government should not harbour any unrealistic thoughts that the problem is solved, it should at the same time take painstaking efforts to work out a solution. Presently there are problems on the west coast of the United States and war is looming around the corner. As we are a city which is heavily dependent on the external economic conditions, any change in other places could well deal a further blow to our problem of unemployment. Therefore, the Government should get itself well-prepared for the worst.

Now I would like to make some comments on this issue. We have had five years of constantly rising unemployment and the Government has implemented some measures to deal with it. There are certain areas that should be reviewed. As I have said just now, since the Government has adopted some measures, so the unemployment situation seems to have improved somewhat. The jobless rate has fallen by 0.2%. But does it mean that these measures are a success? Has the problem been solved? The second term of the SAR Government has just been formed and the new accountability system for principal officials has recently been implemented. But as to the ways of solving the problem of unemployment, are they any different from the previous ones and how can a solution be found? I would like to discuss these points in the motion debate today.

I note that the second term SAR Government has stressed that a solution has to be found for the problem of unemployment. Officials sitting in this Chamber who are tasked with handling the unemployment problem have paid visits to some groups to hear their views on the issue, hoping that some proposals can be raised to ease the situation. Many ideas have been advanced by private sector organizations and members of the public and I am sure Matthew CHEUNG has a lot of these proposals at hand. But can the problem of

unemployment be effectively solved after these proposals are collected? If only opinions are heard but the problem is not solved, then another scenario will appear and that is, there will be more grumbles and grievances. Since we are all trying hard to find a solution to the problem of unemployment which exists in every trade, I hope all of us can pool collective wisdom and make concerted efforts to find a solution to it. I hope that in the next few months the SAR Government would make public the various proposals to solve the unemployment problem that it has collected from the public some time ago. I would also like to make another point and it is also the second issue that I would like to bring up, that is, since the government officials agree that solving the unemployment problem is of paramount importance and that they have worked hard to address it and that their mind is totally taken up by thoughts of how jobs can be created, then how are they going to translate their words into action?

The recent experience of the night bazaar in Sheung Wan serves to give us some very good food for thought. For in the promotion of local community economy, this night bazaar has given us experience of vital importance. Where then does the problem lie? In the entire process leading to the opening of this night bazaar, what the Government has been doing is that it is still sticking to its old practice and awards the stalls to the highest bidders. Then it says that everything should be determined by the market, and it appears as if it is shirking its responsibilities. We are not asking the Government to meddle with the operation of the private sector market. These proposals are meant to help self-employed persons and those with low academic attainment to resolve their financial and employment problems. Given that the idea of a night bazaar is a good one, it follows that the Government should formulate policies in this direction and make the idea work. However, in the whole process of opening the night bazaar, I have smelt a strong odour of shirking responsibilities.

Two days ago, I read from the newspapers the explanation offered by the officials. They stated that after the stalls were leased, then the tenants would have to bear their own responsibilities. There was very little the Government could do except to monitor. Is this somewhat different from our original intention? The Government is well aware of the need to remove barriers and lift restrictions, but the authorities have permitted such a private company to run the night bazaar, will this arrangement work? In my opinion, it was a downright irresponsible remark. Now the night bazaar has missed two golden business opportunities, one is the Mid-Autumn Festival and the other is the National Day. If the opening of the night bazaar is allowed to be postponed,

then when the weather turns cold, it will be doomed to fail. I really want to ask the Government how it is to seize the opportunities and actually sense the urgency of the people and think in the way they think when it puts this proposal into practice.

I hope the Government will realize that it is no easy task to solve the unemployment problem. Countries all over the world have their own ways of tackling it. Why do some of them work while some do not? Recently I went to Britain for a visit and I found that there were many markets there, such as the Covent Garden Market. These markets were run by the municipal government for a while before they were handed over to private sector operators. In Britain, the government would try many ways with the specific aim of helping the unemployed. But this is not the approach taken by our Government. We are still sticking to our old ways and I think this simply will not work. The Government has indicated that it will try to remove barriers and lift restrictions, but now the departments are still minding their own business and passing the buck around. This mentality of doing less will invite fewer criticisms is still prevalent among our bureaucrats. If the departments are doing their work with such a mentality, then Bureau Directors like Mr Stephen IP would have a very difficult time indeed. Recently, I had to bother Mr IP on many occasions due to some matters I was handling. It has struck me that if the departments are still doing things in such a manner, it is very likely that the problem of unemployment will remain unresolved even one year from now. What the Government should do is to sense the urgency of the people and think in the way they think. As a new idea like this going to be put into practice, there must be holistic consideration and the departments cannot just mind their own business, for this will lead to a fiasco like the night bazaar that we have now.

Madam President, I hope the SAR Government will realize that the unemployment problem is no short-term matter, but a medium-range or long-term one, for what we have is a structural unemployment problem. For this reason, the FTU has proposed a motion on "giving priority to employment". Apart from short-term measures, the Government should also consider medium-range measures. Otherwise, only some problems can be solved for the time being, but other problems will crop up very soon. Experience from other countries shows that if the government does not attach great attention to the problem of unemployment, the situation may improve for some time, but in the end this will prove to be short-lived and the problem will remain unresolved.

I really hope that when trying to solve this problem, the SAR Government can really sense the urgency of the people and think in the way they think. Thank you, Madam President.

MRS SELINA CHOW (in Cantonese): Madam President, the unemployment rate of Hong Kong has remained continuously high. It was not until the period between June and August this year that it dropped for the first time in 19 months, and the drop was only very mild. I believe members of the public must all be wondering why there has not been any ultimate solution to the unemployment problem after a lapse of almost five years. What role do we actually expect the Government to play? How effective have been the measures put in place by the Government? I wish to spend the rest of the time on exploring the causes of unemployment, clarifying the role the Government is supposed to play, and finding out whether the Government should be held solely responsible for solving the unemployment problem.

The root cause of the unemployment problem is the unclear direction of our economic development. We can see that employment is in fact a segment of the whole chain of economic activities. This means that when enterprises face business difficulties, job vacancies will naturally diminish. The role of the Government is to facilitate investment. It is not supposed to make any direct investment; instead, it should invest in the infrastructure and formulate appropriate policies, so as to attract and facilitate investment.

I must emphasize today that we must now stop asking the Government to provide any jobs on a "welfare" basis, because instead of helping in any way to solve the unemployment problem, this will impose a very heavy burden on society as a whole. This approach can at best treat the symptoms only, but may at worst tamper with quite a number of free economic activities in Hong Kong. I have always been convinced that the only ultimate solution to the unemployment problem is a comprehensive review of our economic policy and a re-orientation of our economic development. That way, we will be able to consolidate our strengths and thus create more jobs.

As far as unemployment is concerned, the retail trade is the worst-hit sector. Government statistics show that in the second quarter of 2002, the

unemployment rate for the wholesale and retail industries was as high as 9.1%, and the rate in the corresponding period in 2001 was just 5.8%. Over the past few years, the retail trade has operated under very tough conditions. In nearby places, because of their lower currency values, production costs are much lower than those in Hong Kong. The retail trade in Hong Kong is thus faced with fierce competition. Very obviously, Hong Kong can no longer compete with others in terms of prices. Rather, it must capitalize on its quality services and high efficiency, so as to make consumers feel that our goods and services are worth the money.

The Government and the Hong Kong Tourism Board are trying actively to promote the tourism industry, in the hope of boosting retail businesses. The tourism industry is a strength of Hong Kong, and it has been developing quite prosperously. The number of inbound visitors has been rising in recent years, with the largest rate of increase going to visitors from the Mainland. According to Immigration Department statistics, when compared with the figure of the previous year, there was a huge increase of 18% in the number of trips made to Hong Kong by mainland tourists last year. In actual terms, the number of such trips last year amounted to some 4 million. And, it is expected that there will be an even greater rate of increase this year.

According to the statistics of the Census and Statistics Department, over the past few years, the number of jobs provided by the tourism sector has also been rising continuously. Last year, the tourism sector provided, directly or indirectly, as many as 360 000 jobs. This figure of course covered those jobs provided by other industries which serve tourists, such as the retail trade and the catering industry. As the number of tourists coming to Hong Kong increases, I am sure that the tourism industry will have enormous potentials to create even more jobs.

Having said that, however, I must point out that the local tourism industry is not entirely problem free. For instance, some tourists complained that their tour guides, who were greedy for commissions, had not been keen on taking them to any scenic spots, but taken them instead to places where the goods were not value for money. Some other tourists even complained that they had been cheated by shop operators, or had been sold goods inconsistent with descriptions. All these have smeared the reputation of Hong Kong as a Shoppers' Paradise, and will produce negative impacts on our long-term development.

In view of the varying standards of local tour guides, the Government will allocate some \$16 million for the purpose of financing a seven-day training course for about 8 000 full-time and part-time tour guides. Those who have passed the course-end examination will be awarded a certificate. Depending on the number of participants in the training course, the Travel Industry Council may consider issuing a set of guidelines requiring all local travel agents engaged in receiving tourists to employ only certificated tour guides. Hong Kong should seize this opportunity to upgrade the standards of its tourism industry and seek to retain the "never-ending" source of tourists from the Mainland. The success of this will of course depend on how the industry is going to exert pressure of improvement on its members and others.

To sum up, to solve the problem of unemployment completely, the Government must conduct a comprehensive review of its economic policy, determine a new orientation of our economic development, consolidate our strengths and upgrade our service quality, so as to enhance our competitiveness. The tourism industry is certainly one that warrants our serious attention and vigorous promotion, because presently it is providing Hong Kong with huge room of development and investment. Its job creation potentials will bring opportunities and hope to job seekers in Hong Kong. The creation of jobs through the promotion of the tourism industry will not only solve the unemployment problem, but also help upgrade this economic life-line. This is the best way to kill two birds with one stone.

Madam President, I am an optimist. But I am also convinced that the Government is not the best provider of jobs. Without investment, there will be no job opportunities, and without reasonable returns, there will be no investment.

MR ABRAHAM SHEK: Madam President, in the years following the Asian financial turmoil, unemployment has become a widespread social problem in Hong Kong. With the bursting of the economic bubble, the economy has been shrinking and unemployment rate has been climbing higher and higher. I can assure Mr Henry TANG that the present economic climate is not likened to taking a cold shower in the morning, but rather being locked in a below 0 degree Centigrade refrigerated room, slowly freezing to death.

