

OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 18 December 1985

The Council met at half-past Two o'clock

PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR EDWARD YOUDE, G.C.M.G., M.B.E.

THE HONOURABLE THE CHIEF SECRETARY
SIR DAVID AKERS-JONES, K.B.E., C.M.G., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY
SIR JOHN HENRY BREMRIDGE, K.B.E., J.P.

THE HONOURABLE THE ATTORNEY GENERAL
MR. MICHAEL DAVID THOMAS, C.M.G., Q.C.

THE HONOURABLE LYDIA DUNN, C.B.E., J.P.

THE HONOURABLE CHEN SHOU-LUM, C.B.E., J.P.

THE HONOURABLE PETER C. WONG, O.B.E., J.P.

THE HONOURABLE ERIC PETER HO, C.B.E., J.P.
SECRETARY FOR TRADE AND INDUSTRY

DR. THE HONOURABLE HO KAM-FAI, O.B.E., J.P.

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

THE HONOURABLE HU FA-KUANG, O.B.E., J.P.

THE HONOURABLE WONG PO-YAN, O.B.E., J.P.

THE HONOURABLE DONALD LIAO POON-HUAI, C.B.E., J.P.
SECRETARY FOR DISTRICT ADMINISTRATION

THE HONOURABLE CHAN KAM-CHUEN, O.B.E., J.P.

THE HONOURABLE JOHN JOSEPH SWAINE, O.B.E., Q.C., J.P.

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, O.B.E., J.P.

THE HONOURABLE CHEUNG YAN-LUNG, O.B.E., J.P.

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

THE HONOURABLE MARIA TAM WAI-CHU, O.B.E., J.P.

DR. THE HONOURABLE HENRIETTA IP MAN-HING

THE HONOURABLE CHAN NAI-KEONG, C.B.E., J.P.
SECRETARY FOR LANDS AND WORKS

THE HONOURABLE CHAN YING-LUN

THE HONOURABLE MRS. RITA FAN HSU LAI-TAI

THE HONOURABLE MRS. PAULINE NG CHOW MAY-LIN

THE HONOURABLE PETER POON WING-CHEUNG, M.B.E., J.P.

THE HONOURABLE YEUNG PO-KWAN, C.P.M.

THE HONOURABLE JAMES NEIL HENDERSON, O.B.E., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE KIM CHAM YAU-SUM, J.P.

THE HONOURABLE JOHN WALTER CHAMBERS, J.P.
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE IAN FRANCIS CLUNY MACPHERSON, O.B.E., J.P.
SECRETARY FOR TRANSPORT

THE HONOURABLE JACKIE CHAN CHAI-KEUNG

THE HONOURABLE CHENG HON-KWAN

THE HONOURABLE HILTON CHEONG-LEEN, C.B.E., J.P.

DR. THE HONOURABLE CHIU HIN-KWONG

THE HONOURABLE CHUNG PUI-LAM

THE HONOURABLE THOMAS CLYDESDALE

THE HONOURABLE HO SAI-CHU, M.B.E., J.P.

THE HONOURABLE HUI YIN-FAT

THE HONOURABLE RICHARD LAI SUNG-LUNG

DR. THE HONOURABLE CONRAD LAM KUI-SHING

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

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

THE HONOURABLE LEE YU-TAI

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

THE HONOURABLE LIU LIT-FOR, J.P.

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

THE HONOURABLE PANG CHUN-HOI, M.B.E.

THE HONOURABLE POON CHI-FAI

PROF. THE HONOURABLE POON CHUNG-KWONG

THE HONOURABLE HELMUT SOHMEN

THE HONOURABLE SZETO WAH

THE HONOURABLE TAI CHIN-WAH

THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING

THE HONOURABLE TAM YIU-CHUNG

DR. THE HONOURABLE DANIEL TSE CHI-WAI, J.P.

THE HONOURABLE ANDREW WONG WANG-FAT

THE HONOURABLE PANG YUK-LING, I.S.O., J.P.
SECRETARY FOR HOUSING (*Acting*)

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR. LI WING

Papers

The following papers were laid pursuant to Standing Order 14(2):

Subject *L.N. No.*

Subsidiary Legislation:

Travel Agents Ordinance	
Travel Agents Regulations 1985 -----	341
Merchant Shipping (Engine Room Watch Ratings) Regulations	
Merchant Shipping (Engine Room Watch Ratings) Regulations (Amendment of First Schedule) Notice 1985 -----	342
Merchant Shipping (Navigational Watch Ratings) Regulations	
Merchant Shipping (Navigational Watch Ratings) Regulations (Amendment of First Schedule) Notice 1985 -----	343
Merchant Shipping (Certification of Officers) Regulations	
Merchant Shipping (Certification of Officers) Regulations (Exemption) Notice 1985 -----	344
Interpretation and General Clauses Ordinance	
Specification of Public Office -----	345
Travel Agents Ordinance	
Travel Agents Ordinance 1985 (Commencement) Notice 1985 -----	346

Sessional Papers 1985-86:

No. 25—The Hong Kong Industrial Estates Corporation—Annual Report 1984-85.

No. 26—Grantham Scholarships Fund—Income and Expenditure Account with
Balance Sheet and Certificate of the Director of Audit for the year
ended 31 August 1985.

No. 27—Jubilee Sports Centre, Hong Kong—Annual Report 1984-85.

No. 28—The MacLehose Fung Trustee's Report for the period 1 April 1984 to 31
March 1985.

No. 29—Report of the Brewin Trust Fund Committee on the Administration of the
Fund for the year ended 30 June 1985.

No. 30—The Accounts of the Lotteries Fund for 1984-85.

Written answers to questions

Securities (Stock Exchange Listing) Rules

1. MR. CLYDESDALE asked: *In view of its publicly expressed concern over the high level of commercial crime in Hong Kong and the considerable elapse of time since the first draft of the Securities (Stock Exchange Listing) Rules was issued for comment to interested bodies in early 1984, will the Government inform this Council and the investing public as to:*

- (1) the present position;*
- (2) when it is expected the rules will be published; and*
- (3) the reasons for any further delay if this is anticipated?*

FINANCIAL SECRETARY: Sir, this question is timely. I am also wholly in sympathy with Mr. CLYDESDALE's underlying sentiments.

The Securities Commission circulated the first draft of the Securities (Stock Exchange Listing) Rules to relevant interested parties for comment in April 1984. Consultation with these bodies resulted in a considerable number of changes to the initial draft. Consequently a further draft—the 7th—was prepared and circulated in April 1985. After this wide exercise in consultation the Securities Commission has now finalised the Securities (Stock Exchange Listing) Rules.

After an opportunity for discussion in Executive Council these rules will be submitted to you, Sir, early in January, and subject to your approval, will be published in the Gazette next month. They will then come into force on 1 February 1986.

I do not anticipate any further delay.

