
III. Other Policies and Programmes

A. Land and Housing

Major Planning Studies

68. I have stressed that we need to respond to change by refining our economic policies and programmes. We must also plan to meet the needs of a growing population by providing a stable land supply and a high quality living environment. We are pushing ahead with planning and land use studies for Lantau, the Northwest and Northeast New Territories, Hong Kong Island South and Lamma Island. A study on the Southeast New Territories will explore the area's potential as a centre of recreation and tourism. In parallel we will review the structure and strategic functions of our inner city, with the focus on devising a mass-transit based development strategy. We will work towards an environmentally-friendly transport system and an efficient land use pattern to create a more balanced distribution of people and jobs.

Meeting Housing Needs

Recent Developments in the Residential Property Market

69. Property is one of the most important components of the economy. A good home is also an important factor in maintaining the quality of life, and the residential property market in particular serves as both a major vehicle for the personal investment of wealth and a public barometer of social stability.

70. The sharp fall in property prices in the past year has led to a decrease in asset values and has hit public confidence. If this trend continues, it will put pressure on the banking system. I believe that it is now necessary and desirable for property prices to stabilise. As a Government we cannot set price levels, nor can we dictate the degree of fluctuation in the market. But as the largest single supplier of land in Hong Kong we undoubtedly have an influence on the long-term pricing of property.

Housing Supply

71. When I announced in last year's Policy Address the target of producing 85 000 flats annually, I was setting a long-term housing target and looking towards our long-term land production programme. The announcement was made against the background of an over-heated economy and rapid rises in property prices. Our competitiveness as an economy was threatened and too many families could not afford to buy their own homes. However, the environment has changed dramatically since last October. The economy has contracted, interest rates are higher and unemployment has risen. This has led to a sharp drop in the near-term demand for private sector residential property.

72. As a result of this economic re-adjustment we have had to look again at the key components of the housing sector, namely: public rental housing; home-ownership scheme (HOS) flats; "sandwich" class housing; and the private residential sector.

Public Housing

73. In the public housing sector, the long-term production target set in 1997 was based on a programme to provide on average 50 000 units annually for the five years from 1997. This programme includes both public rental and HOS units built by the Housing Authority, as well as Housing Society flats. When I delivered last year's Policy Address, work on building some of these flats had already begun.

74. In respect of the public rental component, the Government remains fully committed to ensuring that no household in genuine need of housing should be denied the right to decent accommodation and within a reasonable period of time. We have pledged to reduce the average waiting time for a public rental unit to three years by 2005, and we are on target to achieve this.

75. As regards the HOS component of the public housing programme, we will proceed with the sales programme largely as planned. However, we will closely monitor the effect of our HOS flat sales programme on the home ownership market, and fine-tune the programme as necessary to ensure overall market stability.

Sandwich Class Housing

76. As to middle income earners, or the “sandwich” class, as many good-quality flats in the private sector are now affordable to them we have decided to suspend the building of flats under our schemes for this group, with the exception of projects which we have already started work on. However, we will continue to provide loans for downpayment to allow the sandwich class a wider choice of home in the private sector.

Private Residential Housing

77. Turning now to the private residential market, the 35 000 flats to be supplied by the private sector within the overall long-term flat supply target of 85 000 units annually was projected with regard to the supply and demand situation at the time. I see it as our first priority to do what we can to promote stability in this sector. Nonetheless, the actual number of flats built annually by the private sector over the next five years is likely to vary according to market demand, and in line with developers’ own commercial considerations.

Financial Assistance for Home Ownership

78. To promote home ownership we will continue to provide financial assistance to home buyers. Currently, we do this through the Home Starter Loan Scheme, the Home Purchase Loan Scheme and the Sandwich Class Housing Loan Scheme. These schemes have proved to be very popular. I have asked the Secretary for Housing to rationalise these schemes and to ensure that they continue to provide the appropriate level of assistance to households requiring help, as well as making the best use of public funds.

The Way Forward

79. Earlier this year we imposed a nine-month moratorium on land sales up to March 1999. We will decide early in 1999 whether or not to lift this moratorium, having regard to the need to ensure stability in property market. In the longer term, the Government's focus will be on ensuring that we produce sufficient land to be able to meet our needs. This will help to create a land bank which will provide the foundation for a stable market. Within the next ten years, our population will grow by about one million people. In our current population there are still many families in need of decent housing. Others will in time want to buy their own homes. Short-term difficulties must not, therefore, deflect us from our fundamental housing policy objectives, which are -

- to provide public rental housing to the needy, which is our priority; and
- to facilitate home ownership for those who wish to buy their own home.

80. For the longer term, as regards HOS flats, we will consider the extent to which we will continue to build such units - the "bricks and mortar" approach - as opposed to the alternative of offering home ownership loans. The recent fall in property prices gives us an opportunity to study this issue carefully. I have therefore asked the Secretary for Housing to consult all interested parties, including the Housing Authority, Housing Society and representatives of the property and banking sectors, and to reach a conclusion on this issue as soon as possible.

Urban Renewal

81. The quality of life in many of the older parts of Hong Kong contrasts unfavourably with that in our new towns. Buildings are run-down, hygiene is poor and there is a lack of social cohesion. We cannot allow this situation to

continue. We must improve the urban landscape of Hong Kong by replacing these areas with modern accommodation served by sufficient open space, a full range of community facilities and a good quality living environment.