The economy has now entered a vicious cycle of deflation: The unprecedented high jobless rate fuels a confidence crisis among citizens and investors alike, and the grim market atmosphere in turn increases the Government's economic burden in social welfare services, further taxing our financial reserves.

The situation is far from optimistic. The jobless rate may climb higher as Hong Kong is undergoing a painful restructuring process and the pace of recovery is being dragged down by the global economic downturn.

The unemployment problem is so acute and structurally rooted that I do not think that it can be solved completely in the short to medium term. I would focus on ways to relieve the problem.

The Government's economic and labour policies must play an important role in relieving the unemployment problem. They should provide a healthy environment for business growth, and deliver a clear message that the Government has the determination to tackle the problem. It is time that the Government should review and adjust its employment policy and be more proactive in tackling the problem.

For a start, the Government has to change its rigid mode of thinking. As the situation has become critical, the Government has to adopt new thinking and introduce innovative measures. The Government should be decisive. It must avoid at all costs in repeating the mistakes that it has made in the past with its inconsistency on some of its policies. Inconsistency breeds inefficiency. For example, the housing authorities in the last five years did not respond promptly to market demands for swift, decisive actions to remove those housing policies that dampened market confidence. Its resistance to change has incurred incalculable damage on the property market.

Madam President, the Government should also learn to stay firm and ready to defend its policies in face of criticisms if it believes that these policies are good for the community. Very often, our Government is so afraid of being criticized for violating the "positive non-intervention" policy that it refrains from introducing much needed but controversial policies. In fact, some government officials have been using the non-intervention policy as an excuse to defend their

policy failures or lack of action. However, positive non-intervention does not necessarily mean inaction. In my view, the Government should intervene and introduce measures that it believes would promote and improve quality health and competitiveness of the local economy. What, then, exactly are these measures?

In my humble view, the Government should do the following:

- (a) Review the various business restrictions that it has imposed on the commercial sector. The unreasonably harsh and outdated restrictions should either be relaxed or removed, thereby creating a healthy and competitive business environment;
- (b) Review its loan policy for the small and medium companies in Hong Kong. Both start-ups and long-established companies are in urgent need of greater government support, or else, they would face bankruptcy or have to close down;
- (c) Define clearly its role and responsibilities in the private residential market. It should refrain from direct and heavy participation in the private housing market through the Housing Authority or the two railway corporations and other statutory bodies;
- (d) Study ways to accelerate the speed of public works projects, especially tourism, transport and infrastructure facilities, consider introducing private sector financing in these projects to relieve the Government's financial burden, and directly and speedily create jobs for the construction industry (we now have over 30 000 workers out of job);
- (e) Suspend reforms that may easily trigger volatile market conditions, specifically in the financial sector;
- (f) Speed up the review of the welfare policy; and
- (g) Review and update the curriculum of vocational training courses to ensure cost-effectiveness.

No doubt, the Government has already adopted many of the improvement proposals raised by today's motion. So far, the Government has not achieved much success with these measures. Presumably and undoubtedly, they need more time but, unfortunately, time is what we do not have. There are over 300 000 people out of work and underemployed. The Government has simply no alternative but to put forward innovative and pragmatic measures.

Given the scope and level of unemployment that we are facing, I urge both the commercial sector and the labour sector to co-operate and share part of the Government's responsibilities. The organizer of the recent "one-company-one-job" programme has demonstrated such a commitment to the society, and credit must be given to Mr IP for his ability to organize such a programme.

Madam President, with these words, I support the original motion.

MR LAU PING-CHEUNG (in Cantonese): Madam President, given the very high unemployment rate nowadays, I am sure that any motion on solving the unemployment problem will definitely receive support. Mr TAM Yiu-chung's motion makes eight recommendations on improving the employment situation, and Mr WONG Sing-chi has put forward some amendments and two more proposals. Basically, I support both the original motion and the amendment. But at the same time, I have some reservations about item (g) in Mr WONG Sing-chi's amendment, because he makes a distinction between "small businesses" and consortiums, giving people a wrong impression that the Government is now protecting the interests of consortiums. For this reason, I do not agree to the amendment.

Although the unemployment rate announced by the Government last month had fallen slightly down to 7.6%, the unemployment rate in the construction industry, to which I am closely related, is still as high as 16.7%, far above the overall rate. Therefore, like Honourable colleagues in this Council, I hope that the Government can expedite the implementation of public works projects, so as to provide more jobs.

Since in many past debates of this Council, I already discussed the point on boosting the local economy through the implementation of large-scale infrastructure projects, I shall not repeat my points today. As for expediting the implementation of community facilities projects, I wish to say a few words.

Since the dissolution of the two Municipal Councils, this Council has taken over the scrutiny of 169 outstanding works projects. A small number of these projects have commenced according to the original schedule. And, following consultation with the District Councils, priorities have also been determined for the rest of the projects. Several new projects have been added, and 64 projects have been accorded priority over the next five years, with clear expected dates of commencement. As for the other projects, the District Councils have agreed that some can be downsized to minor works projects, while others can simply be deleted. But nine projects can hopefully be upgraded to priority projects.

Experience shows that the two Municipal Councils each used to carry out an average of 15 to 16 projects a year. So, even if this Council again urges the Government, the authorities may not necessarily be able to exceed this average and create more jobs for unemployed workers. Besides, the total value of the 64 projects mentioned just now is as much as \$8.6 billion. Given the current financial position of the Government, I reckon the Financial Secretary may not necessarily be willing to make any additional appropriation.

Madam President, Hong Kong has all along upheld the free economy principles. In sectors where government intervention is not required, we all expect to see more room for the free market. Although the Government, with its existing manpower and financial resources, are unable to satisfy people's demand for new cultural and recreational facilities, I still think that it can make up for it by introducing innovative ideas. It may consider the possibility of using the free market as means of implementing the above projects, so as to improve our municipal and cultural services.

Specifically, I propose to introduce market participation in respect of the operating rights of these construction projects by inviting tenders from private-sector companies. And, the Government shall then, depending on the utilization rate of these public facilities, pay the operating expenses in different stages or for different time slots. For cultural and recreational facilities like parks, libraries and swimming pools, some may charge fees while others may not. And, even if fees are charged, they may not be able to cover the overall operating expenses, and government subsidy is required. That being the case, we may well regard operating expenses as a kind of routine subsidy. The only difference is that successful private-sector bidders must themselves finance the construction works and assume the responsibility for future operation.

The merit of this is that the Government needs not make any one-off payment to meet the expenses of constructing cultural and recreational facilities, and that it does not have to take on the work of management. Even outsourcing can be dispensed with. The only thing the Government needs to do is to monitor the service standards and utilization of these facilities. I am sure that in order to raise the utilization rate, the successful bidders will employ all means possible to organize all sorts of functions to enhance the attractiveness of their facilities. That will increase utilization, and such an increase and the resultant upgrading of people's quality of life are precisely the original aim of providing these facilities.

Madam President, this idea can in fact be applied to the project on developing an integrated arts, culture and entertainment zone in West Kowloon. As we all know, the Government organized a planning concept competition in April last year, and the results were announced in February this year. But there has been no news on the specific details of the project since. As reported by the press, the whole concept underlying the project is to rely on property developments like commercial and residential buildings and even hotels to support the development of cultural and recreational facilities there. So, the basic principle involves similarly a kind of subsidy. As for how we can ensure the operation of these facilities, such as by requiring bank guarantees from successful bidders or separate accounts for meeting operating expenses, we can of course hold further discussions. But this project has been underway for 18 months, and there has been no finalized scheme so far. An explanation is owed to the public, and the project does not seem to have helped ease the problem of unemployment.

I so submit.

MR LEE CHEUK-YAN (in Cantonese): Madam President, a couple of days ago, that is, last week, a reporter asked me, "What do you think about 'the first 100 days of the Chief Executive's term of office'?" I asked in return, "Do we really need to appraise all measures immediately after the 100th day of their implementation?" I added, "God, are you saying that we should hold a 100th day memorial ceremony? Why are there all these commentaries on the first 100 days?" However, upon reflection, I now realize that it is proper to do so, because even the United States President said that he must observe whether his administration could survive the first 100 days without any problems. So, one can say that there will be big problems if nothing is achieved after the first 100 days.

What do the people need most urgently now? Employment. The new administration has gone through its first 100 days, but can we see any progress in this respect? Certainly, I do not mean to exert any pressure on Secretary Stephen IP, but, honestly, has there been any progress so far? The Chief Executive said that he sensed the urgency of the people. When we look at employment, we see that the unemployment rate has been rising all the time. What can the Government do? What do I think of the current situation? A moment ago, Mr Michael MAK criticized the Government for "treating the head when there is a headache and treating the feet when there is a foot sore" — piecemeal, in brief. Well, in a way, I do not think this has depicted the real problem. I think the real problem is that the Government has been trying to "treat the feet when there is a headache and treat the head when there is a foot sore". Why do I say so? What is the most vexing problem for Hong Kong now? Simple — all say that they are under the threat of unemployment. But what is the Government trying to treat? The fiscal deficits. What can we see in the TV news today? Reports that when the Financial Secretary answers questions in the Legislative Council today, he says that the problem of fiscal deficits must be tackled. This is exactly "treating the feet when there is a headache". Our concern now is unemployment, but the Financial Secretary talks about the fiscal deficits.

It is of course all very well if we can tackle the fiscal deficits and unemployment at the same time. If we can do this, there will be no problems at all. But I must ask the Financial Secretary, "Do efforts tackling these two problems conflict? If not, which of them will be accorded priority — the fiscal deficits or unemployment?" The Financial Secretary may well say that there will be no problem, for he can tackle the fiscal deficits and unemployment at the same time. I do not think that way. The problem now is very obvious. I do not know whether the Financial Secretary has made any estimation at all. If all the Policy Bureaux cut their expenditure by 1.8%, will the overall employment situation be affected? What will be the consequences? What will be the effects on people's confidence, employees' confidence, in security and stability. Has he made any estimation about all this? Actually, it is very easy to tell the consequences. Let me just do so by narrating what Secretary Arthur LI said to me over lunch the other day. What he said was in fact very simple — whole-day primary schooling will not be considered now, and the implementation of the idea must be deferred. Does whole-day primary schooling have anything to do with employment? Yes. Actually, in many cases, every single cent spent by

the Government will count. In fact, employment will always be affected, whether the Government spends one cent less or one cent more.