Turnover of medical staff

2. MR. LEE YU-TAI asked: *What are the rates of turnover and vacancy situation of doctors and nursing staff in government and subvented hospitals? How do the turnover and vacancies affect the quality of public health service at the present time, and will they delay the development of new projects such as the Eastern District Hospital?*

SECRETARY FOR HEALTH AND WELFARE: The turnover and vacancy rates for doctors and nursing staff in the Government and subvented sectors are as follows:

	<i>Turnover Rate</i> 1984	<i>Vacancy Rate</i> end of 1984
<i>Doctors</i>		
Government sector	9.4 per cent	6.5 per cent
Subvented sector	23.6 per cent	10.7 per cent
<i>Nursing staff</i>		
Government sector	3.2 per cent	0.9 per cent
Subvented sector	7.7 per cent	7.6 per cent

The turnover rates are high, particularly for doctors in the subvented sector. However, because there is a considerable movement of staff between the Government and subvented sectors, the turnover rate for the two sectors combined is perhaps of greater significance. In 1984 this turnover rate was 11 per cent for doctors and 3.7 per cent for nurses. This compares favourably with the same turnover rates in 1979 which were 12.7 per cent and 4.2 per cent.

The overall quality of public health services can be maintained satisfactorily despite the present turnover and vacancy rates. The planned supply of doctors and nurses should also be sufficient to enable the staffing needs of the planned major new hospitals to be met. The supply will be boosted by the output of qualified doctors from the Chinese University, beginning in 1987. The intake into nurse training schools is being increased with a view to meeting the nursing requirements of new and expanded hospitals, including the Eastern District Hospital. Thus, by present indications, there is no reason to believe that staff turnover and vacancy rates will lead to delays in developing the Eastern District Hospital or other major medical projects.

Tuen Mun Hospital

3. MR. TAI asked: *Can the Government inform this Council of the following:*

- (i) when is the Tuen Mun Hospital scheduled to be completed;*
- (ii) when is the Tuen Mun Hospital scheduled to be fully operational; and*
- (iii) is it possible for work on the Tuen Mun Hospital project to be expedited, so that it is completed ahead of schedule?*

SECRETARY FOR HEALTH AND WELFARE: The Tuen Mun Hospital is scheduled to be completed by early 1988 and, allowing for the usual 12-month commissioning period, to be fully operational by early 1989.

Work on the superstructure of the hospital started at the end of August 1984. The construction period is estimated to be three and a half years. Having regard to the highly technical and complex nature of hospital buildings, it is not considered feasible to shorten this period to enable the hospital to be completed ahead of schedule.

Casualty service in subvented hospitals

4. MR. TAI asked: *Can the Government inform this Council of the following:*

- (i) *the names of all subvented hospitals which provide a 24-hour casualty service;*
- (ii) *the names of these subvented hospitals which are equipped with blood banks and which provide a 24-hour blood cross-matching service; and*
- (iii) *the names of subvented hospitals which are equipped with X-ray facilities and which provide a 24-hour X-ray service?*

SECRETARY FOR HEALTH AND WELFARE:

(i) The subvented hospitals which provide a 24-hour casualty service are—

Kwong Wah Hospital
Pok Oi Hospital
Caritas Medical Centre
United Christian Hospital.

(ii) All of the above hospitals are equipped with blood banks. Kwong Wah Hospital, Caritas Medical Centre and United Christian Hospital provide a 24-hour blood cross-matching service.

(iii) The subvented hospitals which are equipped with X-ray facilities are—

Alice Ho Miu Ling Nethersole Hospital
The Duchess of Kent Children's Hospital
Grantham Hospital
Nam Long Hospital
Ruttonjee Sanatorium
Tung Wah Hospital
Tung Wah Eastern Hospital
Hong Kong Buddhist Hospital
Kwong Wah Hospital
Our Lady of Maryknoll Hospital
United Christian Hospital
Wong Tai Sin Infirmary
Haven of Hope Hospital
Caritas Medical Centre
Pok Oi Hospital
Yan Chai Hospital

Of these the following provide a 24-hour X-ray service:

Alice Ho Miu Ling Nethersole Hospital
Grantham Hospital
Ruttonjee Sanatorium
Kwong Wah Hospital
Our Lady of Maryknoll Hospital
United Christian Hospital
Haven of Hope Hospital
Caritas Medical Centre

Infirmaries homes in the New Territories

5. MR. TAI asked: *Can the Government inform this Council whether there is any plan to set up an infirmary home in the New Territories region and the reasons in support thereof?*

SECRETARY FOR HEALTH AND WELFARE: Plans are in hand to build three Government infirmaries in the New Territories by 1995. They are to be situated in Sha Tin, Tai Po and Tsuen Wan respectively. In the subvented sector, a second Cheshire Home, which will cater for the infirm, will be built in Sha Tin.

The primary objective of establishing infirmaries is to address the problem of overcrowding in major acute hospitals. They are intended to cater for the longer-term and chronically ill, who would otherwise have to be accommodated in acute hospital beds which are in great demand. Infirmaries are equipped and staffed to the level of care appropriate to these patients and are less labour-intensive and less expensive to operate. It is therefore more cost-effective to provide beds for such patients in infirmaries, thereby releasing the acute beds for those who require them.

Statements

White Paper on the Annual Report on Hong Kong 1984-85 to United Kingdom Parliament

CHIEF SECRETARY: Sir, tabled in this Council today in the form of a White Paper is the Annual Report on Hong Kong 1984-85 to the United Kingdom Parliament. This report will be available for release to the public following this sitting of the Council.

In London, the annual report will be presented to Parliament by the Secretary of State for Foreign and Commonwealth Affairs and be published as a white paper for general release at the same time.

The purpose of the report is to keep Parliament informed of developments in Hong Kong. This is the first such annual report. It covers the period from the initialling of the draft Sino-British agreement on Hong Kong in September 1984 to the opening of the 1985-86 session of this Council on 30 October 1985, and contains a general survey of the main events in Hong Kong in this period.

Jubilee Sports Centre Hong Kong—Annual Report 1984-85

MR. HU: Sir, among the various papers laid on the table of this Council today is the Annual Report of the Jubilee Sports Centre for the year ending 30 June 1985. The Jubilee Sports Centre has completed its third full year of operation in Sha Tin, and has continued to make steady progress in all the sports included in its programme.

The centre accommodated a number of Asian regional and international events during the year including:

- The South East Asian Peninsula Tennis Championships
- The Asian Pacific Regional Special Olympics Leadership Training Course
- The Guangzhou, Macau, Hong Kong Triangular Meet for the Disabled
- The First International Soccer Competition for the Deaf
- The Asian Age Group Swimming Championships and the Asian Rowing Championships

The use of the centre's facilities by the governing bodies of sport is constantly improving. Additionally, the centre has run its own programme of cost effective courses in a number of sports for those below the national squad standard.

The input of a group of professional coaches has highlighted the difficulties for volunteer sports officials in keeping pace with development. The governing bodies of sports will require full time administrators of a high calibre as a matter of urgency if progress is to be maintained and the Jubilee Sports Centre will be happy to play an important role in helping to train these staff.