82. In the past we have carried out a number of urban renewal projects which have been successful in improving parts of the older urban areas. But we need to take a more strategic and comprehensive approach to the problem. An extensive study, conducted over the past year, of the old built-up areas of Hong Kong has shown that there are sites covering a total of 76 hectares which require renewal or rehabilitation. The study has also shown that early action needs to be taken to improve areas occupied by some 1 400 old buildings accommodating 35 000 households. If we are to make good progress with urban renewal we need to find a way of shortening the time taken to implement projects, which in some cases take up to 12 years to complete. In the longer term we will also need to tackle the problem of redeveloping old industrial areas.

83. I am keen that we should address these problems quickly, and I have asked the Secretary for Planning, Environment and Lands to formulate an Urban Renewal Strategy which will provide a comprehensive planning framework for urban renewal. In parallel we will improve current procedures so that we can carry out projects more quickly and on a larger scale. To help in this regard, we will seek to establish as soon as possible an Urban Renewal Authority with statutory powers to make plans and acquire land more effectively and efficiently. Such an Authority must be transparent and accountable in its operation. It must also be able to implement the Urban Renewal Strategy with minimum delay, the aim being to reduce the time taken to complete projects to an average of six years.

84. We are now finalising our initial proposals for an Urban Renewal Strategy and drawing up the suggested terms of reference, powers and operational guidelines for the new Authority. We are also studying how to improve the financial viability of projects, and we shall explore with the Housing Authority how we might seek its assistance in re-housing those affected by the projects. It is crucial that we make an early start in this area. We aim to introduce an appropriate bill into this Council early next year, and look forward to Members' support for our proposals.

Safer Buildings

85. A long-term urban renewal strategy will help us eventually to remove many of the hazards that are presented by older buildings in Hong Kong. But we still need to deal with the fire safety and structural deficiencies of these buildings today. Following public consultation earlier this year, we have drawn up a programme to improve fire safety in private buildings. We will work first on upgrading fire safety measures in old mixed-use commercial and residential buildings, and then turn our attention to residential and industrial buildings. The Secretary for Security will prepare legislation in 1999 to help us implement the programme. We will also inspect electrical installations in 4 000 buildings in 1999 so as to identify necessary improvements. We will prosecute owners who do not comply with the statutory fire safety requirements.

86. To encourage proper upkeep of these older buildings, at the beginning of August we launched a Building Safety Improvement Loan Scheme to help building owners undertake inspections and repair work. In 1999, we shall develop a Code of Practice for owners on the inspection, assessment and repair of buildings.

Safer Slopes

87. Many areas of our city are built on or below natural or man-made slopes. We must ensure that these slopes are properly maintained so as to minimise the risk of land-slips. In the next ten years we plan to step up our work on slope improvements, and we will increase the manpower in government departments to allow them to maintain every slope in their care. We aim to be second to none in the world in our use of the latest skills, techniques and methods of investigation and risk assessment. In this way we will provide the best possible protection to the community from the risks of slope failure.

B. Investing in Human Capital

88. I have described how our economy will benefit from more investment in innovation, in our key value-adding industries and in infrastructure, and from a more stable property market. I now turn to another important element in improving our future, namely a commitment to investing in our human capital.

Education

89. The starting point for the development of an enlightened, knowledge-based society is good education. To take Hong Kong forward in an increasingly competitive world, we must give education top priority. In 1999-2000, education will continue to be the single biggest item of recurrent expenditure. Despite the economic downturn, total recurrent spending in this area will rise to nearly \$44 billion.

The Education Commission's Review of the System

90. The recent review of educational advisory bodies has re-affirmed the Education Commission's leadership role in co-ordinating the work of these bodies in helping the Government to set a strategic direction for education policy. Shortly after the 1997 Policy Address, the Education Commission began a review of the structure of our entire formal education system, from pre-primary to tertiary level. The Commission's work focuses on key issues related to the academic structure. These include the overall aims of education and how they relate to the nature and duration of the various stages in the system, from pre-primary to tertiary level. The review will also look at issues related to the curriculum and to methods of assessing academic achievement. The Commission's work in this regard is of great importance, and I look forward to receiving its preliminary findings in 1999.

Reform of the Education Department

91. In May this year we received a final report on the review of the management and organisation of the Education Department. In July we began public consultation on the review findings. Briefly, the main findings of the review were that -

- the Education Department should be re-structured to allow it to focus more clearly on service to its key clients, namely the schools, students and the community;
- the professionalism of the Department should be enhanced, in particular by drawing on the expertise of the education sector; and
- the Education Department should devolve more responsibility to schools with a view to improving their management.

I attach great importance to this exercise. Once we have received the public's comments on these findings, we will draw up detailed plans in early 1999 to implement the necessary changes.

Basic Education

Quality Education

92. In last year's Policy Address I set out a number of measures aimed at improving the quality of education in primary and secondary schools by having the schools take greater responsibility for the teaching environment. Among these was the setting up of the \$5 billion Quality Education Fund, under which schools can apply for grants to raise their standards through innovation. So far more than 500 projects have received a total of over \$350 million from the fund. These projects will benefit over 500 000 students in pre-primary, primary and secondary schools.

93. From 1999, we will also provide grants to all public sector schools to help them draw up management programmes which will give them more flexibility, as well as greater responsibility for improving the quality of education. Altogether these schools will receive an estimated total of over \$500 million in grants over the four years to 2003.

High Quality Teaching

94. We must also redouble our efforts to improve the quality of teaching in our schools. Our teachers and principals are the backbone of our education system, and their skill and commitment are essential to the success of this system. I announced in the 1997 Policy Address our goal of requiring all new teachers to be trained graduates. As a first step we will develop the Hong Kong Institute of Education into a degree-awarding teacher training institute. Currently the Institute offers 2 400 Certificate of Education places. In the 1999-2000 academic year we will start progressively to upgrade these places, and provide instead places at degree or above level at both the Institute and other tertiary institutions.