Last year, the Government was willing to allocate some money (though I must say this was just sort of a gesture), and with the money, 30 000 jobs can be created at least. I have roughly calculated that 8 000 of these jobs are "real" ones (because I do think that jobs in the construction industry should not be counted). But anyway, in terms of job opportunities, the Government has still created 8 000 jobs. At that time, we commented that the number was not large enough, and we in the eight-party coalition asked the Government to create 20 000 temporary jobs. Actually, I have always thought that there is no reason to count all those jobs in construction sites or the construction industry, because construction sites are forever springing up and closing down. That is why these jobs simply cannot be counted. But even when construction sites are excluded, there are still some 8 000 new jobs, real jobs. Mrs Selina CHOW said just now that we should not create jobs as a kind of welfare, but this is not what we are asking for either. Please do not use any slogans, for once we do so, we will render our brains numb, unable to consider the matter.

Actually, as long as the Government is willing to fund the provision of more services to the people, somehow, more jobs will be created. But if the Government simply puts its hands on the wallet and refuses to allocate any money, then the jobs which can otherwise be created will never come into being, and worst still, even existing jobs may disappear, thus indirectly pushing up the unemployment rate. So, I hope that the Government can seriously and honestly tell the people of Hong Kong that they should not expect the Government to take any measures, that they should not rely on the Government, for it is only concerned about the fiscal deficits (Though the Chief Executive says that every night in his dreams, he would think about how to tackle unemployment, when he wakes up, he will think only about the fiscal deficits). This means that it must be admitted that there are conflicts between the two. The Government simply should not say that it is concerned about the people's employment while, in fact, it is only concerned about the fiscal deficits. Less still should it tighten its purse strings and cause the unemployment problem to deteriorate. How do governments in other parts of the world resolve the employment problem? Frankly, no matter what, a government is obligated to provide funding for manpower training, creation of jobs, boosting the economy and even assistance to SMEs as proposed now. If the Government thinks only about the fiscal deficits and refuses to allocate any funds, it will not be possible to resolve the unemployment problem. I very much hope that the Financial Secretary can give us a reply in this meeting today.

Well, that is all I want to say about the major problems. Frankly, it is usually impossible to solve major problems. We have debated these major problems so many times. But what are the results? These major problems still remain. I wish to alert Permanent Secretary Matthew CHEUNG to some minor problems here. Recently, I have had some written correspondences with the Permanent Secretary, and I hope that he can listen to me carefully. Although these are just minor problems, I still hope that they can be solved. What are these minor problems? They are connected with the Youth Work Experience and Training Scheme.

I have talked to some participants of the Scheme. They think that the largest problem is employment opportunities, that is, the inadequacy of work experience opportunities. Since Mr WONG Sing-chi has raised this point already, I do not intend to repeat it here. What is the largest problem with the Scheme, and what is that which frustrates and hurts participants most? During job interviews, participants are required to talk in English, and some employers even ask them to write an essay in English. Some other employers may ask them whether they know how to use the computer, Excel, for example. Honestly, if the participants possess these skills, they will not have joined the Scheme in the first place. Expectedly, Permanent Secretary Matthew CHEUNG ("Permanent Secretary CHEUNG" does not sound too good anyway) may say that employers do have the right to select employees. But I wish employers can understand that participants of the Scheme usually do not possess too many skills and are generally not so highly educated. Employers must realize this, try to accept them as much as possible, assist them and give them a chance, instead of hurting them. Besides, the young participants are faced with another problem. I have asked them whether they can acquire some new skills, but they reply that the Employees Retraining Board no longer offers anything suitable for them. They say they have completed the Youth Pre-employment Training Programme, but they have learnt nothing substantial and useful. And, they are offered no further training opportunities, which is why they all have a very strong sense of failure. Therefore, even though the major problems cannot be solved, I hope that we can still solve these minor problems.

I still wish to raise one more problem Well, the Permanent Secretary knows what I wish to say.

MR HENRY WU (in Cantonese): Madam President, everyone knows that the persistently high unemployment rate in Hong Kong is caused by the structural transformation of the local economy and a shrinkage in the external economy. But I think many people have overlooked the human factor behind all this. Indeed, in the past few years, the Government has treated certain industries particularly well. For instance, with regard to the securities industry, the Government has abruptly changed the positive non-intervention policy into one featuring "excessive intervention; and some officials have hastily pursued changes and achievements without fully considering the realities and the actual operation; and co-ordination among certain Policy Bureaux has been lacking, resulting in these Policy Bureaux working separately in their own way. All these phenomena have consistently pushed up the unemployment rate to new heights, which is tragic. All these instances of man-made intervention are actually avoidable.

A pet phrase of mine is "Strive for growth in times of prosperity and quest for goals in times of stability". That is to say, stability is the prerequisite for any pursuit of more lofty goals; and there must be prosperity before we can strive for changes and growth. A small move may affect the entire situation. If changes are made before a comprehensive and accurate assessment of their impact on society is conducted, they would lead to many more uncertainties and do more damages to the innocent; and particularly when the unemployment rate is high and an economic downturn prevails, we should not do anything that would force the various businesses to cut staff or fold up due to operational difficulties. On the contrary, the Government should seriously listen to the professional opinions of the experienced members of industries and stop dwelling on some grand but empty, illusory conceptions. It should concentrate on measures to stabilize society and give top priority to tackling unemployment for the well-being of Hong Kong people.

As far as I know, many industries have encountered different problems as a result of the Government's high-handed intervention. I am not going to talk about the situation in other industries. I just wish to concentrate on that of my sector.

Madam President, I understand it is no easy task to resolve the unemployment problem. But I think that assisting the development of SMEs to increase job opportunities is definitely conducive to alleviating unemployment. So, I support the many proposals in the original motion and in the amendment.

Looking back, the securities market in Hong Kong began to flourish in the '70s. This was definitely attributable to the efforts of local small and medium-sized securities dealers and brokers. Even though there have been several stock market crashes in which stock prices plummeted or financial crises, these people with strong willpower and perseverance ("毅恆者") ("毅" as in "毅力" (meaning willpower) and "恆" as in "恆心" (meaning perseverance)) who take root in Hong Kong had, in the face of adverse market conditions, given play to the spirit of Hong Kong people, striving for improvement in dire circumstances, braving out storms together with the lifelines of the Hong Kong economy and doing their utmost to pull through the adversities. Without their unremitting efforts, Hong Kong would not have enjoyed its status as an international financial centre in the world.

Time has changed. The market turnover has dwindled from the peak in 1997 at tens of billions of dollars daily to only billions of dollars in recent years. As such, the securities industry, like being perpetually put on "saline drip", is operating under increasingly difficult conditions. Notwithstanding such an alarming situation, the Government and the relevant authorities had not only failed to put forward positive measures to boost market turnover. Worse still, they had rubbed salt into the wound by allowing unfair competition to take place time and again. The most evident example is the Securities and Futures Ordinance which has just been enacted but has yet come into effect, for it still gives a lot of preferential treatment to the operation of securities business by banks.

Besides, even when the market turnover has now fallen sharply, the relevant authorities are still prepared to take a myriad of measures that may increase the operational costs of small and medium-sized securities dealers, and this would substantially reduce the capital of these small and medium-sized dealers in competing with banks which are financially strong and powerful. Under the present circumstances where the market turnover is low, costs are soaring and competition is unfair, local small and medium-sized securities firms are forced to resort to retrenchment and pay cuts in order to control operational costs. Worse still, many of those with strong willpower and perseverance ("毅恆者") who have great enthusiasm to pursue continuous development in the securities industry and to make contribution to Hong Kong have been forced to wind up.

In the meantime, the authorities concerned are bent on having their own way, stressing that the minimum brokerage commission system would be

abolished in April next year, which is grossly disheartening to the market. According to estimations in the market, this would push the wave of "winding-up" in the securities industry to a new peak, resulting in thousands of members of the trade becoming jobless and further putting pressure on the overall unemployment rate. As these unemployed people are mostly professionals and when no avenue is available for them to give play to their expertise, it would give rise to other social ills.

Madam President, according to statistics of the Census and Statistics Department, the number of companies engaging in stock, commodity and bullion brokerage, exchanges and services has dropped 25% since 1997, from 1 278 to 974. During the same period, the number of job vacancies in the industry has also fallen 80%, from 255 in 1997 to a mere 51 this year. As regards the number of employees in the industry, there was already a decrease of about 1 400 between March last year and March this year alone, and the figure had not yet fully reflected the aftermath of the "September 11 incident".

The industry demands for a policy that gives priority to employment and the call is very clear, that is, a reasonable space for us to survive. Recently, when I awaken from dreams with a start, I will be murmuring things like "Give me back my minimum commission; Kick out unfair competition; Show mercy, authorities, and let me live!".

Indeed, these heart-felt wishes are the strong aspirations that the securities industry has time and again reflected to the Government and the relevant authorities. They are also the position unanimously reiterated by representatives of the industry when they attended the special meeting of the Panel on Financial Affairs on the "penny-stock incident" at the invitation of the Legislative Council earlier.

As the saying goes: "Take preventive measures before problems arise". To resolve the prevailing serious problem of unemployment, it is imperative for the Government to stop, by administrative means, all measures that will further aggravate unemployment. Therefore, withdrawing the decision to abolish the minimum commission system can brook no delay. The Government must also adopt a co-operative attitude and work with the industry for an effective option in which all sides can win. Then the Government must consider how to facilitate fostering a level playing field through its policies in order to provide assistance to local SMEs. It should minimize unreasonable and unnecessary intervention and

policies, and expeditiously identify ways to boost market turnover, with a view to promoting economic development and increasing employment opportunities.

Madam President, to Financial Secretary Antony LEUNG and Secretary Stephen IP, I believe they have heard for many times what I have said today. I hope I am not "harping music to bulls" today, but "pouring out my grievances to the pines¹ and the leaves²". I hope that my words can penetrate deep to the roots, so that the century-old securities industry in Hong Kong can grow more luxuriantly and thrive with glamour again!