The centre continues to work towards improving its support services and a decision was reached to allow the establishment of a treatment of injuries clinic in early 1986 with close cooperation from the staff of the Department of Orthopaedic and Traumatic Surgery of the Chinese University of Hong Kong and generous sponsorship by Lee Hysan Foundation Limited. Sir Run Run SHAW and Mr. SIU Ming.

The primary objective will continue to be sports development towards and to include excellence. Judo has recently been included in the programme, and the centre was fortunate to secure the services of Mr. David STARBROOK, M.B.E., a medallist at two Olympic Games, as Head Coach and Coaching Director of the Hong Kong Judo Association. Within the next few months, the board will need to consider the claims of other sports presently seeking coaching support from the centre.

Relationship with the governing bodies of sports is harmonious and one association, the Hong Kong Tennis Association, has already established its development office at the centre.

The improvement in standards as the result of the combined efforts of the sports associations and the Jubilee Sports Centre shows that Hong Kong has achieved recognition in certain sports at the international level, highlighted by the following results:

The national soccer team emerged as winner from World Cup qualifying group 4A by defeating China 2-1 in Beijing.

TSANG Yi-ming achieved world rankings in May 1985 in 100 metres butterfly, the first local swimmer ever to do so.

In local gymnastics, the boys finished fourth and the girls fifth in the Asian Junior Championships in Korea from 15 competing nations.

The Davis Cup tennis team, having beaten Singapore, lost narrowly to China. Several players have world rankings at the junior level, including Paulette MORENO (rank 21), Kester NG (rank 32), and PANG Lui (rank 33).

In squash the Hong Kong ladies team again won the East Asian Championships. A local boy, Tony CHOI, reached the quarter-final stage of the Asian Age Group Championships, which were dominated by the Pakistanis.

Overall, this has been a successful year. Coaches, administrators, and athletes both locally and internationally have begun to look to the Jubilee Sports Centre for a lead and for assistance. Many involved in top sports have visited the centre and expressed envy of the facilities and expertise available, and of the methods being used. In consequence, the centre's coaches are much sought after in sharing their knowledge and experience with other countries. The progress which has been made has, however, created problems for the centre in keeping pace with a changing and increasing demand.

The board has accepted proposals to enhance a number of facilities at the centre and the stewards of the Royal Hong Kong Jockey Club have agreed to fund 50 per cent of the cost of these enhancements conditional on Government funding the remainder. To date, a decision from Government is still awaited.

Additionally, work will need to be undertaken in the next 12 months to remedy the effects of subsidence on the outdoor pitches and athletics track, which in the case of the latter is becoming dangerous.

Once this work is completed, there exists a unique opportunity ahead to capitalise fully on this special investment into local sport.

Government Business

Motions

CRIMINAL PROCEDURE ORDINANCE

THE ATTORNEY GENERAL moved the following motion: That the Criminal Appeal (Amendment) Rules 1985, made by the Chief Justice on 26 November 1985, be approved.

He said: Sir, I move the motion standing in my name on the Order Paper.

The Criminal Appeal Rules and amendments thereto are made by the Chief Justice and require the approval of this Council. The rules regulate the practice and procedure under the Criminal Procedure Ordinance.

Rule 56 was made at a time when the Legal Aid Department was part of the Judiciary. But now that the Director of Legal Aid is under a statutory duty to make enquiries as to the means and circumstances of any appellant and the merits of any proposed appeal, this rule has become obsolete. It is, therefore, proposed that rule 56 be deleted.

The rules also specify the forms to be used when a convicted person wishes to appeal against his conviction or against his sentence. The existing Forms VIII, IX and X require a convicted person to answer certain questions, the first of which refers to legal aid.

It is considered that this reference in the forms to legal aid is misleading and should be replaced by a note at the end of the forms which would draw an appellant's attention to the existence of the service provided by the Director of Legal Aid. There will be less possibility of an appellant thinking that the notice of appeal was itself an application for legal aid.

Finally the Court of Appeal Judges have expressed concern that Forms X and XI, which are used for appeals against sentence, do not draw an appellant's attention to the court's power to increase his sentence. It is proposed that a suitable warning should be added to the forms.

Sir, I beg to move that these amendments to the Criminal Appeal Rules be approved.

Question put and agreed to.

IMMIGRATION ORDINANCE

THE ATTORNEY GENERAL moved the following motion: That section 18(3) and parts VIIA and VIIB of the Immigration Ordinance shall expire on 31 December 1986.

He said: Sir, I move the motion standing in my name on the Order Paper.

Section 18(3) of the Immigration Ordinance was enacted in January 1979 to provide that Vietnamese refugees refused permission to land in Hong Kong, are subject to removal from Hong Kong by an Immigration Offices at any time and not just within the two months that applies to others refused permission to land. This subsection will expire on 31 December 1985 unless extended by resolution of this Council.

Parts VIIA and VIIB of the Ordinance were enacted in August 1979 to deal with the problem of trafficking in illegal immigrants. Under these provisions, any person who aids illegal immigrants to enter Hong Kong commits an offence. Offenders are liable on conviction to a fine of \$5 million and imprisonment for life while the ships and other property involved are liable to

forfeiture. These two parts will also expire on 31 December 1985 unless they are extended.

Sir, this year there has been a further reduction in the number of Vietnamese refugees arriving. In the first 11 months of 1985, 1 034 Vietnamese refugees reached Hong Kong compared with 2 230 in the corresponding period of last year. Because the rate of resettlement is also declining, the hard fact remains that the problem of Vietnamese refugees is still with us and there is no indication that it will disappear in the coming year. The number of refugees in our camps is now 9 577 compared with 12 258 this time last year.

As regards illegal immigrants from China, there has been a marked increase in the number of arrivals. In the first 11 months of this year, a total of 11 536 illegal immigrants from China were arrested while attempting to enter Hong Kong and a further 3 014 who had evaded security forces at the border were arrested subsequently, compared with 8 786 border arrests and 2 780 evaders during the same period last year. As I said, Sir, recently in this Council in reply to a question from Dr. Ho Kam-fai, the 30 per cent increase so far this year is the result of a combination of factors including rumours circulating that an amnesty would be granted. It has been reiterated in this Council and on other occasions in public that all those caught would be repatriated. The security forces are as vigilant as ever and are keeping the border under tight control.

Sir, it is against this background that we need to retain the legislative powers necessary to deal effectively with the problems of Vietnamese refugees and illegal immigrants. But it remains our firm belief that these problems will not stay with us permanently. Accordingly the motion before the Council, Sir, seeks to extend these provisions for one more year until 31 December 1986 when we shall again review the position.

Sir, I beg to move.

MISS TAM: Sir, under part VIIA of the Immigration Ordinance (Chapter 115), it is an offence for any ship's crew to carry unauthorised entrants into Hong Kong. It is also an offence for anyone to arrange for the passage of unauthorised entrants into this territory, or to assist them to stay. The penalty for these offences includes forfeiture of ships; and/or forfeiture of property being used or intended to be used for committing the above offences. Under section 37K(1) of the Ordinance, a person 'who in any proceeding under this part is alleged to be an unauthorised entrant shall be presumed to be such until the contrary is proved' thus placing the burden of proof onto the defendant to satisfy the court that he is not an unauthorised entrant.