95. To improve further the quality and professionalism of our teachers, we will -

- allocate \$20 million to set up a General Teaching Council;
- develop an awards scheme which will recognise high performance and stimulate a culture of quality in the teaching profession; and
- provide subject training in music and art and crafts to some 600 teachers annually over the next seven years to ensure an all-round education for our students.

Whole-day Primary Schools

96. Last year I announced that, as an interim target we aimed to have 60% of our primary school children enjoying whole-day schooling by 2002. We are on course to achieve this target. Our longer term aim is for virtually all primary school students to enjoy whole-day schooling from the start of academic year 2007-2008. In pursuing this aim we must recognise constraints such as the availability of sufficient school sites in individual districts and possible shifts in population growth and distribution. Also, reluctantly we shall have to continue with the interim measure of slightly increasing class size, in the interests of achieving the important aim of full whole-day schooling.

Medium of Instruction

97. We remain fully committed to the promotion of mother-tongue teaching. First, because expert opinion world wide is that students learn best in their mother-tongue. Secondly, we are committed to improving the ability of our students to use Chinese and English. To help Chinese medium schools improve their teaching of English, we are -

- providing up to four additional English language teachers for each school, of whom a maximum of two may be native-speaking English teachers;
- giving schools additional recurrent grants for English language teaching materials and library books; and
- giving priority to Chinese medium schools in the provision of multi-media learning centres.

I realise that the implementation of the mother-tongue learning initiative caused some concern in the community. While we will continue to adhere to the principles behind this initiative, we have undertaken to review progress within three years to examine further how to promote mother-tongue teaching and improve students' ability in the use of both languages.

Private Schools

98. For many years, public sector schools have provided most of our primary and secondary school places. They have contributed considerably to educating our children. Nonetheless, we recognise that at this stage of Hong Kong's development there are good arguments for injecting more variety into our education system, for giving schools greater scope for innovation and for allowing parents a wider choice by fostering growth in the number of quality private schools. To facilitate expansion in the private school sector, we will -

- increase the level of assistance to direct subsidy schools in 1999;
- allocate, on a pilot basis, Government-built premises to interested bodies to operate direct subsidy schools; and
- introduce a pilot scheme whereby non-profit making private schools may apply for a land grant at nominal premium and for a capital assistance loan.

Special Schools

99. In the coming year we will begin a programme to provide air-conditioning in 17 schools for physically and severely mentally handicapped children regardless of whether these schools are affected by noise or other environmental nuisance. By so doing, we hope to reduce the discomfort that these children bear due to their physical condition, and thus to improve their learning interest.

Kindergarten

100. This year we will give a higher rate of subsidy to kindergartens which employ a greater percentage of qualified teachers than required by current standards. This initiative will encourage kindergartens to achieve the target of 60% of teachers being Qualified Kindergarten Teachers before the 2000-2001 school year.

Learning through Information Technology

101. To promote further the use of IT in education, in the coming year we have ear-marked funds totalling \$630 million in order to -

- provide more IT training for teachers;
- enhance the accessibility of all students to computers;
- supply technical back-up to help schools manage their newly-acquired IT facilities; and
- employ some 250 IT co-ordinators to help public sector schools develop and implement their IT-based initiatives.

We are determined to ensure that in implementing this initiative we achieve the aim of integrating the use of IT with our education system for the benefit of teachers and pupils alike.

Tertiary Education

102. To remain competitive we must be skillful and versatile, and our higher education system has to reflect this need. We will encourage our tertiary institutions to build on their existing strengths by developing centres of excellence. This will help ensure that they keep pace with rising international standards so as to serve better Hong Kong's future economic and social needs. The tertiary sector's decision to offer places to students who

excel in areas other than pure academic performance sends a clear signal that our society values attributes such as athletic or artistic talent. We will look to this arrangement becoming a regular feature of the admission system.

103. To enhance our status as a regional centre for higher education, it is our policy to admit non-local students to our higher education programmes. Starting from the 1999–2000 academic year, the overall quota of a maximum of 580 first-year, non-local undergraduate students will include 150 outstanding Mainland students. The admission of non-local students facilitates the cross-fertilisation of skills and ideas, injects an element of healthy competition for local students and broadens our students' outlook on the Mainland and the region as a whole.

Life-long Learning

104. As our society becomes more knowledge-based, continued education becomes more than just the preserve of keen learners. It plays an important part in helping us to make progress in society. I look to Hong Kong developing further as a learning-based community, and the work of the Open University is leading the way in this regard. I encourage other institutes also to provide continuous learning facilities for our community's benefit. We will do our best to let everyone have a chance to upgrade their skills if they so wish.

Manpower Training

105. Because of the changing needs of society and the economy, the type of manpower required in Hong Kong will vary at different stages of our development. We must review our manpower and training policies carefully so as to ensure that Hong Kong has a well-trained, adaptable and versatile workforce which can meet the needs of the economy and contribute to our overall competitiveness. In 1999 we will complete a study of manpower forecasting best practice with a view to developing a forecast model which will serve our needs for the next ten years. We will continue to study the manpower and training needs of our key industries, focusing in the coming year on the information technology sector.

More and Better Training

106. With the aim of helping our workforce acquire new skills or upgrade their existing skills, we will work with the Vocational Training Council (VTC) and the Employees Retraining Board (ERB) to assist these organisations in improving their services. In this regard, the VTC proposes to unify the existing two Technical Colleges and seven Technical Institutes by the year 2002 to form a single academic and training institution, the Hong Kong Institute of Vocational Education. The new Institute will provide courses which will be more attuned to the needs of the economy, and will also promote the image of vocational education and training as an attractive and viable alternative to traditional academic education.