With these remarks, Madam President, I support the original motion of "solving the problem of unemployment" and the amendment to it.

DR DAVID CHU (in Cantonese): Madam President, we must find new impetus and a new engine for our economy once again in order to solve the comprehensive unemployment problem. Although economic restructuring is a long and painful process, the Government is duty-bound to implement policies to promote restructuring and ease the pain. The community has reached a consensus that developing the technology industry and high value-added industries is one of the engines for promoting the economic development of Hong Kong and the goal has been repeatedly emphasized by the SAR Government, but there have not been any obvious substantive results yet. People still have an impression that more has been said than done in developing the technology industry, mainly because the support policies of the Government are inadequate and fail to attract more foreign investors to invest in our technology industry.

The initial development of the technology industry requires enormous capital and the investors have to bear great risks. For this reason, the governments of various parts of the world such as Singapore, South Korea and Taiwan among the Four Little Dragons have offered tax or other concessions to attract foreign investment. For example, Singapore offers profits tax exemption or reduction to pioneer technological investment projects for certain years. In South Korea, overseas manufacturers investing more than US\$50 million are given profits tax exemption for seven years.

¹ "Pines" in Chinese is "松", which is also the last character of Mr Antony LEUNG's Chinese name.

² Leaves in Chinese is "葉", which is also the surname of Mr Stephen IP in Chinese.

Madam President, I understand that Hong Kong upholds a simple and low tax system and our economic structure and actual situation are very different from those of foreign countries, and it is not entirely suitable for us to borrow wholesale the experience of foreign countries. However, in the present difficulties, we would not be able to open up new horizons if we do not take on new ideas and measures. The Government cannot overlook the fact that tax concession is an important factor for promoting investment growth.

To reverse the situation of a serious lack of investment in technologies, I suggest that, when an independent subsidiary company established by an investor for the development of innovation and technology is unsuccessful in the development, the losses of the subsidiary company could be transferred to the parent company to relieve its tax liability. It will make enterprises more willing to invest in technologies. Moreover, the increased investment in technologies by enterprises can create more employment opportunities for local professionals and higher-skilled workers, which can also stimulate consumption and the demand for offices and residential flats. Although the Government would initially have less tax revenue in offering tax concessions, the Government and all Hong Kong people will be benefitted at the end if restructuring is successful and the economic situation is improved. Thus, it is a good deal.

Madam President, to attract more foreign capital to Hong Kong or make local businessmen more willing to make investments, the Government must improve the business environment, for example, it should repeal legislation that is unfavourable to the business environment or impose restrictions on doing business and reduce the business costs. Insofar as business cost is concerned, there have been considerable downward adjustments in the wage and rental levels in Hong Kong due to the prevalent economic conditions, but fuel charges are still at extremely unreasonable levels, with direct impacts on the competitiveness of Hong Kong. A survey conducted by the Consumer Council shows that the post-tax price of unleaded petrol in Hong Kong is 1.5 times that in Shenzhen and 1.2 times that in Singapore. The Government has repeatedly said that competition should be introduced, but there have not been obvious results. Therefore, the Government must expeditiously find out the deficiencies of the existing measures, promote competition in the fuel market and reduce fuel prices by every feasible means for the benefit of industrial and commercial organizations and the public at large.

With these remarks, I support the motion.

DR DAVID LI: Madam President, I am a firm believer in market principles. The market is the best gauge of a sound business strategy, and a sound employer. In devising solutions to the unemployment problem, our goal must be to create sustainable employment.

Expenditure of public funds to create employment opportunities may ease the hardship of the unemployed in the short term. However, this course of action is not a viable long-term solution. What more, then, should the Government be doing? How do we create sustainable employment? The Government must do more to create the conditions that allow business to flourish and employment opportunities to grow. First and foremost, that means devising and implementing policy initiatives in support of Hong Kong business.

We all recognize that Hong Kong's future is closely tied to the development of the Mainland. In solving our unemployment problem, our Government's energy must now be focussed on policy initiatives that open up opportunities for Hong Kong business on the Mainland. Only the Government can do that job on behalf of all Hong Kong companies. Only the Government can do that job on behalf of all of Hong Kong's working age population.

I would like to see more contact between Hong Kong officials and their mainland counterparts. I would like to see Hong Kong officials standing up for Hong Kong's interests. I would like to see Hong Kong officials working with their counterparts on the Mainland to devise win-win solutions for both Hong Kong and the Mainland. The key to solving our unemployment problem is for our Government to pursue a vigorous programme in support of market access for Hong Kong business on the Mainland.

By lobbying the mainland authorities, are we going with bowl in hand, looking for favours and handouts? Certainly not! By lobbying, we ensure that our interests are taken into account when decisions that affect us are made. If we do not speak up, no one will step in and speak up for us. "One country, two systems" does not mean that we shun contact. It does not mean that we refuse to lobby the central and regional authorities on the Mainland for improved market access for Hong Kong firms. Countries worldwide are lobbying China for better market access. How can we — a part of China — sit idle?

We, in the financial services industry, have long called for our Government to do more in support of Hong Kong's financial institutions on the

Mainland. We have been encouraged at the progress that has been made. For example, the improved cheque clearance procedures between Hong Kong and Guangdong Province have been welcomed by the industry, and by all our clients.

However, the pace and scale of such efforts have been short of what is necessary to ensure the vitality of Hong Kong's financial services industry. Instead of expanding, Hong Kong banks are cutting back. Instead of growing on the Mainland, Hong Kong banks face restrictions. I urge the Government to work closely with the financial industry associations here in Hong Kong to pursue market access on the Mainland. I urge our Government to act!

The motion before us recognizes that the government policy initiatives are the key to solving our unemployment problems. The motion recognizes that it is not effective to throw money at a problem, if we do not have firm and effective policies.

Yet, I am disappointed that, of the many important sectors that make up the Hong Kong economy, the motion singles out only the logistics industry for attention. The amendment adds the recycling industry. May I point out that the financial services industry is also a major local industry, one which supports a high level of local employment. The financial services industry creates high value-added jobs, and is well-suited to our local environment. Does it not deserve the same attention from our Government?

That said, I agree with the broad principles of the motion. Therefore, I am pleased to tender my support.

Thank you.

MR NG LEUNG-SING (in Cantonese): Madam President, to formulate an economic development strategy that gives priority to employment is a response to the economic circumstances and employment problems of the public on the one hand, and an essential element in long-term social development. I believe this is the consensus of all sectors of the community. I am a member of the banking and financial sector and I have participated in public services in respect of land and public housing for a long time. From my personal experience and observations, to promote an economic development strategy that gives priority to employment under the specific circumstances of Hong Kong, I believe we must

consider how best matching land and housing policies can be formulated to effectively realize the objective of the economic policy that gives priority to employment.

Hong Kong is a low tax economy, the profits tax payable by enterprises and income tax by individuals are lower than those in other economies, but there is a price to pay. We have higher land costs, so, people have to spend heavily on housing and enterprises have to meet high rental costs. Even under a low tax regime, the living expenses of people and operating expenses of enterprises remain high. However, the Government can still rely on and enjoy secured land-related revenue under the low tax regime. Evidently, the financial management method of the Government has two fundamentals. Firstly, a low tax system that makes investment in Hong Kong attractive. Partial adjustments may still be made to the existing taxation policy; for instance, sectoral tax concessions may be explored, though there is already very limited room for adjustment under the low tax system. Secondly, maintaining the reasonable and steady development of land and property markets. The two must be mutually complementary to each other. If the fundamental of a low tax system remains unchanged, I am afraid it would be equally difficult to change the other fundamental. It seems financially unrealistic to expect to have a low tax system on the one hand and substantially reduce land costs on the other.

The above model has been shaped after years of operation of our economy. Under this model, many enterprises and people own properties as investments and use them for financing purposes, forming a smooth cycle of economic activities within the system. Nevertheless, after the burst of the bubble in the wake of the financial turmoil, the property market has become sluggish, local economic activities are impeded, and investors and consumers have become inactive, all these acting together to induce a deflation year on year. With the public coffers hard-pressed for revenue, it is extremely questionable whether Hong Kong can continue to maintain a low tax system that can attract investments and economic activities in the long run. Therefore, the formulation of an economic development strategy that gives priority to employment will inevitably have to be complemented by public policies in respect of land and housing. In other words, the Government must have more explicit and stronger long-term policies to stabilize the development of the property market through land supply. We can remove the obstacles to stimulating economic activities and employment only by eliminating all the uncertainties in respect of the relevant policies.

Madam President, from a more microscopic perspective, we must grasp the main point and concentrate resources and strength in formulating specific economic policies for promoting employment. For instance, the Government can choose to provide employment assistance to industries that require lower skills but employ more people for obvious short-term results in alleviating the unemployment problem. It should attach importance to the substantive results of training and assist unemployed people in taking up new jobs through on-the-job training allowances or learning as they work. All along, I have suggested, and actually written to the relevant Secretary that the Government should consider making the domestic helper trade that has absorbed more than 200 000 overseas employees the focus and seek to make a breakthrough there. The Government should assist unemployed people in participating in the trade by giving them post subsidies, directly subsidizing employees who learn as they work. It will be able to alleviate or even solve the difficulties of tens of thousands of unemployed people within a fairly short period, and it can also reduce unemployment assistance and promote the local retail market. I hope the Government can drum up the resolve and make enterprising and effective plans in a short time. Even if it does not have a panacea, it would be able to set people's mind at ease under the present circumstances, which would be conducive to social stability.

I would like to say in passing that the amendment has referred to the competition between small businesses and consortiums. When the economy is in the doldrums, people would inevitably worry that distinguishing between small businesses and consortiums may not help unite all businesses in tiding over the difficulties together.

Madam President, I so submit.

MS MIRIAM LAU (in Cantonese): Madam President, Mr TAM Yiu-chung has proposed a motion on solving the problem of unemployment problem today. As one of the measures proposed in the original motion for adoption by the Government is related to the logistics industry that I am very much concerned about, I would like to take this opportunity to make a few comments.