Part VIIB goes even further in preventing unauthorised entrants to enter here. It applies to ships found outside of Hong Kong waters with unauthorised entrants on board and in circumstances where any of them is likely to enter Hong Kong. In such a case the captain or owner of a ship must prove that at the relevant time he did not know or had no reason to suspect that these passengers

were unauthorised entrants. The penalties also involve forfeiture of ships and property. Both parts VIIA and VIIB of Chapter 115 were introduced in August 1979 at a time when the number of Vietnamese refugees and illegal immigrants arriving in Hong Kong was causing a serious threat to our security and a drain on our resources.

These measures are necessary to deter racketeers from giving or arranging passages for unauthorised entrants, and the Attorney General proposes to extend the life of these provisions by another year. An ad hoc group was formed under the convenership of the hon. Peter C. WONG to consider the Government's proposals and we have come to the following conclusions:

- (1) that in the spirit of the Adjournment debate on the Vietnamese refugee problem in Hong Kong in this Council on 15 May 1985 after the publication of the Scorri Report in the United Kingdom, Hong Kong must remain resolved in stemming the flow of refugees and illegal immigrants into these territories; and
- (2) although these measures have to some extent placed the burden of proof of innocence on the defendants, such measures were effective and should continue to act as a strong deterrent to any ship owner, crew, or their co-conspirator to carry or to arrange passages for refugees and illegal immigrants to Hong Kong; or to help them stay.

Sir, the Unofficial Members of this Council wish to make clear our strong support for the provisions of part VIIA and part VIIB. The problem of refugees and illegal immigrants is still with us and the Attorney General has just described to us the recent picture. We should not relax our efforts in prosecuting and punishing those who profit from transporting illegal 'human cargoes'.

I therefore support the motion.

Question put and agreed to.

Second Reading of Bills

INSURANCE COMPANIES (AMENDMENT)(NO. 2) BILL 1985

Resumption of debate on Second Reading (4 December 1985)

Question put and agreed to.

Bill read the Second time.

Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).

ARBITRATION (AMENDMENT)(NO. 2) BILL 1985**Resumption of debate on Second Reading (20 November 1985)**

MR. MARTIN LEE: Sir, as I'm about to deliver the most boring speech ever delivered in this Chamber, it is fitting that I caution my hon. colleagues of the danger of being caught yawning by our every vigilant photographers waiting for you in the wings.

In a recent High Court decision, the learned judge held that he had implied power under section 6B(2) of the Arbitration Ordinance to remove an existing arbitrator when he ordered the consolidation of two arbitration proceedings.

Section 6B(2) covers two situations:

- (a) where all parties to the consolidated arbitration proceedings are in agreement as to the choice of arbitrator or umpire; and
- (b) when all parties cannot agree as to the choice of the arbitrator or umpire in the consolidated proceedings.

In the case in question, the learned judge was concerned with the second situation, that is, where the parties did not agree on the choice of an arbitrator or umpire for the consolidated proceedings. The judge held that in ordering the consolidation of two separate arbitration proceedings he had power to appoint a new arbitrator even in default of agreement of the parties and to remove the existing arbitrator.

It was, however, thought necessary by the Administration to put the matter beyond doubt by introducing an amendment to section 6B(2) of the Arbitration Ordinance to give this express power to the court to remove any existing arbitrator or umpire in a case where not all the parties to the arbitration proceedings would agree on the choice of an arbitrator or umpire in the consolidated proceedings, so as to make the matter beyond argument.

An ad hoc group consisting of Mr. Peter C. WONG, Miss Maria TAM and myself was set up by the Unofficial Members of this Council to look into this Bill.

It was felt by the group that the original proposed amendment did not cater for the first situation mentioned above, namely, when all the parties to the consolidated arbitration proceedings are in agreement as to the choice of arbitrator or umpire, in that the existing arbitrator or umpire may, contrary to the wishes of the parties, refuse to be removed. It was acknowledged by the group that such a situation would be unlikely, and indeed in most cases it would be covered by an express provision in the arbitration agreement. It was, nevertheless, felt by the group that since the whole object of this Bill is to remove any possible doubt, it would be desirable to go all the way and cover both situations mentioned above and not just the one. It was also thought by the

group that the formula sought to be introduced whereby the existing arbitrator or umpire has to be removed by the court would be unnecessarily offensive to the existing arbitrator or umpire.

Further, during its deliberations, the group felt that section 30 of the Arbitration Ordinance should also be amended in order to remove another doubt. Section 30 reads:

'Any order made under this Part may be made on such terms as to costs or otherwise (including, the case of an order under section 29A, the remuneration of the arbitrator in respect of his services) as the authority making the order thinks just.'

It was felt by the group that because there was a specific reference to section 29A of the Ordinance in the words within the brackets, there should likewise be a specific reference to section 6B so as to remove any possible argument that by the express omission of any reference to section 6B when there was a specific reference to section 29A, the legislature has thereby intended that such power to award costs or otherwise would not include a situation covered by section 6B.

The group held two meetings with the Administration; and I am happy to say that agreement has now been reached between us to introduce new amendments incorporating all the views of the group.

At the committee stage, my colleague, Miss Maria TAM, will move two amendments to the Bill to reflect the group's proposals. Sir, subject to those amendments, I support the motion.

ATTORNEY GENERAL: May I on the Council's behalf, congratulate Mr. Martin LEE for failing to live up to his gloomy expectations and presenting this Council with such an erudite account of the thinking that lies behind the amendments that are to be proposed to this Bill. I'm sure that he has taught some Members of this Council more about arbitration than they ever thought they needed to know.

Question put and agreed to.

Bill read the Second time.

Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).

EMPLOYMENT (AMENDMENT) BILL 1985

Resumption of debate on Second Reading (4 December 1985)

MR. WONG PO-YAN: Sir, at the previous meeting of this Council held on 4 December 1985 when this Bill was moved for a Second Reading, the Secretary

for Education and Manpower went into considerable depth over the operations and the intentions of the proposed amendments. The introduction of a long service payment to an employee whose contract of employment is terminated by dismissal has in fact attracted a great deal of general interest. Representations both in writing and in person have been received and they enabled the Unofficial Members to understand more of the views of both the employers and the employees. We can understand also their fears and aspirations.

At our meetings with employee representatives, they expressed very strong views on the graduated payments as discriminating against the younger workers who formed the majority of the workforce. They considered that the proposed scheme should be revised to remedy this and they believed that this would only cost the employers marginally.

It was pointed out at our discussion with the employer representatives that as many of them, especially those of medium and small size business, had not envisaged the introduction of this long service payment, no provision for such had been made; and it would be difficult, particularly in the present trading situation in Hong Kong, to expect them to bear this additional outlay. They also pointed out that the employees' insistence on a flat rate payment irrespective of age would be unacceptable. They claimed that flat rate payment would lead to a situation where some workers, in order to reap the benefit of the long service payment, might frequently change from one employer to another by attempting to get the 'sack' whenever they become qualified for the payment. Such mobility would place on the employers additional financial burden and promote undesirable mobility of workers.