107. For the ERB, we will give the Board a grant of \$500 million to enable it to expand its training capacity and improve the quality of its courses for the unemployed. In consultation with employers, the ERB will identify more job vacancies for special tailor-made training at the employer's workplace which in addition to vital working experience, also gives trainees a re-training allowance and 12 months' post-employment follow-up service.

108. To help ensure that both employed and unemployed people can benefit from a well-structured education and training ladder, we will develop a qualifications framework for programmes provided by the VTC and the ERB. This will provide an objective yardstick for assessing the skills standards of trainees and will help secure employers' confidence in and recognition of the qualifications. We aim to draw up initial proposals by the end of 1999.

109. There is great concern in the community for the problems faced by the unemployed. I share that concern, and the Government will do its utmost to improve the prospects of all our citizens who are looking for work. As well as implementing to the full measures developed by the Task Force on Employment, we will boost our support networks for the jobless, in particular young people, with the aim of helping them to find work more quickly. We will strengthen the Job Matching Programme in the Labour Department and upgrade our re-training services. Realistically, the employment situation will not improve until our economy starts to recover. We will nonetheless work hard to maximise opportunities for all those currently without a job, by

bringing forward the start date for public works projects and promoting the tourism industry so as to help generate more job openings in the relevant sectors. I hope that the unemployed will not become discouraged and that they will make the best use of the training opportunities which the Government and other organisations provide, in order to equip themselves with new skills. I am sure that by doing so they will be able to find work.

Women

110. The women of Hong Kong have made great achievements in building up the family and contributing to the economy and the community as a whole. We have established the Equal Opportunities Commission, enacted the Sex Discrimination Ordinance and the Family Status Discrimination Ordinance and faithfully implemented the provisions of the Convention on the Elimination of All Forms of Discrimination against Women. These are important steps but our efforts will not stop here. We will work to ensure that women can also reach their full potential through education, training and community support.

Young People

111. The qualities, skills and sense of belonging of our young people will determine what Hong Kong will become. I look to our younger generation to search continuously for knowledge, to be creative and to play an active role in the community. I encourage our young people to take pride in their Chinese heritage, yet also to develop an international perspective, seeking not only to assert their rights as individuals, but also to meet their obligations to the wider community.

112. The Commission on Youth has completed its study on youth development and mapped out the direction for our young people to follow in order to realise their full potential. In the coming year we will work with the Commission and other organisations to reinforce and promote positive values among young people; to provide programmes on leadership and life-skills training; and to create opportunities for voluntary work and exchange programmes with other countries. I also encourage our young people to take

part in more activities which will deepen their knowledge of the Mainland. To provide a focal point for youth development activities, the Chai Wan Community Centre will be re-developed into a facility specifically for this purpose. I endorse the Commission's call for the whole community to take ownership of the challenge of developing our young people's qualities. This will require the efforts of parents, teachers and ultimately, young people themselves.

C. A Better Quality of Life

113. I have described the policies and programmes which we will pursue to help us stimulate economic growth and to prepare our human capital to respond to the challenge of a changing world. I would now like to discuss how we will work to improve the quality of life in Hong Kong.

A Better Environment

114. In recent years we have witnessed a deterioration in the quality of our natural environment. Our surrounding waters and our air have become more polluted and our city is dirtier. As we work to take advantage of the opportunities which the future holds, we should be satisfied with nothing less than a world class environment. The Government will step up its efforts to protect the environment to enable our people to enjoy a better and healthier quality of life. It will also help enhance our reputation as a pleasant destination for tourists and for international business travellers, and will make Hong Kong a more attractive place for highly-skilled professionals to live in. We will work closely with our counterparts on the Mainland, particularly in Guangdong Province, to achieve our common goal of improving the environment.

Cleaner Water

115. The two most pressing problems which we face are the pollution of our coastal waters and our air. To help tackle the problem of water pollution, we will look to develop options for the further improvement of the strategic sewage system which serves the main urban area. These options have been drawn up with the National Environmental Protection Agency and our counterparts in Guangdong Province with a view to ensuring that protection of the local marine environment will also contribute to the protection of neighbouring waters. Pending further consideration of these options and detailed work on the preferred scheme, we will seek this Council's agreement to fund other major projects to improve sewage collection and treatment, such as -

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- building more deep tunnels to collect sewage from Hong Kong Island for treatment at Stonecutters Island; and
 - upgrading local sewage collection and treatment systems in many parts of the new towns, old developed areas and rural villages.

116. We will also liaise closely with our counterparts in Guangdong with a view to planning long-term sewage treatment standards and to designing further measures to reduce pollution in Hong Kong and neighbouring waters.

117. We expect to spend \$12 billion on our sewage programmes over the next five years. In addition, we will proceed with the implementation of Stage II of the strategic sewage disposal scheme once the preferred scheme has been chosen. This represents a major investment in our future. It is also an investment for today, providing employment in construction and helping to safeguard those who make their living from the sea.

Cleaner Air

118. I have noted with concern the poor air quality as measured by street-level monitors in recent days. We must deal with this problem as a matter of priority. The most pressing issue is to reduce air pollution from particulates in diesel vehicle emissions, as this is a direct present threat to our health.

Although they are not the only source of these emissions, taxis produce 30% of all particulates given off by diesel vehicles. Our experience of working with the taxi trade, motor trade and fuel companies on a pilot scheme shows that it is feasible to convert the taxi fleet from diesel to liquefied petroleum gas (LPG) fuel. I am now therefore setting out our intention that all new taxis should operate on LPG fuel from the end of the year 2000. We will work with the trade and take all necessary steps to ensure that the supporting infrastructure required to support this initiative will be put in place.