The original motion proposes promoting vigorously the development of the logistics industry. I believe it is aptly oriented because the Government has identified the logistics industry as one of the four engines of future economic

development. However, has the Government promoted the logistics industry to the best of its abilities? In all fairness, I believe the Government has done its utmost. It has established a Steering Committee on Logistics Development chaired by the Financial Secretary and set up a Logistics Development Council under the charge of the Secretary for Economic Development and Labour. I wish to declare interests. I am a member of the Logistics Development Council and we have held numerous meetings within almost one year. The logistics industry and the related industries actively support the policy orientation of the Government. Although we have done a lot and the Government has made a lot of efforts, I believe there is still room for improvement in terms of speed. Even though we have done a lot, not much has been presented before people's eyes. I believe the Government and the Logistics Development Council should conduct a review and I hope that policy initiatives that can really provide the industry with assistance would be introduced as soon as possible in order to show the public that we have actively promoted the logistics industry.

The motion also proposes assisting the industry in enhancing the efficiency of logistics services and the policy is perfectly correct. Nevertheless, when we discuss enhancing efficiency, we must note that the Mainland has enhanced efficiency very speedily, much faster than we anticipated. Therefore, we cannot treat the matter lightly. Apart from efficiency, we also have to note that many consignors attach great importance to prices. As we all know, many charges in the Mainland are lower than those in Hong Kong. If there is not much difference between Hong Kong and the Mainland or the peripheral regions in terms of efficiency, but there is a big gap in prices, I believe the consignors would easily choose not to export cargoes through Hong Kong. When we discuss the relationship between the logistics industry and employment today, the Government must bear in mind one point in respect of creating more employment opportunities in Hong Kong. Regardless of how good Hong Kong develops the logistics industry and even if there are many elite enterprises in the logistics industry, if we fail to make consignors ship cargoes to Hong Kong and re-export them through our harbour or airport after making our best efforts, we will have failed. Even if we have developed the logistics industry very well, it will be of little help to the employment situation in Hong Kong.

The motion also proposes extending the sources of cargo, which is certainly correct. We will be successful if the influence of Hong Kong could be extended to the deep hinterland of the Mainland and cargoes from such sources could be exported through Hong Kong. Is it that simple? We should notice

that South China used to be the major source of cargoes to Hong Kong for a fairly long time in the past, but we have noticed that the percentage of cargoes from South China has diminished over the past few years. If the sources of cargoes from our peripheral regions gradually become unavailable, we may have to look farther for sources of cargoes. When we look for sources of cargoes in far away places within the vast territory of China, we must not forget that the travelling costs would be higher and the journeys would be longer. Why should the consignors take long journeys to export cargoes through Hong Kong? It may not be impossible, but unique logistics services must be developed in Hong Kong so that the consignors would find it worthwhile to import and export cargoes through Hong Kong.

I would like to make another point. The logistics industry is not only related to cargo transportation, and it has another very important link of providing value-added services to attract consignors to ship cargoes to Hong Kong. If we can provide one or more kinds of value-added services that cannot be or are not easily provided by other regions, we would be able to help consignors determine whether cargoes should be shipped through other ports or Hong Kong. The development of value-added services in Hong Kong is closely related to creating employment opportunities in Hong Kong. If there are facilities for value-added services in Hong Kong, there have to be operators, and more employment opportunities would be created. Nevertheless, it seems that the Government has not particularly considered this point. I hope the Government would not forget this link in the course of developing the logistics industry in the future. Thank you, Madam President.

MR ALBERT CHAN (in Cantonese): Madam President, when the economy is in the doldrums and there is a high rate of unemployment, a motion urging the Government to expeditiously formulate a strategy that gives priority to employment and improves the environment for competition is very timely indeed. Instead of merely holding empty talks and failing to put policies into action, I hope the government officials present today would really take heed of the views expressed by Honourable Members, formulate realistic policies and put them into action in a down-to-earth manner — I emphasize a down-to-earth manner.

Madam President, though the Government is duty-bound to create employment and a more favourable and better employment environment, its

policies and their effects have more often than not failed to create employment or improve the economic environment. Conversely, they have created unemployment and made the economic environment worse. One of such policies is the civil service pay reduction. Reducing civil service pay would deal a heavy blow to the spending and confidence of 170 000 to 180 000 civil servants in Hong Kong who would have weaker consumer sentiments for their fear of pay reduction and lack of confidence in the Government. Civil servants used to be a major force for internal consumption and a considerable number of them were potential owners of new flats, especially the newly completed ones. But their consumer sentiments are now affected by the pay reduction, a lack of job security and confidence in the future.

Secondly, the Financial Secretary has required various departments to reduce expenditure. He has to a certain extent asked for layoffs under the guise of reducing expenditure because a department will reduce expenditure naturally by cutting staff or salaries, and it would be necessary to lay off staff if substantial salary reduction cannot be made. It is estimated that there would be waves of layoffs in government departments and publicly-funded organizations after the Financial Secretary's call for a reduction in expenditure that is contrary to the Government's intention to alleviate unemployment.

The land resumption policy that affected or even caused the closing down of factories is the third government policy that aggravates the unemployment problem. I have repeatedly cited the problems arising from the Wah Kai Industrial Centre incident many times. Owing to the problems in compensation after the forced land resumption, some of the 100-odd factories closed down, were compelled to go into liquidation or moved to the Mainland, and some of them have not resumed operation yet. These government policies and measures that create unemployment are jeopardizing our economy and pushing up the unemployment rate.

The Government often puts up a show such as meeting people in the districts, but it has not taken practical measures to handle problems, especially those related to people's livelihood and the grass roots. The Financial Secretary met negative-equity asset owners at the Whampoa Garden when he first assumed office only to tell them that the Government could not guarantee returns from investments, but he had not put forward any measures to provide them with assistance. Nevertheless, the Financial Secretary boldly took measures to shore

up the market in the light of poor flat sales by the consortiums. He charged at the front and supported the market when the rich did not have profits and other Secretaries had to tone down his remarks ultimately. Yet, when negative-equity asset owners sought assistance from him, he said in a high profile that the Government could not guarantee profits for them. They were not asking the Financial Secretary to bring them profits, but only to assist them in tiding over difficulties. He treated the public and the consortiums very differently, he adopted such an attitude towards the public but flattered the consortiums. I sternly warn the Government against handling livelihood and economic problems with such attitudes for so doing would only lead Hong Kong into a dead end.

The Government has proposed a number of policies to promote the local community economy, which are seemingly able to vitalize the local industries. Almost a year has passed, but the night bazaar has not yet commenced business because many investors have incurred losses as a result of exploitation even before commencing business. I really hope that the Government would come up with effective practical measures before telling people that it would tackle the problems, lest it would not be able to create employment opportunities but would conversely create unemployment and economic problems.

Thirdly, Madam President, Chief Executive TUNG Chee-hwa said almost two years ago that employment opportunities would be created by investing in large infrastructure projects. However, my latest understanding is that many departments are considering which infrastructure and public works projects to be reduced because of the fiscal deficit problem. To achieve the ambitious goals espoused in the Financial Secretary's budget, these departments have to act against the Government's policy. I am not sure if what the Government says this year or next is true. In respect of large infrastructure projects, I hope the Financial Secretary would later clarify whether he has received any instructions to require the relevant departments to reduce public works projects that have been preliminarily decided, for such reduction would have very serious impact on our economy.

Madam President, while the Government creates employment, stimulates the local community economy and improves the economic environment, I again call upon it to look after the interests of people from different sectors rather than being biased towards certain sectors or people, or the consortiums that are dearest to it. This is critical to the future of Hong Kong.

MR FREDERICK FUNG (in Cantonese): Madam President, the economy of Hong Kong has continued to remain at the low ebbs in recent years, with the unemployment rate consistently standing at a high level. According to statistics, there are still more than 270 000 people out of job, and in August this year, the number of cases in which Comprehensive Social Security Assistance (CSSA) was granted on grounds of unemployment reached an all-time high of 38 000. This shows the gravity of the unemployment situation. A survey conducted by the Hong Kong Association for Democracy and People's Livelihood (ADPL) in August this year also found that as many as 95% of the interviewees considered the current unemployment problem serious or very serious; over 50% of the interviewees considered that the situation would continue to worsen next year, and among these interviewees, over 75% and 85% respectively considered that a continually worsening unemployment problem would lead to social unrest and undermine the ruling authority of the Government. From this we can see that the dire circumstances relating to employment in Hong Kong is not purely a question of demand and supply in the labour market. Rather, it involves social and political considerations and options. However, it is disappointing that over the past five years, we have still seen many inadequacies in the SAR Government's policies and measures on promoting employment and resolving unemployment. Particularly, government support is extremely lacking for middle-aged workers with a low level of education and skills, who account for as many as 40% of unemployed workers in Hong Kong. So, while this motion has put forward many policies or proposals to the Government, I think all these serve only to throw out a sprat to catch a mackerel, in the hope that the Government will give more consideration to Members' views. I, however, would like to discuss the contents of this motion more from a directional perspective.

Firstly, the various measures geared to assist middle-aged workers in seeking employment, such as the various retraining and skills upgrading courses, the Continuing Education Fund and Re-employment Pilot Programme for the Middle-aged, mostly focus on the supply side of the labour market, with the objective of upgrading the work quality of middle-aged unemployed workers in the long run through training and continued education. The ADPL and I do not oppose the training-based strategy currently adopted by the authorities to promote employment. However, it will take a certain period of time for such services which aim to add value to the workforce to bear fruits. As the saying goes, "distant water will not put out a fire nearby". These measures will not be able to meet the urgent needs of middle-aged unemployed workers in Hong Kong.

Moreover, under the prevailing irreversible trend of globalization, the life cycle of knowledge is in fact shortening. In other words, after the workforce has completed a training course, the knowledge and skills acquired from the course may already become outdated. In that case, wage earners might be forced to take up one training course after another and become "lifelong learning robots", who would find it difficult to apply the knowledge and skills that they have acquired.

In view of this, the ADPL and I hope that the Government can adjust the present direction of giving weight to long-term training and actively provide financial incentives, such as tax and land concessions, to attract the relocation of industries back to the territory. If the authorities can adopt this policy- and resource-oriented approach to attract industries to relocate their operations back to Hong Kong, it can not only provide abundant job opportunities, but also create thousands of jobs suitable for middle-aged unemployed workers. The ADPL and I believe that provided that enterprises are attracted to invest in Hong Kong, the speed of job creation and the ability to create jobs can be effectively enhanced.