Having regard to the intentions of the Bill and, before its inception, the considerations given to the issue in the Labour Advisory Board and the consultations carried out, it is our firm belief that the Bill is definitely a positive step in the right direction. Although it may not be to the entire satisfaction to both employees and employers, the stage at present reached is a good compromise to be implemented.

Of course, we realise the valuable contributions of the workforce in Hong Kong. Attempts should be made wherever and whenever possible to improve their working conditions and well-being. This Bill aims at furthering their welfare and should, in our opinion, be adopted. However, it is also our opinion that the scheme of long service payment should be reviewed after implementation for one year, to see if it can be further improved.

We also realise that the Administration will propose, at the committee stage, some slight amendments of technical nature which we accept as they do not affect the major principles of the Bill.

Sir, I support the motion.

MR. CHAN KAM-CHUEN: Sir, I rise to support the Employment (Amendment) Bill 1985 which with one master stroke terminates the criticism that Hong Kong does not provide payment for all older workers even after long service.

Labour legislation is usually controversial due to conflicting interests and I must congratulate the tripartite effort made by the Labour Advisory Board in their prolonged but fruitful discussions which form the basis of this Bill.

Personally, I am all for gives and takes in such discussions and for taking small but sure steps forward which could derive maximum benefits with minimum expenses which are not detrimental to our economy and social image. These are essential if we wish to maintain the profit incentive for investors, employment and improving benefits for employees and sufficient taxes for the public coffers to enhance our stability and prosperity.

Countries which took one giant leap forward for the 'ideal' labour legislation overnight found that their economy plunged over a cliff and they usually woke up to double digit unemployment figures, ruinous taxes, spiralling inflation and astronomical national debts.

As usual, there is always a lot of clamouring by paid organisers of some self-appointed pressure groups with tiny membership but I am afraid that their voices will be drowned by the wishes of some 351 820 members of the 383 unions which will be reflected by their elected representatives in this Council shortly.

However, I hasten to add that even the voice of the minority would be considered if they have a good point. Furthermore, there will be annual reviews on the performance of this piece of legislation and its effects on our community in all respects.

Most of the large commercial establishments already have well established provident funds which provide adequate retirement benefits for their employees.

But for the smaller business establishments with less than 50 employees which form some 96.7 per cent of the 156 871 business establishments (page 8 of the H.K. Monthly Digest of Statistics, August 1985 issue) and which are not registered as limited companies, my advice is that they should heed the warning of the Chinese saying (人無遠慮必有近憂) (i.e. if one has no fore thought, sorrow is close at hand).

They should consult their lawyers or accountants to plan for future financial adjustments.

If they set aside two thirds of a month's payroll each year and invest the sum separately, hopefully it may cover the increase of wages due to inflation and merit increments. \$2,000 per month wages today compounded at an average of 10 per cent per annum would become \$4,716 in ten years and \$12,231 in 20 years. This means a lump sum of \$146,772 for an employee and if one small business has 10 employees retiring the same year, forward planning is required to avoid a cash flow problem.

Another point is that quite a sizeable proportion of small businesses are private companies and they should consider changing to limited liability

companies so as to segregate their business and family finances. Otherwise, the small estate left behind may all be claimed as wages due in court and there is nothing left for the widow and orphans. It is then too late even to turn in the grave.

For the employee, my advice is not to rely solely on this long service payment. Systematic saving and prudent investment will alleviate a lot of unpleasantness after retirement even in those countries which provide a pension for life.

As to terminology to be considered in future Employment (Amendment) Bills, the word 'dismissed' in this Bill should be reserved for 'summary dismissal on disciplinary grounds'. According to the Concise Oxford Dictionary, 'dismiss' means discharge (especially dishonourably) from service or office, or in law 'send out of court, refuse further hearing to case'.

The 'age pointing' system used in this Bill is to help elderly employees whose service is terminated by their employers and who have difficulty in finding alternative employment. If the reason for leaving service is given on their service certificates as 'dismissed' according to law by a vindictive superior, it leaves a lingering doubt in the minds of the prospective employers on the candidate's conduct which defeats the object of our original good intentions.

With these observations, Sir, I support the motion.

MR. CHEONG: Sir, I have no reservation in giving my full support to the Bill before us. I support it not just because of its inherent qualities but also because it marks a significant step forward in the spirit of co-operation between management and labour in the search of common grounds for the common good.

When the idea of a long service gratuity was first mooted, there was considerable misunderstanding and suspicion on the part of management, while, naturally, there were shouts for much more from the labour sector. At the initiative of management representatives, these two seemingly far apart positions were brought together through a series of getting-to-know-one-another informal sessions involving serving members of the Labour Advisory Board.

The outcome is a carefully worked out compromise that lays before us today. Some may say that what we have today is not enough and indeed some vocal and organised campaigns have been directed at Members of this Council demanding that the package be unwrapped through the introduction of new dimensions. Yet, those supposedly new and salient points were fully considered by both management and labour in their process of negotiation leading up to the final package. It would be sad indeed if the efforts of so many could have been foiled by so few whose main concern appears to be able to galvanise publicity stunt tactics for self enhancement purposes.

The organised criticism centres around the provisions that there is a decreasing scale of payments so that the younger the recipients, the smaller the

payment. It is said that management is just mean and unfair to the young working populace. Well, to many who have not been involved right from the start, their seemingly logical assertions could understandably fall on sympathetic ears. Yet, before we rush to condemn management, labour and members of the Labour Advisory Board alike, it might be useful to pause and reflect on the basic rationale behind this Bill. It has always been claimed that employees of 40 years of age or over would be more vulnerable if they were dismissed through no fault of their own and without any compensation. It has also been postulated that 40 is possibly the start of a downhill path beyond which it might be progressively more difficult to find and adjust to new jobs. Thus, the rationale of the Bill is to offer some degree of protection to that group of employees over 40 years of age. The Bill was designed to achieve this purpose and the package addresses fully this main rationale. It would be misleading at best to clamour for further straying from what the Bill was designed for.

Sir, I recognise that it may be politically expedient to accede to requests from representations especially those accompanied by publicity and there may be calls now to impose certain changes of the Bill during future reviews. Whereas I fully agree that there should be reviews in future, I feel that a note of caution needs to be voiced. The Administration should not enter into any review with a closed mind. Furthermore, any review should, if at all possible, be accompanied by objective economic analysis on the overall cumulative cost effects on our economy. It can of course be argued that cost impact of each and every legislation on its own can easily be absorbed without inflicting damage onto the competitive edge of our enterprises. Yet, one must not lose sight of the cumulative effect which, in the end, would be the real key towards whether or not we can maintain the overall health of our economy. Being as we are so dependent on external factors, we should and must have a clear head whenever we take decisions that might have adverse effects on our competitiveness viz-a-viz our neighbouring countries.

Sir, with these observations, I have pleasure in supporting the motion.