119. Other vehicle emissions also have to be tackled if we are to enjoy cleaner air in our city. New standards for light diesel vehicles which came into effect last week should reduce harmful emissions from individual vehicles by up to 55%. In 1999 we will ban the sale of leaded petrol. We will also

introduce more stringent testing of and enforcement action against smoky vehicles, as well as working with the minibus trade to encourage them to move to using cleaner fuel.

120. We are conscious of the need to liaise with our counterparts in Guangdong Province with a view to improving the air quality of the whole Pearl River Delta area. Together with our Mainland colleagues we will initiate a study of the air quality in the Delta region, with the aim of developing improvement measures from 2000 onwards. I am determined that the quality of our air should not be a limiting factor on the quality of our lives.

Less Waste

121. In the past year we have developed plans for waste reduction and assessed how to put in place a better waste management framework. We will shortly publish a ten-year plan for waste reduction, setting out targets for improving efficiency. Our key aim will be to encourage the community to produce less waste, thereby conserving resources and helping to make Hong Kong a cleaner city. We will also look to maximise efficiency in waste collection and disposal, and to promote greater private sector involvement in re-cycling materials and handling waste in an environmentally responsible manner.

Use of our Energy Resources

122. A place which develops as quickly and intensely as Hong Kong is bound to be a voracious consumer of energy and of other resources. It is important for Hong Kong's economy and environment that these resources should not be used wastefully. The efficient use of energy is a practical, economically sensible step that every person in Hong Kong can take to be environmentally responsible and save money. To improve energy efficiency and conservation within Government, we are carrying out audits for the use of energy in our buildings, and we will publish building energy codes. All new Government buildings will be designed for high energy efficiency. We are also looking at the potential for developing waste-to-energy incineration so as to reduce our reliance on fossil fuel.

Sustainability

123. We are now conducting a study on Sustainable Development for the 21st Century, which will give us better tools to identify the consequences of the choices we make for developing our society. I welcome discussion by this Council and by the community of the measures we will need to adopt to make Hong Kong a truly sustainable city. To stimulate the process of community education and debate, in 1999 the Secretary for Planning, Environment and Lands will issue a green paper on environmental policy. I urge everyone to raise their awareness of the issue of environmental protection, to examine the options we will put forward and to consider the choices which we must make in order to steer Hong Kong towards a better environment for us all.

Promoting our Culture and Heritage

124. An improved, sustainable natural environment will make Hong Kong a more attractive place in which to live and work. To foster a sense of belonging and identity, we need to promote our heritage, which is a valuable cultural legacy. This involves the protection of historic buildings and archaeological sites, of which some are more than 6 000 years old.

125. Since reunification there has been a noticeable trend among our people of wanting to know more about our country's proud culture, history and heritage. I hope this will continue. We will also look to strengthen Hong Kong's own unique culture which embodies a successful blend of the best of the East and West.

The Arts and Sport

126. The arts scene in Hong Kong reflects our distinctive cultural background. We regularly present programmes which showcase some of the best artistic talent from around the world, the Mainland and Hong Kong itself. We have invested significantly in the arts in Hong Kong and will continue to support arts development by ensuring that we have in place effective administrative and funding arrangements.

127. It is essential that we continue to support the development of sport in Hong Kong. Without question, participation in sport benefits our health and helps to generate a sense of well-being and a cohesiveness in society. Hong Kong's participation in the 1997 National Games was a clear example of how sport can foster our sense of identity and collective achievement, and I look forward to our participation in the 1998 Asian Games generating that same pride in our community. We will continue to support our athletes, and to develop more opportunities for the public to enjoy sport and recreation.

D. Taking Care of People in Need

128. No matter how successful we are in fulfilling our mission to meet the forces of change and turn them to our advantage, there will always be people who need the community's support and care. We must work to improve the living conditions of those in need. Our success in this area is a measure of the true quality of our society.

Helping the Elderly

129. Hong Kong's elderly have contributed much to our success over the years. It is only right that we should help them to enjoy a sense of security, a sense of belonging, good health and a feeling of personal worth. I am pleased that more than 5 000 elderly people are expected to take part in new voluntary programmes organised by government departments and community organisations to help others in need. This shows their value to the community and also sets a fine example to younger generations.

130. More than 70% of elderly people live with their families. To encourage people to care for their aged relatives, we already provide tax incentives and public housing privileges. We will provide more support for elderly people living at home, and for their families, by -

- providing 15 more home help teams in 1999-2000;
- conducting pilot schemes to improve the cost-effectiveness of home help services; and
- launching a pilot project to introduce a respite service, which will allow families to place their elderly parents in day care centres temporarily so that the families can attend to other business.

131. For old people who cannot live with their families, we aim to provide support in obtaining suitable housing and care. We are making good progress towards meeting our target of reducing the waiting time for elderly people applying for public rental flats to two years, and the Secretary for

Housing is developing a model which will help us to assess the housing demand and preferences of our elderly population so that we may better cater to their needs in the future.

Residential Care Services

132. As regards residential care, I have received a report from the Elderly Commission which recommends a comprehensive strategy to improve residential care services. This involves reducing the waiting time for places in subsidised care homes, and improving the standards of private residential care homes.

133. The Elderly Commission has found that there are currently about 13 000 old people in need who are waiting for residential care places. To help meet demand and reduce the waiting time for places, we plan to provide about 8 000 new subsidised places in the period between 1998 and 2002, including the 7 100 pledged last year. This will increase our total annual committed expenditure on residential care by an estimated \$670 million.