Furthermore, I wish to cite an example that I had mentioned to some officials before. In the Shanghai Municipality, there is a "re-employment project for the 40s and 50s", a scheme specifically designed for female unemployed workers aged 40 or above and male unemployed workers aged 50 and above. This scheme may perhaps enlighten our Government. One of the measures adopted in the Shanghai Municipality to promote employment is that for every employee who falls in the prescribed age group and who are covered by publicly-funded social security insurance (協保人員), similar to CSSA recipients in Hong Kong, the employer can be granted a one-off subsidy of \$1,000 for employing each such employee for one year. The ADPL and I consider that although the employment situation and social culture in China and Hong Kong are different, the Hong Kong Government can try to encourage employers to employ unemployed CSSA recipients through tax concessions or provision of subsidies.

On the other hand, while the Chief Executive stated in the policy address in last October that some 30 000 jobs would be created, less than 10% of these jobs have been created as scheduled as at the beginning of this year. The ADPL and I are dissatisfied with the speed at which jobs are being created. While the situation has slightly improved since early this year, I still consider it inadequate

to provide 30 000 jobs in the next couple of years. Therefore, we consider it imperative for the Government to expedite the implementation of the various large-scale infrastructural and community facilities projects on the one hand, and create more short-term employment opportunities, say, jobs for one or two years on the other. We have suggested to officials before the creation of a large number of jobs relating to greening in community and waste recovery and recycling, for these "green collar" jobs are suitable for the middle-aged unemployed workers.

All in all, middle-aged workers with a low level of education and skills have all along been hit the hardest by unemployment in society. Most of them are even the breadwinners, and to these people, unemployment would affect them and their families in all aspects. It is because they are not just out of job. The problem is that they are the breadwinners for their families. These middle-aged unemployed workers are unlikely to be effectively transformed to being able to play a part in a knowledge-based economy through long-term training and continued education. Indeed, it is most important for them to land a job as soon as possible. Here, the ADPL and I hope that the Government can enhance the assistance for middle-aged workers with a low level of education and skills and help them find jobs or increase employment opportunities for them, so that they can stand a chance in competition and land a job. It is only in this way that the Government has genuinely sensed the urgency of the people.

Madam President, I so submit.

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

(No Member responded)

PRESIDENT (in Cantonese): Mr TAM Yiu-chung, you may now speak on Mr WONG Sing-chi's amendment. You have five minutes.

MR TAM YIU-CHUNG (in Cantonese): Madam President, my motion today has highlighted three major areas with eight measures in respect of solving the problem of unemployment. This motion has been proposed after repeated considerations by the Democratic Alliance for Betterment of Hong Kong (DAB)

and after collating the views from all sides. Conclusions were also drawn initial discussions at seminars to which members of various quarters of the community were invited to participate.

We have listened attentively to the three amendments proposed by Mr WONG Sing-chi. Perhaps due to the time constraint, he did not give us a detailed account of the measures relating to the three amendments. He only stressed the severity of the problem of youth unemployment and they being dropped out of school. I think the eight measures proposed by me have already covered youth unemployment, because we are talking about the overall unemployment problem. Certainly, in my speech I did emphasize the problem among grass-roots workers, because I think grass-roots workers have to shoulder the household expenses. They are often the breadwinners for their families and most of them have to provide for the subsistence of the whole family. So, I hope the Government can pay particular attention to their plights.

Mr WONG also mentioned the need to improve the education system and the need for articulation arrangements, and he also mentioned the many inadequacies. These appear to be digressing from our theme today. Moreover, he mentioned the promotion of waste recovery and the recycling industry. In fact, the Hong Kong Federation of Trade Unions is the first proponent of this suggestion. My motion also covers this proposal, as I said that we need to attract enterprises to invest in Hong Kong and assist the development of SMEs and various industries in the territory. So, my motion has actually incorporated this point. Of course, would it be better if more emphasis is laid on this? I think this would do no harm.

On the point that has induced more arguments in the debate, that is, the provision of a business environment in which small businesses can compete fairly with consortiums, I think the wording of this amendment is not quite right. The wording of the motion suggested the need to protect the survival of the small businesses, so as to prevent consortiums from "inflicting damages" on others with their enormous capital or dominating the market with less expensive products and services. This in fact requires the Government to actually provide lots of assistance to small businesses. In my motion, when I mentioned the need to support the SMEs in Hong Kong, I actually implied that they do require assistance for they sometimes are put in a disadvantageous position or restricted by their limited abilities. We must first formulate an economic development strategy that gives priority to employment before the problem can be fully resolved.

Despite my comments on the measures relating to the three amendments proposed by Mr WONG, I do not intend to vote against his amendment, for there is no significant conflict in principle between his amendment and our considerations.

I so submit. Thank you, Madam President.

FINANCIAL SECRETARY (in Cantonese): Madam President, first of all, I wish to thank Members for their valuable views in relation to employment and economic development. The speeches of Members have covered almost all economic aspects, and I will try my best to respond to them.

The motion moved by Mr TAM Yiu-chung and the amendment by Mr WONG Sing-chi urge the Government of the Hong Kong Special Administrative Region (SAR) to formulate an economic development strategy that gives priority to employment, in order to resolve the problem of unemployment. A great majority of the proposed measures happen to coincide with the strategy of the SAR Government. The Chief Executive has emphasized on many occasions that it is the first and foremost task of the SAR Government to improve the employment situation and that the Government will tackle the problem as a top priority. Employment is inextricably linked to many policy areas, including the measures mentioned in Mr TAM's motion and Mr WONG's amendment. It is the duty of the entire SAR Government to improve the employment situation. All Policy Bureaux will definitely make co-ordinated efforts to this end, and make promotion of employment their prime consideration when formulating policies.

On a question raised by Members, the Chief Executive undertook in the 2001 policy address that the Government would create 34 000 jobs. As at September 2002, 16 000 jobs have been created. It is estimated that by the end of this fiscal year, a total of 25 000 jobs will be provided, which is in keeping with the speed as originally planned.

To resolve unemployment, it is impossible to rely solely on government efforts to create jobs. If the Government can provide on its own opportunities for all people to be employed, then all governments in the world would adopt a centrally-planned economy. But in fact, as Members may notice, all economies in the world are developing in the direction of market economy. The world

development and experiences over the past decades have proven that private market is the best promoter of economic growth and creator of employment opportunities. Therefore, we must, in our strategy, facilitate the economic restructuring of Hong Kong and upgrade the overall competitiveness of Hong Kong to provide the private market with more room of the development, thus enabling enterprises to create more jobs. In my reply to the written question raised by Mr Kenneth TING this afternoon, I have pointed out that the Government is promoting the economic development and restructuring of Hong Kong in eight ways as follows:

- (i) Maintain Hong Kong's institutional strength;
- (ii) Reduce the size and involvement of the Government;
- (iii) Promote closer economic ties with the Mainland of China;
- (iv) Upgrade human resources;
- (v) Investment in infrastructure;
- (vi) Promote development in high-value-added sectors, including the financial services sector mentioned by Dr David LI earlier on;
- (vii) Develop the relevant sectors, including tourism and local community economy, to provide broad-based employment; and
- (viii) Stabilize the property market.

I trust that Members will consider my written reply and so, I do not wish to repeat the details here.

Now let me respond to the specific views in the motion:

(1) Facilitating business operations and attracting investment

To improve the business environment and maintain Hong Kong as the best place for doing business, the SAR Government has been implementing the Helping Business Programme. Since the inception of the Programme, and with close co-operation among the relevant Policy Bureaux and departments, about 90

projects and studies aiming to facilitate business operations have been completed. Some 300 improvement measures have also been implemented, such as streamlining the licensing procedures for restaurants, relaxing the restrictions on the use of industrial premises and industrial sites, expediting the processing of new applications for business registration certificates and establishing a Business Licence Information Centre to provide one-stop information services for the business community, and so on. We will continue to take these initiatives forward and review the laws and administrative measures relating to the operation of enterprises, with a view to further improving the business environment of Hong Kong.

I very much agree with the view of Mr CHAN Kam-lam that a further review of the existing procedures and regulations by the Government is warranted. Members may have heard the "3Rs" and "1M" advocated by me, that is, reprioritization, reorganization and re-engineering, while capitalizing on the private market through, for instance, privatization and outsourcing, in order to act as a market enabler for private enterprises. The Government has made considerable improvement in this regard. I understand that there is still plenty of room for improvement. I hope Members can directly give me their views when they see problems. I promise that I will actively follow up their views to ensure that the SAR Government keeps pace with the times in order to better serve the people of Hong Kong.

(2) *Taxation and Land Policies*

Hong Kong has all along maintained a simple, neutral and predictable tax regime with low tax rates. We impose tax on all trades and industries at the same rate to provide a low-tax and fair business environment. Taxes in Hong Kong are among the lowest in the world. Our tax regime is an important factor for attracting foreign investment and promoting the sustained economic development of Hong Kong. To ensure our advantages in terms of the tax system, we must, from time to time, review the tax rates and the relevant arrangements to maintain our competitive edge.

In respect of land policies, it has been our policy objective to provide sufficient land to meet demands in the market, support infrastructural development, and help maintain the stable development of the property market. The present market-led land sale system provides a fair and open mechanism attracting local and overseas investors to expand their business in Hong Kong.

With the exception of some special cases, generally speaking, under the principle of fair competition, the Government will not sell land to individual investors at concessionary prices. As for land use, we do appreciate the business community's hope that the Government can afford them flexibility. In this regard, and as I mentioned earlier, to encourage better utilization of vacant industrial premises, the Town Planning Board has gradually relaxed the restrictions on the use of industrial buildings, allowing such buildings to be used for entertainment and business purposes. Besides, for certain technology industries having special needs for support facilities, some infrastructure projects, such as the Science Park and the Cyberport, have been launched to achieve a clustering effect. We believe these institutions and the relevant support facilities can provide investors with an environment conducive to business.

(3) *Assisting the development of small and medium enterprises and various industries in Hong Kong*

Small and medium enterprises (SMEs) have all along been the backbone of the Hong Kong economy. To the SMEs, the best kind of assistance is economic growth, for it means that they will have the opportunity to make money. In the meantime, we will continue to provide diversified support for SMEs to enable them to grow prosperously. At the recommendation of the SME Committee, the Government is pressing ahead with over 30 support measures in full steam, including the four funding schemes with a total commitment of \$7.5 billion, to provide comprehensive support services for SMEs in respect of six major areas, namely, financing, market access, corporate governance, human resources development, application of technology and business environment. We are currently reviewing the operation of these funding schemes with a view to ensuring that they can better meet the needs of SMEs.