MR. CHEONG-LEEN: Sir, together with the other UMELCO Members. I met with two delegations representing 78 groups on two separate occasions.

These two delegations held the view that there should not be any discrimination on grounds of age and that the qualifying period of service should be reduced. I am in sympathy with such views.

At the outset, the purpose in seeking this amendment to the existing Employment Ordinance was mainly to give statutory recognition to an elderly employee's loyalty to his employer and comparatively limited prospects in the employment market, if dismissed.

This would be in line with the best of social legislation governing the safety, health and employment conditions in other South-East Asian countries.

The proposals in the amendment Bill represent a pragmatic compromise achieved after much discussion between employers' and employees' representatives on the Labour Advisory Board.

As to whether the long service payment should be payable in cases of summary dismissal and resignations on grounds of ill health. I understand that the Labour Advisory Board was of the view that the scheme should be reviewed in one year's time, taking these points into consideration.

The proposals in this amendment Bill may not be comprehensive enough and therefore not ideal, but it is imperative that the Bill be enacted quickly to reduce the possibility of dismissals in anticipation of its becoming law.

I support the Bill on the understanding that the scheme would be reviewed a year after its introduction.

MR. HUI (in Cantonese): Sir, I wish to put forward three points of observation on the above Bill as follows:

- (1) The Bill, if passed, will be brought into operation on 1 January 1986. The principal spirit of the Bill is to provide employees with a certain degree of compensation and protection in the form of a long service gratuity to be paid by their employers when the former are dismissed not on redundancy or disciplinary grounds, leading to the termination of their contracts of employment. Undoubtedly, the Bill is providing for some benefits where there used to be none at all. Both employers and employees have gone through the negotiations and consultation by mutual understanding and mutual accommodation in formulating the basic principles of the Bill. However, judging from a fair angle, I find that the greatest demerit of the Bill is that it does not perfectly reflect its authenticity as its name suggests. The meaning of the so-called 'long service gratuity' at least indicates that all employees with a long period of service are eligible for the amount they deserved. In the meantime, there should not be any additional conditions which will serve as a form of restriction, e.g., the age limits imposed on the employees. I feel that the above arrangement is, indeed, unreasonable. However, as it is hoped that the Bill can be put into practice as scheduled, and in view of the fact that the Bill is, in general, beneficial to workers in Hong Kong, I therefore do not intend to obstruct the legislative procedure here. But I wish to point out clearly at this juncture that the Administration should clearly assure the labour organisations as well as the public of a comprehensive and reasonable review of the contents of the Bill to be carried out one year after its implementation, and seriously consider removing the age limits.

- (2) I share the anxiety that most Members of this Council and, in particular, the hon. PANG Chun-hoi, have over the Bill. The hon. PANG Chun-hoi pointed out that the Bill, when passed, would probably make very few employees eligible for the long service gratuity because some employers would dismiss those employees who were about to reach the required number of years of service. On the other hand, some employees will also try 'to be dismissed' in order to obtain the long service gratuity when they reach the required number of years of service. Both of the above are indeed improper measures. Furthermore, the Bill sets the cut-off date for reckonable service at 1980, instead of 1973 as originally proposed by the Labour Department to the Labour Advisory Board. Besides, as pointed out by some labour organisations in Hong Kong, the Bill may bring about discrimination against young workers and create an undesirable influence on their devotion, enthusiasm and efficiency. As all the above-mentioned negative effects are likely to occur. I urge the Administration to pay particular attention to them and take remedial measures.
- (3) I would like to point out further that the long service gratuity is very well-intentioned. Besides, the basic responsibility is to be shouldered by the employers. I am very pleased to see that this time the employers are willing to bear further financial responsibility, i.e., the so-called private liability. However, Sir, as I am a representative of the social services sector, it is incumbent upon me to point out to you and all hon. Members that, the purpose of the central provident fund, which is a so-called public liability, is to provide a comprehensive social security measure for the people in Hong Kong. For the aged and those who are going to retire, the need for it is more urgent. In view of this, I earnestly hope that if the long service gratuity scheme can be effectively implemented and bring real benefit to all those concerned, it should be regarded as a sound basis for experiment which will enable the Government, employers and employees to consider, further and seriously, the possibility of implementing the central provident fund scheme.

Sir, with these reservations, I support the motion.

MR. MARTIN LEE: Sir, I am opposed in principle to any legislation which is discriminatory, whether against race, sex, or age.

It is said that the main object of this Bill is to give protection to the older employees because it is more difficult for them to find other employment when they are dismissed by their employers after a long period of service.

But it will create difficulty for the older employees in *seeking* employment. When an employer has a choice of employing someone in his 20s and someone in his 30s or 40s, he will be encouraged to employ the younger one because

under this Bill, it takes longer for the younger person to qualify for the long service payment; and he will also collect a smaller amount of payment.

This is contrary to the basic objective of the Bill, which is to give protection to the older employees. The older employees will, under the new scheme, be compensated when they are dismissed after a long service; but those who are in their 30s or 40s will find it increasingly more difficult to obtain any employment.

I wonder, therefore, whether we are really giving protection to the older employees by introducing this type of discriminatory legislation.

But bearing in mind that from the employee's point of view, half a loaf is better than no bread, and bearing in mind that this has the support of the representatives of both employers and employees through consultations held with the Labour Advisory Board, I support this Bill with the greatest of reluctance and reservation.

MR. NGAI: Sir, I rise in support of the Employment (Amendment) Bill 1985.

The absence of reasonable protection for the employee dismissed for reasons other than redundancy has long been considered a serious short-coming in our labour legislations. In an age when the lot of the employee has generally improved, the mere service of a statutory or contractual period of notice or payment of wages in lieu by the employer can hardly be called reasonable for the employee who has worked continuously for the same employer for a considerable period of time.

It is, therefore, high time that this Council proposed a long service payment to give better and immediate protection to our industrious, efficient and disciplined labour force.

Although the proposed age limits have given rise to contention between certain employee representatives and the supporters of the Bill, the Bill in its present form, as I understand, is the product of thorough and prolonged deliberations by the Labour Advisory Board (LAB), and its ulterior motive is without question well meant. It is, therefore, hard to believe that the age limits set in the long service payment scheme as recommended by the LAB is discriminatory against or unfair to young workers.

It has been said that in a free economy a worker is protected from his employer by the existence of other employers. This is true, though only to a certain extent because the ability of the worker to seek alternative employers decreases with age. No doubt the older employee would need greater protection. As far as age limits are concerned, I think the allegation concerning discrimination against young workers can hardly be established.

Rather I would think that the present Bill falls in line with the Government's consistent policy of implementing such changes and improvement in a realistic

and gradual manner so that any adaptation or planning difficulties faced by the employers can be minimised. Bearing in mind that the proposed scheme imposes responsibility on all employers alike irrespective of their sizes, its impact on the small employer in particular should by no means be underestimated. I would suggest the co-operative spirit among the LAB members over this issue, as evidenced by the speed with which decision has been reached, should be given due respect.