134. To help upgrade the standards in private care homes, since early 1997 we have approved financial assistance to 100 homes. We will also pay higher prices under the Bought Place Scheme for places in homes which have more living space and higher staffing levels. To provide more premises of an appropriate standard for private care homes, we will draw up a programme to make available suitable sites in public and private housing developments. We will also monitor the demand and supply of nursing, allied health and personal care staff for residential care homes. To allow elderly people to continue to live in the same home even when their health deteriorates, we will develop a funding mechanism to support residential care homes offering this service and in 1999 we will invite selected homes to provide the service on a trial basis.

Welfare Services

135. Just as many elderly people have special needs, some families, young people and children also require support and practical help. To help relieve pressure on families which has been brought about by the changes in the

economic environment, we will strengthen our family services to help those in need. In the coming year, we will employ additional caseworkers to give counselling and practical help. We will also provide more child protection workers next year in order to reinforce public education on the problem of child abuse and to improve our existing child protection services.

Rehabilitation

136. The disabled can and do make an important contribution to society, inspiring not only others with disabilities, but also able-bodied fellow-citizens to overcome their difficulties. But they cannot do it alone. In 1999-2000 we will provide over 400 extra day and residential places for disabled people. To help us better assess the demand for rehabilitative services and support, the Secretary for Health and Welfare will complete a comprehensive review in 1999 which will enable us to make plans for improving the well-being of people with disabilities.

CSSA Review

137. Last year I asked the Secretary for Health and Welfare to review the scope and administration of the Comprehensive Social Security Assistance (CSSA) Scheme. One of the factors which gave rise to this review is the trend in CSSA expenditure, which has risen almost four-fold in four years to \$9.7 billion in 1997-1998. Our objective in operating the CSSA is to direct valuable resources to provide people in real need with a safety net. Although the current economic conditions have left more people in financial difficulty, the Government must handle its finances prudently and ensure that scarce resources are used effectively and in a targeted manner. We need, therefore, to be very careful in taking this issue forward. The Secretary for Health and Welfare is now finalising the review, and will put forward her recommendations by the end of this year.

E. Health Care and Public Hygiene

Health Care

138. I share the public's concern at the number of unfortunate incidents which have occurred in our hospitals and clinics over the past year. We must do all we can to minimise the risk of similar mis-haps recurring. At the same time, we should not forget that Hong Kong people enjoy a health status that is among the best in the world. Our infant mortality rate is a low four per 1 000 live births. Life expectancy is long at 76 years for men and 82 years for women. Despite the enormous pressure on our public health care system, which saw two million admittances to emergency rooms and seven million attendances at specialist clinics last year, the system has served us well. Of course, this is of no comfort when things go wrong, and we must ensure that our health care workers are trained to the highest levels of competence. To this end, the Hospital Authority is improving its clinical audit and risk management system and will keep these under strict review with the aim of further reducing the risk of clinical mis-haps.

Clinical and Hospital Services

139. We will continue to invest in our public medical sector and improve our existing services for the benefit of community. For example -

- we will upgrade the pharmaceutical services provided in the clinics of the Department of Health to ensure a high quality of service and to help avoid a recurrence of dispensing errors;
- to extend our in-patient services, we will, in 1999-2000, bring into use 853 additional beds in public hospitals;
- we shall put forward a proposal to redevelop Pok Oi Hospital to meet the rising demand for medical services in the northwest New Territories; and

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- we have reserved funds to establish a new Radiotherapy Centre in Princess Margaret Hospital to improve services to cancer patients.

The Health Care Review

140. I said in last year's Policy Address that to help us draw up long-term policies, the Secretary for Health and Welfare would review the financing and delivery of health care in Hong Kong. The review is still in progress. However, preliminary findings show that public expenditure on health care has taken up an increasing share of our resources over the last decade. This share is projected to increase by a further 50% between now and 2010, putting great pressure on our public finances. If we are to continue, in the long-term, to be able to provide quality services we will need to implement reforms. We are now developing reform options and we shall begin public consultation on this important issue in 1999.

New Public Health Initiatives

141. In the past year, a series of public health and hygiene incidents, such as the outbreak of avian influenza, have raised public concern about the deterioration of our food safety and environmental hygiene standards. The Administration has studied the optimum framework for the delivery of food safety and environmental hygiene services as part of the review of District Organisations. I shall talk about this review shortly. Changes to our current management framework will not affect initiatives already in the pipeline, and these will strengthen our monitoring, prevention and control of the spread of communicable diseases. In the coming year, we will step up our health surveillance programmes, increase our analysis of disease data, liaise more frequently with overseas health authorities and intensify staff training. To support these initiatives, we will build a new Public Health Laboratory Centre in Shek Kip Mei, which is scheduled for completion in 2002.

142. Poor hygiene and careless habits are the direct cause of many illnesses, particularly food-related infectious diseases. In May this year we launched the "Healthy Living into the 21st Century" campaign to promote public awareness of the importance of personal and environmental hygiene.

We will set up a special team in the Health and Welfare Bureau to organise a campaign of educational, publicity and community activities to emphasise the message that good hygiene contributes to good health. We will also step up government action to monitor food safety, with the aim of ensuring that there is a consistent, unbroken monitoring process which tracks our food from the field to the meal table.

F. The Review of District Organisations

143. As I promised in last year's Policy Address, we have reviewed the functions and structure of the Provisional Municipal Councils and Provisional District Boards. Our objective in conducting this review has been to enhance the standard of provision of services. We have focused on the need to improve efficiency and cost-effectiveness, to streamline the present organisational framework and to increase public accountability and public participation in community affairs.