Moreover, we are making great efforts to create an environment conducive to the development of high-value-added and technology-based industries, in order to maintain the competitiveness of our industries in the international market. The Commerce, Industry and Technology Bureau is looking into ways to capitalize on the advantages of the local textile and garment industries, in order to further develop Hong Kong into a fashion centre, thereby promoting the development of these industries. We believe supporting the development of local high-technology-based and high-value-added industries and upgrading the competitiveness of our traditional industries will be helpful to creating more employment opportunities in the labour market.

Mr TAM mentioned the importance of establishing and promoting the brand names of Hong Kong. We very much share his view. Following globalization, competition among enterprises has become increasingly fierce. The manufacturing industries in Hong Kong can no longer rely on production costs to gain an advantage in competition. Rather, they must transform their production mode from Original Equipment Manufacturing to Original Design Manufacturing and Original Brand Manufacturing, in order to stand out from middle-to-low-class products that cost less, and to establish our own advantages. The SAR Government has endeavoured to promote Hong Kong brand names through the Hong Kong Trade Development Council (TDC), with a view to upgrading the competitiveness of enterprises in Hong Kong. The rapid development of the consumer market in mainland China also provides enormous room for the development of Hong Kong brand names. I call on Hong Kong businessmen to firmly grasp this very opportunity.

(4) The Mainland and Hong Kong

I entirely agree with Members that we should, as far as possible, ride on the momentum of the rapid development in the Mainland, particularly through close co-operation with the Pearl River Delta Region, to expand room for the development of Hong Kong and further promote the flow of personnel, goods, capital, information and services between Hong Kong and China. We are implementing in full swing projects to improve the existing boundary control points, with a view to increasing their handling capacity and improving the environment of the control points.

Starting from the latter half of the year, we will embark on major and minor improvement works at Lo Wu Control Point by phases, and the many items of improvement works at Lok Ma Chau Control Point will also be completed successively. In addition, the two new land crossings, including the Shenzhen Western Corridor and the Lok Ma Chau Spur Line, will also be completed in 2005-06 and in 2007 respectively. We expect the Shenzhen Western Corridor to handle a vehicular throughput of 44 000 vehicle trips daily upon commissioning. Moreover, the Sheung Shui to Lok Ma Chau Spur Line is scheduled for completion in the middle of 2007, by then a new control point at Lok Ma Chau will also be opened, which is expected to handle as many as 150 000 travellers daily at the initial stage.

Apart from improving the hardware facilities at cross-boundary control points, Hong Kong and the Mainland are actively making improvements to the relevant measures and policies. As regards tourism, for instance, the Mainland abolished the quota on "Hong Kong Tour" early this year and the number of designated travel agencies has increased from four to 528 this year. The validity period of multiple-entry business visa for mainland business travellers has also been extended from six months to a maximum of three years. After the implementation of these measures, over 4.11 million mainland visitors have come to Hong Kong in the first eight months of the year, an increase of nearly 45% compared with the corresponding period last year. This has a positive impact on the job markets of such industries as retail, hotel, and catering. Guangdong Province and Hong Kong have also stepped up co-operation and made concerted efforts to launch business promotion and publicity campaigns overseas. The TDC and Invest Hong Kong have organized activities with emphasis on promoting the Great Pearl River Delta Region to the business sectors in Taiwan and Japan. We believe continued co-operation between Guangdong and Hong Kong will further promote the interaction between the two places in the flow of people and goods, thereby injecting new dynamics into the Hong Kong economy, which will be helpful to improving the overall employment situation in Hong Kong.

(5) *Logistics*

Logistics is one of the industries to be vigorously promoted in Hong Kong. The Steering Committee on Logistics Development chaired by me is tasked to co-ordinate the work of various Policy Bureaux in this connection. The Chief Secretary for Administration and I will make every effort to push ahead improvements to clearance facilities at the boundary to facilitate the flow of goods between the Mainland and Hong Kong. Before the completion of the various projects mentioned by me earlier, we have made some achievements in this respect over the past couple of months. For example, at land crossings, the Customs and Excise Department (C&ED) has made continuous efforts to streamline the clearance procedure in order to shorten the time required for clearance. Take the Lok Ma Chau Control Point as an example. The handling capacity of each kiosk per hour has increased from about 90 goods vehicles in October 2001 to about 130 in June 2002. The C&ED is implementing another pilot scheme to streamline the procedure, hoping that the clearance time for laden vehicles can be further shortened from about 30 seconds at present to 15 seconds. Shenzhen and Hong Kong are working together to enhance the

capacity for clearing south-bound goods vehicles during night-time. The handling capacity with regard to south-bound goods vehicles between midnight and 7 am has increased from an average of 533 goods vehicles in August to around 1 000-odd goods vehicles at the most recently.

In respect of air freight, the volume of air cargo in the first eight months of the year has increased by 24%, compared to the corresponding period last year. The aggregate cargo throughput for 12 months has registered a growth of 9.3% at 2.32 million metric tonnes. The DHL International (Hong Kong) Limited (DHL) signed a franchise agreement with the Airport Authority last week on the development of a Dedicated Express Cargo Terminal at the Hong Kong International Airport. This, together with the joint announcement by DHL and Cathay Pacific Airways earlier on their co-operation in expanding the regional express cargo services by utilizing the Hong Kong International Airport, precisely demonstrates our competitive advantages. We will make continuous efforts to actively promote the development of the logistics industry to consolidate the overall competitiveness of the logistics industry in Hong Kong and create new job opportunities for Hong Kong workers. Studies are being conducted on establishing a Digital Trade and Transportation Network System to provide a neutral and open information platform, in order to enhance the efficiency of the flow of information in the logistics industries. Also, studies are being conducted on the feasibility of developing high-value-added logistics parks to enhance our ability to provide value-added logistics services and hence attracting more high-value-added air cargo to flow through Hong Kong.

(6) *Waste Recovery*

Mr WONG Sing-chi suggested the creation of jobs through environmental industries, waste recovery, and so on. In this connection, the Government has been doing its utmost to promote waste recovery and recycling. For instance, we have, in recent years, stepped up efforts in public education and publicity on waste recovery, and some 20 000 waste separation bins have been placed at public places, schools, and public/private housing estates all over the territory to collect waste papers, aluminium cans and plastic bottles. Moreover, we have injected \$100 million into the Environment and Conservation Fund mainly to finance waste recovery schemes at the district level. We will continue to work with District Councils, community organizations and environmental groups to promote various kinds of recovery activities, including a pilot scheme on the separation of dry and wet refuse to be implemented next year. In the light of

the needs of the recovery industry, 20-odd sites will be provided on short-term tenancy specifically for use by the recovery industry, and another 20 hectares of land in Tuen Mun are earmarked for the development of a Recovery Park to provide a long-term site for the recovery industry. We believe these measures can bring more business opportunities to the recovery industry and are conducive to the development of the industry, and this will, in turn, create more employment opportunities.

(7) *Fair Competition and Local Community Economy*

Promoting economic development aside, the Government also endeavours to provide a business environment underpinned by fair competition. The objective of the Government's competition policy is to enhance economic efficiency and promote free trade through competition for the benefit of consumers. I am very glad to note Members' agreement that we cannot determine whether the competition principle has been violated purely from the scale of business or market share. A more important consideration is whether any inadequacy or irregularity exists, which would limit the opportunities for market access or competition and hence jeopardize economic efficiency or impede free trade, resulting in the overall interest of Hong Kong being injured. We also have to strike a suitable balance between the competition policy and other policy considerations.

The Competition Policy Advisory Group (COMPAG) chaired by me serves as a dedicated forum to review issues related to competition which have substantial policy or institutional implications. The COMPAG promulgated the Statement on Competition Policy in 1998. All Policy Bureaux, departments and public bodies are required to review policies and practices from the competition policy perspective, and propose new measures to promote competition in different industries and trades. Since the establishment of the COMPAG, the relevant Policy Bureaux, departments and public bodies have taken forward some 60 measures to promote competition in all relevant sectors. For example, the Hong Kong Housing Authority (HA) used to permit only the operation of businesses on the approved list in its shopping arcades. The HA reviewed this arrangement in May this year and decided that it would consider granting approval to businesses not on the approved list to operate in the shopping arcades under its management. All Policy Bureaux, departments and public bodies will continue to take appropriate measures to promote competition in the relevant trades and industries.

Apart from developing high-value-added economic activities, the SAR Government is vigorously promoting the development of local community economy to stimulate domestic consumption and mobilize community forces to bring the characteristics of local cultures into play. The Home Affairs Department has received over 100 proposals. Projects which have been and will be implemented include outside seating accommodation for restaurants in Sai Kung, marine fish culture farms, leisure fishing, a bazaar in Sheung Wan, and so on. The inter-departmental working group under my leadership will continue to monitor the progress of the promotion of local community economy and consider relaxing some policies, regulations or provisions on land use where possible and within reasonable limits, in order to take forward the series of plans for developing local community economic activities.

(8) *Clamping down on the employment of illegal workers*

To ensure that the employment opportunities of local workers are duly protected, the Government is determined to make an all-out effort to clamp down on the employment of illegal workers. All relevant departments will continue to take stringent measures to step up the clampdown on and deter the employment of illegal workers. In July and August alone, the Immigration Department launched a total of over 1 300 operations jointly with other law enforcement agencies against the employment of illegal workers. Close to 2 200 illegal workers were arrested, of whom nearly 1 500 were prosecuted. Apart from the illegal workers, actions have also been taken against their employers. In these two months, over 170 employers hiring illegal workers were arrested, with charges pressed against 65 of them.

(9) *Infrastructural Facilities*

On the improvement of infrastructural facilities, the Government makes huge investment for this purpose every year. This has not only opened up numerous business opportunities for local enterprises, but also created a large number of jobs. In respect of expediting infrastructure projects, the Government implemented a number of measures in the past year to streamline the work procedures and shorten the time required for planning and implementing public works projects. These measures include simplifying the preliminary technical appraisal for works projects, streamlining procedures for the creation of minor works items, expediting the land resumption procedures, allowing the tendering for some works contracts to proceed in tandem with the

funding application procedures, and taking parallel actions for the environmental impact assessment and gazettal. With the implementation of these measures, the lead time from inception to commencement of construction of a typical engineering and building project has been shortened from seven years to less than four years.