While I sympathise with those who prefer a simpler scale of payment (which should be easier to administer), I might emphasise that in order to gain time it is important that the long service payment scheme be passed into law as soon as possible to give immediate protection to employees. Once the present Bill has become law, I would suggest that the implementation of the proposed scheme be kept in view by the Government and Members of this Council and any proposals for improvement seriously considered.

I made these remarks, Sir, in the hope that the existing laws and regulations which are conducive to investment will not be changed draconically and abruptly and be changed only if circumstances so warrant, while hard work and loyalty will be duly recognised and rewarded.

Sir, I support the motion.

MR. PANG (in Cantonese): Sir, according to the provisions of the Employment (Amendment) Bill 1985, employees who have served the same employer for a relatively long period of time and who fulfil the required period of service are entitled to a compensatory sum if they are dismissed by their employers. Hence this Bill is often referred to as the 'Long Service Gratuity Bill'.

There are serious discrepancies between this Bill and the original proposal submitted by the Labour Department for discussion at the Labour Advisory Board. Having regard to the fact that employees are often unfairly dismissed by employers, the original proposal recommends that after an employee has served the same employer for a fairly long period of time, the employer must give the employee a long service payment on terminating the latter's service.

The Bill, however, has enabled the employer to take the initiative. Irrespective of whether an employee has served an employer for more than 10 or 20 years, or whether he/she has reached retirement age or is certified medically unfit for work, the employee would not be eligible for the long service payment unless he/she is dismissed by the employer.

What is more, younger employees (i.e. those under 40) are only eligible for 75 per cent or 50 per cent of the payment. There has never been a precedent of such a retrograde measure in the so-called bilateral agreements reached by the

employees' and employers' representatives on Government's proposals put to the Labour Advisory Board.

Sir, this Bill is entirely contrary to the fundamental principle and spirit of long service payment. I have studied the labour legislations of our neighbouring countries as provided by the Labour Department. But I have found no such unreasonable and demanding provisions attached to these legislations, e.g. different rates of payment for different age groups. I do not feel that such provisions will be of any material benefit to employees.

Sir, I have met, together with fellow colleagues of the Legislative Council ad hoc group, representatives of both employers and employees. Their representations have revealed an obvious mutual distrust between both parties. Because of this mutual distrust, it is foreseeable that the implementation of this scheme will lead to many unnecessary disputes between employers and employees.

1985 is the International Year of the Youth. It is deeply regretted that we should have decided on such a piece of legislation which obviously discriminates against young workers.

Sir, to ensure that employees could receive real protection, it is hoped that the authorities concerned will monitor the situation after the Bill comes into effect, and conduct a review immediately after one year.

Moreover, the authorities should consider, as soon as possible, the practicability of setting up a central provident fund.

Sir, the various strata of our society, particularly the labour sector, are now striving to maintain stability and prosperity and to eliminate anything which might affect the harmony of our community. I have reservations on passing the Bill and hence I shall abstain from voting.

MR. SZETO (in Cantonese): Sir, this Bill providing for 'long service payment' was first discussed at the Labour Advisory Board on 19 March 1985. Agreement was reached between representatives of employees and employers on 21 May 1985 and drafting of the relevant legislation began immediately. This Bill is now going to receive its Third Reading in this Council today. Such a smooth and swift process in introducing labour legislation is unprecedented. This is made possible mainly because representatives of both employers and employees have all along conducted negotiations in a responsible and sensible manner, in the spirit of frank and sincere consultation and bearing in mind the interests of both parties.

Hong Kong has now entered into the transitional period leading up to 1997. The continued promotion of such spirit and attitude for the development of new and harmonious labour relations is very important to the maintenance of prosperity and stability in Hong Kong. I hope this is a good start.

This Bill serves to enhance employees' sense of belonging and reduce their mobility. Hence it is of benefit to employers. It also enables employees who have reached a certain age and years of service to acquire a new form of benefit. This is a step forward in social progress. Of course, there are still some serious defects in the Bill, e.g. it has failed to take care of young employees and those who resign on grounds of ill health. But in assessing the pros and cons, one must bear in mind that this is a new benefit from where there used to be none. To avoid protracted negotiations between employers and employees which would hold up the Bill, and to prevent the anticipatory sacking of employees eligible for the benefit, any *bona fide* and cool-headed representative of employees' interests will support the early passage of the Bill. Inadequacies of the Bill could be improved during the review one year later.

Some people say that it would be better to delay passing an inadequate piece of legislation or even discard it altogether. Such an argument is contradictory to the interests of employees at large. It is irresponsible and it merely tries to sensationalise the issue for self enhancement purposes.

Some people also say that this Bill will hinder the establishment of a central provident fund. This projection is also inaccurate. To enact certain legislation which would protect the interests of employees and which could later be incorporated in the central provident fund scheme will only pave the way for setting up the latter. It is a stimulant rather than an obstacle.

Sir, with these remarks, I support the motion and request that the provisions of this Bill will come into effect on 1 January 1986.

MRS. TAM (in Cantonese): Sir, being an international industrial, commercial and financial centre, Hong Kong's most valuable asset lies in its human resources. The two million odd work force is like a firm foundation stone on which prosperity and stability are built. The proposed long service payment rightly adds a protective network to this foundation.

The Employment (Amendment) Bill 1985 proposes the introduction of long service payment to employees who have been working in the same firm for over 10 years and whose contract of employment is terminated for reasons other than resignation, redundancy and summary dismissal. The spirit and principle of the Bill is encouraging: it enables the public to know that the Government is taking a first step in the right direction in giving due weight to human resources and in improving the protection given to workers, something which they well deserve. Regrettably, however, such protection is not granted without discrimination.

According to the Bill, employees eligible to receive payment under the scheme must fulfill certain qualifying service requirements. Workers over 40 who have

worked in the same firm and completed a qualified length of service could, upon being unreasonably dismissed, be compensated with the full long service payment. However, young workers under 40 have to complete 10 years' service to become eligible for 50 per cent to 75 per cent compensation. Such provision blatantly contravenes the basic spirit of 'long service payment' calculated by length of service, and is discriminating against the over one million young workers.

Admittedly, it is not easy for an elderly worker to find a new job after leaving his original employment. However, why shouldn't the younger workers, who have devoted their most energetic and vigorous prime days to their employers, receive similar compensation as well?

Perhaps some may argue that the deductions to the long service payment of young workers are made to prevent their trying to get 'sacked' after fulfilling the prescribed years of service. This state of mind does not serve to reflect the concern of employers over young workers but instead reflects the lack of confidence over their workers.

What the public demands today is a fair and reasonable attitude without discrimination. In accepting the present proposals submitted to this Council, I earnestly request the Administration to seriously consider abolishing the age restriction when making a review in one year's time, thus extending the benefits under the scheme to all workers of Hong Kong.

Sir, with these remarks, I support the motion.