144. I mentioned a moment ago that in the past year a series of public health incidents, most notably the outbreak of avian influenza, had affected the public's confidence in our food safety and environmental hygiene standards. These incidents were seen by many to be due to a lack of effective central co-ordination, arising from fragmentation of responsibilities for public health matters among different agencies within Government and the Provisional Municipal Councils. Opinions expressed during the consultation exercise on the review of district organisations supported this view, and a clear majority of those who responded to the exercise agreed with the proposal that Government assume direct responsibility for food safety and environmental hygiene services.

145. We will respond to the public's concerns by introducing structural changes to the current framework for the delivery of these services. In this regard, we will set up a policy bureau which will be responsible for the environment and for food safety. The new bureau will provide central co-ordination and direction on environmental protection, environmental hygiene, waste management, food safety and nature conservation policy. It will be underpinned by a new Department of Food and Environmental Hygiene, as well as the existing Environmental Protection Department and the Agriculture and Fisheries Department. The responsibilities for food safety and environmental hygiene currently under the purview of the Urban and Regional Services Departments, the Department of Health and the Agriculture and Fisheries Department will be assumed by the new Department. An advisory committee will be established to give advice on and monitor our work in this area, as well as to allow greater professional participation in formulating policies. We have ruled out the option of placing the functions of

the new Department under the Provisional Municipal Councils' purview because they go far beyond the scope of the services which the Councils currently provide.

146. We are finalising the planning for the new structure, with a view to it being in place before the end of 1999.

147. Besides providing food and environmental hygiene services, the Provisional Municipal Councils also manage arts and culture and sports and recreation programmes and facilities. The review has addressed the issue of whether these latter functions should remain under the control of the Councils.

148. The consultation exercise provided feedback from the arts and sports communities which revealed concerns about unclear policy, a lack of cost-effectiveness and duplication of functions with other service providers. Some have questioned whether the Provisional Municipal Councils are best placed to continue to provide these services, and they have pointed to overseas experience to illustrate the argument for having dedicated agencies to deal with these sectors. With this in mind, we have examined the possible role that might be played by a Municipal Council which would no longer exercise functions in respect of food safety and environmental hygiene, and have come to the conclusion that it would be better to have dedicated agencies play the leading role in the development of the arts and sport in Hong Kong. We will therefore develop a new administrative framework for the delivery of these services with the Arts Development Council, the Sports Development Board and other concerned parties before finalising the details of the new structure, so that we can put this in place before the end of 1999.

Municipal Councils

149. Prior to the 1980s, there was no elected legislature in Hong Kong and the then Urban Council was the only political institution with directly elected representatives. Members of the Urban Council not only dealt with municipal services, but also often acted as informal "ombudsmen". Both the Urban and Regional Councils have played an important role in encouraging the community's participation in the running of Hong Kong. However, with

the development of the roles of the Legislative Council and the District Boards, it is questionable whether there are still valid reasons for maintaining a three-tier system of Government in a compact city like Hong Kong.

150. I believe that the proposed new framework for providing services in the areas of food safety and environmental hygiene will be more efficient and cost-effective than the present arrangements. In designing the new framework for managing sport and the arts our key consideration will be to improve service delivery. Against this background, we do not see the need to retain the Provisional Municipal Councils after the terms of office of their members expire at the end of 1999. We fully acknowledge the work done by the two Councils in the past, and I appreciate that there are differing views within this Council on the merits of keeping the Municipal Councils. However, now that I have explained the proposed new arrangements and the reasons behind these proposals, I hope that in the months ahead the Government will be able to achieve a consensus with the Honourable Members of this Council that these arrangements are in the best interests of providing an improved service to our community.

District Boards

151. Since their establishment in 1982, the District Boards (DBs) have effectively given advice and feedback to the Administration on local and territory-wide matters and encouraged participation in community affairs. The review found that the public was generally in favour of retaining the Boards and many felt that their role in advising government and monitoring services at the district level should be expanded. In view of Hong Kong's small size, delegating specific executive functions to the 18 DBs would run the risk of fragmenting responsibilities and diminishing efficiency. Nevertheless, we believe that the DBs will still play a vital role in empowering the community and providing more accountable and responsive district services. With this in mind, we will -

- provide additional funding to the DBs for improving the local environment, commissioning district cultural and recreational activities and promoting more community building programmes;

-
- enhance the DBs' role in advising on and monitoring municipal service delivery; and
 - ensure that the Government is more responsive to DBs' advice, by consulting them before we finalise district programmes.

152. The structure of the DBs will remain essentially the same as now. I have asked the Secretary for Constitutional Affairs to prepare legislative proposals for the election of the Boards (which, in English, will be re-named "District Councils") in time for the election to be held before the end of 1999.

G. Strengthening the Institutions of Society

153. The rule of law and the maintenance of order are indispensable foundations of Hong Kong's success. To guarantee our future stability we must ensure that the institutions which protect the rights and the safety and security of our citizens continue to gain in strength.

An Excellent Police Force

154. We are one of the world's most crime-free cities. This is largely attributable to our professional Police Force. Our excellent co-operation with Mainland and overseas law enforcement agencies has also helped in containing crime. We will continue to upgrade the services provided by the Police to the community, and in the coming year we will -

- enhance the Police's use of information technology;
- deploy more front-line Police officers in newly developed areas such as Tseung Kwan O and Ma On Shan; and
- streamline crime reporting procedures and upgrade the environment of Police stations so as to improve our level of service to the public.

The Importance of the ICAC

155. That Hong Kong has a reputation as one of the most fair and open cities in the world in which to do business, is in large part due to the excellent work of the ICAC, which continues to bring to justice, regardless of background, those who use bribery and corruption to gain an unfair advantage. To combat the ever more sophisticated techniques, often involving information technology, which are used by the corrupt, the ICAC will in 1999 set up two new sections to enhance its ability -

- to seize, preserve and analyse electronic data and to present such data as evidence in the courts; and

-
- to detect and investigate the increasingly complex financial aspects of corruption cases.