In the next year or two, large-scale infrastructure projects to be commenced include the Shenzhen Western Corridor mentioned earlier, the Deep Bay Link, Route 9, Central Reclamation Phase III, the Central Government Complex and Legislative Council Building at the Tamar Site, Central. Insofar as these projects are concerned, we have expedited the planning and design of the works as far as possible, in the hope that the works contract can commence as early as possible so that jobs can be created earlier.

I wish to point out that despite a serious fiscal deficit, government expenditure on infrastructure in the next couple of years will still be on a par with the level proposed by me when I presented the Budget in March.

These infrastructural facilities are expected to bring along some 15 000 job opportunities from 2003 onwards. This, I believe, will definitely be helpful to alleviating unemployment. A Member also mentioned in the debate the need to expedite the construction of new exhibition venues, and this, I agree personally. I will actively follow this up with my colleagues.

(10) Upgrading the quality of human capital

We have consistently stressed that in times of economic downturn, the unemployed should work even harder to achieve continuous self-improvement, upgrade their knowledge and skills and equip themselves for the economic restructuring. To ensure that those unemployed people who cannot adapt to the economic restructuring can receive appropriate training or retraining, we will seriously review and thoroughly resolve the problems of structural redundancy and inefficient utilization of resources in respect of training and retraining schemes, and also problems concerning the course contents, and so on, to ensure that the assistance provided to the public is genuinely helpful to them.

The Government will set up the Manpower Development Committee, with a view to more effectively co-ordinating and monitoring vocational education and training efforts and organizing more diversified and quality-assured courses, in

order to cope with the ever changing demands for manpower. We will formulate a comprehensive population policy within this year to meet the needs of the long-term social and economic development of Hong Kong, having regard for the interests of all quarters of the community.

(11) Youth Education

The Government has all along attached great importance to the provision of suitable education and training for aspiring young people, to enable them to bring their potentials into full play and contribute to society. Despite the huge fiscal deficit, the Government is still investing heavily in education. Expenditure on education has drastically increased from \$37.9 billion in 1996-97 to \$61.4 billion in 2002-03, representing an increase of 62%. It is estimated that the education expenditure for 2003-04 will not be any less than that in 2002-03. On increasing opportunities for education, taking Secondary Four places as an example, we will, starting from this school year, increase about 6 000 subvented Secondary Four places, so that all Secondary Three graduates who aspire for and are capable of pursuing further studies can proceed to Secondary Four or take up vocational training, with a view to providing young people with more education opportunities.

I support curriculum reform so that students with different aptitudes can take up suitable courses to upgrade their knowledge, skills and attitude. Members also mentioned the Youth Pre-employment Training Programme (YPTP) in the debate. The YPTP has, in fact, proven to be quite effective. More than 35 000 young people have completed training under the YPTP in the three years since its introduction in 1999. The YPTP last year, which concluded successfully at the end of July 2002, trained up a total of 12 700 trainees. An employment survey was conducted by the YPTP Office among the trainees, and findings showed that about 2 400 trainees decided to pursue further studies after completing the training course; over 7 000 of the remaining 10 300 trainees had successfully sought employment, representing a placement rate of close to 70%.

On the other hand, the youth employment scheme also serves to alleviate unemployment among youths. I wish to point out that the purpose of the scheme is not only to ease unemployment, but to provide opportunities for youngsters to work as trainees, so as to enhance their employability and lay a good foundation for them to seek employment in future. As at the end of

September 2002, the Labour Department received 7 200 training vacancies from over 1 800 employers. This number of vacancies has substantially exceeded the original target of providing 5 000 training places, and the number is still rising.

Madam President, in response to Mr TAM's motion and Mr WONG's amendment, I wish to reiterate that all Policy Bureaux of the SAR Government will certainly tackle unemployment as a top priority. Our strategy is to work in line with the direction of the development of Hong Kong and position ourselves as a window on the world with the Mainland as our hinterland and particularly with our integration with the Pearl River Delta, with a view to consolidating and developing Hong Kong's status as an international financial centre, business services, information and logistics hub and tourism centre. New knowledge and new technology will be applied to provide high-value-added services to promote economic growth and create more employment opportunities. We will fully capitalize on the rapid economic growth in the Mainland and the market potentials to open up more room for the development of Hong Kong, thereby promoting economic restructuring and creating job opportunities. We will continue to inject huge resources into upgrading the skills of our workforce in Hong Kong, in order to ensure that they meet the needs of economic development.

We are faced with structural unemployment precipitated by economic restructuring. Added to this is the impact of uncertainties in the external economy. It is difficult to expect any significant improvement in the unemployment situation in the near future. Nevertheless, the SAR Government will continue to actively study and follow up proposals relating to employment and economic development. To resolve unemployment, it requires the efforts of all Hong Kong people. It is hoped that all of us can work in concert and draw on collective wisdom to promote economic restructuring, improve the business environment and open up more room for development, so as to create more employment opportunities.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr WONG Sing-chi to Mr TAM Yiu-chung's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr James TIEN rose to claim a division.

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

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

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Miss Margaret NG, Mr CHEUNG Man-kwong, Mr HUI Cheung-ching, Mr SIN Chung-kai, Mr WONG Yung-kan, Dr LAW Chi-kwong, Ms LI Fung-ying, Mr Henry WU, Mr Michael MAK and Mr IP Kwok-him voted for the amendment.

Dr Raymond HO, Mr Eric LI, Dr LUI Ming-wah and Mr Abraham SHEK voted against the amendment.

Mr Kenneth TING, Mr James TIEN, Mrs Sophie LEUNG, Mr Howard YOUNG, Ms Miriam LAU and Mr LAU Ping-cheung abstained.

Geographical Constituencies and Election Committee:

Ms Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Chin-shek, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr Andrew CHENG, Mr SZETO Wah, Mr TAM Yiu-chung, Dr TANG Siu-tong, Mr Albert CHAN, Mr

WONG Sing-chi, Mr Frederick FUNG, Ms Audrey EU, Dr David CHU and Mr Ambrose LAU voted for the amendment.

Mr NG Leung-sing voted against the amendment.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 20 were present, 10 were in favour of the amendment, four against it and six abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 22 were present, 20 were in favour of the amendment and one against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr TAM Yiu-chung, you may now reply and you have one minute 55 seconds.

MR TAM YIU-CHUNG (in Cantonese): Madam President, this Council has discussed the subject of resolving the problem of unemployment many times over the past two years. But Members have still spoken enthusiastically on this topic during the discussions today, spending over four hours on it. This shows that while Members still wish to put forward more views on how best this problem can be resolved, the Government will need to do more, to make more improvements.

Financial Secretary Antony LEUNG has responded one by one to the points raised in the original motion and the amendment, illustrating that the Government also recognizes the importance of an economic development strategy that gives priority to employment, and that the Government has done a lot to tackle this problem. But I hope that the Financial Secretary and his colleagues can keep up their efforts, listen more to different opinions and report more frequently on the progress of work. They should also note that they should sometimes avoid delivering any confusing messages.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr TAM Yiu-chung, as printed on the Agenda, 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 3.00 pm tomorrow.

Adjourned accordingly at twenty-five minutes past Ten o'clock.

Appendix I**WRITTEN ANSWER****Written answer by the Secretary for Home Affairs to Miss CHAN Yuen-han's supplementary question to Question 4**

We would like to point out in the first place that there is no internationally-accepted definition on young people who are "unemployed and unable to pursue further studies". Studies have been conducted on young people in Hong Kong lately upon concerns for their employment and studies situation. Available information has been used for the purpose of estimating the number of these young people. The estimate of "some 90 000" is calculated by summing up the number of unemployed young people, economically inactive young people who are not pursuing any studies (excluding those full-time home-makers and those who are not able to work owing to health reasons) as well as those taking up courses with limited number of study hours.

In the above calculation, the definition of unemployment for young persons is the same as the one used in delineating all unemployed persons of Hong Kong. There is no discrepancy in this regard.

As regards those persons who are not included in the labour force but are willing to take up jobs if being offered suitable employment, they are not taken as unemployed persons by international standard. They are potential manpower which might join the labour market when the demand for labour is great. In fact, the Government has collected data in this respect for study purpose, and the data have also been released.

Hence, there is no application of double standard on the part of the Government in defining relevant persons in statistical work or in identifying groups of people for concern.

Appendixes II and III**WRITTEN ANSWER****Written answer by the Secretary for Home Affairs to Mr LEUNG Yiu-chung and Dr Raymond HO's supplementary questions to Question 4**

On the question concerning the basis of the Administration for estimating the number of economically inactive young people who take up courses with limited number of study hours, an estimate has been derived from a statistical assessment conducted by the Census and Statistics Department as there are no directly available statistics. Reference has been made to the types of adult education/tutorial classes/vocational courses available. Persons who take up industrial and commercial vocational courses and general tutorial classes for primary and secondary school students should not be among the above-mentioned young people. Since only information on the number of attendants is available and there is no information on their age distribution, a crude estimation has to be made. After consideration of relevant factors, especially the proportion of persons aged 15 to 24 in the population, a crude estimate of 20 000 has been made.

In terms of accuracy, this estimate of 20 000 persons is naturally much cruder than the figure of 71 000 young people mentioned in part (b) of the Secretary for Home Affairs' main reply. Therefore, the total figure has only been said to be "some 90 000 persons".

Appendix IV**WRITTEN ANSWER****Written answer by the Secretary for Home Affairs to Ms Emily LAU's supplementary question to Question 6**

Section 6 of the Hong Kong Bill of Rights Ordinance (Cap. 383) (BORO) provides for remedies for contravention of the Bill of Rights. It states that a court or tribunal may grant such remedy or relief, or make such order, in respect of such a breach, violation or threatened violation as it has power to grant or make in those proceedings referred to therein and as it considers appropriate and just in the circumstances.

In short, any remedies for contravention of the BORO will be determined and ordered by the courts on the facts of the cases before them.