Our Legal System

156. As I emphasised earlier, we are proud of our legal framework, which acts as a bulwark of equality and justice. We are keen to promote further public recognition and understanding of the system both here and overseas, and to enhance the quality of the system. Over the next year, we will -

- press home the message that our legal system is still autonomous and functioning smoothly;
- improve our ability to conduct criminal cases which go to the Court of Final Appeal, by strengthening the Prosecutions Division of the Department of Justice; and
- extend our network of bilateral agreements with other administrations on mutual legal assistance in criminal matters.

The Rights of Individuals

157. For a person to be able to play his or her full part in society, they must be able to enjoy their basic rights as an individual. We remain firmly committed to meeting our international obligations in this regard. We have recently submitted a report to the United Nations under the Convention on the Elimination of All Forms of Discrimination against Women. We aim to submit further reports later this year under treaties governing civil and political rights, and economic, social and cultural rights.

158. The Equal Opportunities Commission, which plays a key role in enforcing anti-discrimination laws will continue to have our full support. This year, the Commission will step up campaigns to promote equal opportunities for students in schools. Separately, the Privacy Commissioner for Personal Data will continue his work in promoting compliance with the Personal Data

(Privacy) Ordinance, and will publish a code of practice for human resource managers on how to handle the personal data collected and held by them as employers.

Constitutional Development

159. The Legislative Council election held on 24 May this year in accordance with the principles laid down in the Basic Law was a resounding success. The record turnout of voters reflects the community's increasing civic awareness and strong support for the principle of "One Country, Two Systems", as well as its confidence that we can realise the concept of "Hong Kong people running Hong Kong" with "a high degree of autonomy". With the successful completion of the first Legislative Council elections, our major task is now to prepare for the elections to this Council in the year 2000. For the longer term, we are fully committed to developing further our democratic institutions in accordance with the Basic Law. We need to develop a model suitable for Hong Kong, one which promotes stability and prosperity and is in line with the ultimate aim of having a Legislative Council and a Chief Executive elected by universal suffrage.

Co-operation between the Executive and the Legislature

160. Rule by an executive-led Government is a proven formula in Hong Kong, and is a principle enshrined in the Basic Law. The initiative for policy-making lies with the Government, and this puts the onus on us to plan for the long term, yet also to be responsive and flexible in adjusting to prevailing conditions. I believe that this mode of Government will continue to serve Hong Kong well, particularly under the present economic climate which calls for quick, decisive and determined efforts on our part.

161. In formulating policies, the Government must listen carefully to the views of the community. The Government will also seek the views of the Legislature, and respect its powers as enshrined in the Basic Law. Of course, the relationship between the Government and the Legislature goes beyond these principles. It is built on daily contact between officials of the

Government and Legislative Council members in panels, at sittings, or even through informal contacts. Through constructive exchanges and continuous dialogue, both sides work in the interest of the public good. The Government will continue to nurture a relationship with the Legislature which is based on mutual trust and mutual respect, with the long-term benefit of the people of Hong Kong as the goal.

H. More Efficient and Cost-effective Government

162. The delivery of the pledges made in this Address is largely in the hands of our Government. For us to be able to serve the people of Hong Kong properly, we must ensure that we operate efficiently and cost-effectively, maintaining high standards and yet controlling growth in the bureaucracy. We must also ensure that we have the best possible structure for the effective delivery of services.

An Honest and Effective Civil Service

163. Events of the past year have tested civil servants' responsiveness and ability to manage crises. We must and we will strive to do better. The community expects nothing less than full dedication and professionalism from its public servants.

164. Since becoming the Chief Executive of the HKSAR Government, I have come to appreciate more and more the skill, loyalty and dedication of our civil servants. In the past year, many civil servants have gone beyond the call of duty to devote their time and efforts unreservedly to tackling urgent and unforeseen matters. The Civil Service as a whole has provided much needed stability after the Handover. Their honesty and integrity help to ensure that the Hong Kong way of life is maintained.

High Civil Service Productivity

165. The public sector has a duty to ensure that community gets maximum value from the available resources, and must direct these resources to achieving the best possible results. Last year, I announced the implementation of a Target-based Management Process to ensure that we in the public service manage our business in a result-oriented way. This year we will publish 37 Policy Objective booklets in which Bureau Secretaries and other agency Heads will specify the results we aim to deliver for the

community in the bulk of the Government's programme areas. This process has laid a solid foundation for us to embark on a drive for higher productivity in the years to come.

166. Driven by the Chief Secretary for Administration, the public sector will undertake an Enhanced Productivity Programme. We will set targets and require departments and agencies regularly to review their baseline expenditure to ensure that it is directed to Government's main priorities. In the next few months we will require departments and agencies to put forward proposals for new or improved services without giving them additional financial resources. Managers will be required to deliver productivity gains amounting to 5% of their operating expenditure between now and the year 2002. As appropriate, we will also require managers to make more use of appointments on contract, rather than permanent appointments.

167. Civil service pay levels should in principle be broadly comparable to those in the private sector. The Secretary for the Civil Service will shortly commission the Standing Commission on Civil Service Salaries and Conditions of Service to carry out a detailed Benchmark Review to determine whether or not civil service pay at the crucial entry point is still in step with the equivalent pay levels being offered in the private sector. Once the results are known, the Standing Commission will also advise on what steps should be taken to adjust civil service entry pay to ensure broad comparability with that in the private sector.

168. In making these changes, we will not accept any deterioration in our level of service to the community. I am confident that the public service will respond positively to this challenge, and will come to pride itself on being lean and fit, while attaining high standards of accountability and productivity.