MR. TAM (in Cantonese): Sir, Hong Kong is a well-developed industrial and commercial city. Employees at large labour industriously to help create wealth in our society and contribute their share towards the prosperity of Hong Kong. However, they are not adequately protected by the law. Under existing labour legislation, an employee could only receive one month's or seven days' pay in lieu of notice on dismissal, no matter how long he has worked for the same employer. This is most unfair to workers with a long period of service, particularly the elderly workers. With this loophole in the law, an employer who is winding up his business will find excuses for dismissing workers with a long period of service, so as to reduce the expenditure on severance payment. Some employers even dismiss feeble, elderly workers without any consideration, leaving them with no means to make a living. At their age, it is not at all easy to find a new job. Presently, most factories and companies in Hong Kong have no sound retirement scheme to protect these elderly employees. These problems have long been a matter of public concern.

In recent years, many surveys on these issues have been conducted by a large number of staff unions and labour groups. Based on the findings of these

surveys, proposals were made to the Administration to amend the legislation in order to plug up the loopholes and give workers more protection. In March this year, the Labour Department put forward proposals on long service payment, aiming to make up for inadequacies in existing legislation. Subsequently, labour representatives of the Labour Advisory Board organised a seminar for all staff unions in Hong Kong at the end of April to facilitate an exchange of views on the proposals put forward by the Administration. Afterwards, further examination and discussion on the proposals were made by employers' and employees' representatives on the Labour Advisory Board, with a view to reaching agreement on a draft Bill acceptable to both sides. During this process, both sides adopted a frank and cooperative attitude. The proposal now tabled for discussion is the result of their joint efforts. The present amendment to labour legislation serves to provide more protection for employees and is a step forward in labour legislation. As regards cost effectiveness, the cost that has to be borne by employers as a result of the enactment of the Bill is expected to be approximately 0.16 per cent more than the original annual wage bill, or at most 0.3 per cent more. This amount is indeed very small. But the enactment of the long service payment legislation will help to enhance the employees' sense of belonging to a company and thus reduce their mobility. Moreover, since the legislation being drafted will plug up loopholes in existing labour legislation, the possibility of labour disputes occurring will also be reduced. Undoubtedly, this Bill is beneficial to Hong Kong as a whole.

However, there are still inadequacies in the Bill. For example, it stipulates that those who have not reached a certain age are not entitled to receive their long service payment in full. It seems that such an age limit is unfair to young people. Again, some employees who have been certified medically unfit for work due to ill health or old age could not receive any compensation on voluntary resignation. Indeed, it is regrettable that such unreasonable conditions should exist in an advanced and civilised society like Hong Kong. And many trade unions and civic bodies have levelled criticisms on this point.

In view of this, members of the Labour Advisory Board feel that after the implementation of the scheme, reviews have to be made regularly to improve it, and the board has also decided that a review should be undertaken after one year's time. Recently, there are signs that certain employers would dismiss those workers with many years of service, particularly elderly workers, before the passage of the Bill. Under such circumstances, if the Bill is not passed in time, a certain group of workers will be treated unfairly by the employer. To safeguard the interests of workers, we have the responsibility to let the Bill pass at an early date so that employees can be benefited sooner.

To sum up, I accept the proposal submitted to this Council for consideration. But I hope that when the scheme is reviewed after one year's time, the above issues will fall within the ambit of the review.

Sir, with these remarks, I propose that the motion be passed.

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I am grateful to the hon. Members who have spoken on this Bill for their thoughtful comments and suggestions. Members appear generally to support the main provisions of the Bill but a number of points have been raised which I will now try to reply to. Members, I hope, will forgive me if I am not able to cover every single point and I will try not to repeat too much what I said in my speech on introducing this Bill.

Mr. TAM, Mr. PANG Chun-hoi, Mr. Y. F. HUI and Mrs. Rosanna TAM and other Members have said they feel it is unfair that younger workers would only be entitled to a fraction of a long service payment, either 50 per cent or 75 per cent depending on age. Mr. PANG Chun-hoi in particular had suggested that we might simplify the calculations of long service payment by abolishing the category of workers aged under 36 who are only entitled to 50 per cent of the amount which they would have received had they been aged 40 or above.

While I appreciate their concern for the interest of younger workers, on the other hand, consultations have revealed certain deep concerns in the minds of many employers about extensions of this nature, especially the smaller ones and especially with regard to the additional costs which may be imposed on them by the Bill. Although the financial burden should be very easily absorbed by the larger companies, many of which are already operating some kind of provident or retirement fund scheme for their employees, the smaller companies, which have been pointed out by Mr. K. C. CHAN, constitute an overwhelming majority of Hong Kong's employers may not be so well placed to pay out large sums of money to meet the new requirements, if a number of long service payments have to be made within a short period of time.

Some Members have also pointed out that employees who resign on grounds of ill health are not eligible for long service payment and consider this unfair. This issue was considered by the Labour Advisory Board as was the possibility of the long service payment being payable in cases of summary dismissal. However, these are complicated areas. It was felt that working experience in the scheme was desirable to enable these issues to be properly considered. Concern has also been expressed that some employers may dismiss older or long serving workers before the Bill comes into operation in order to avoid payments to these workers at a later date. The Labour Department has been monitoring the situation closely in recent months. There have been a small number of dismissals involving workers with 10 or more years of service during the past two months and it is difficult to establish to what extent or indeed whether at all these have been related to the long service payment proposal. This does, however, point to the need to enact the Bill without delay as was particularly emphasised by Mr. NGAI Shiu-kit.

Mr. Martin LEE'S point about potential discrimination against older workers in effect has force and this is an aspect of the scheme which we shall have to watch with great care. To sum up, many Members including Mr. WONG Po-yan

whom I must thank for chairing the Legislative Council group concerned which studied the provisions of the Bill in detail, have drawn our attention to what they see as shortcomings in the Bill.

They have then said in effect that we should go with the agreement reached between employers and employees as well explained by Mr. Stephen CHEONG and Mr. SZETO Wah and that they would therefore support the early enactment of the Bill in its present form despite the reservations of some. Nevertheless, they would wish the provisions to be reviewed after a year's experience of their operation. I sympathise with this attitude. Any new significant piece of labour legislation is bound to raise fears amongst employers. These fears are not normally realised but they are nevertheless natural. Attempts to seek agreement on the unresolved issues at this stage would probably have to delay the enactment of the Bill considerably and we felt it is better to proceed with the Bill in its present form.

I should point out to correct any misapprehension that there was broad agreement in the Labour Advisory Board over the main features of the Bill. Indeed, I would like to take this opportunity to join with Mr. K. C. CHAN in congratulating both employers and employees representatives on their sincere determination to reach an agreement acceptable to both parties. The criticisms which Members have made today on such features of the Bill, while I do not deny they have force, should not be allowed to obscure the very substantial common ground for this measure. Nevertheless, there are outstanding issues which Members have raised today and I can assure them they will be carefully studied when the scheme is reviewed in a year's time as requested by Mr. Y. F. HUI and others. I hope that by then we would acquire practical experience in the running of the scheme to assist in the resolution of these points.

Since the First Reading of the Bill on 4 December, several technical amendments have been proposed. Some of these apply not only to new part VB of the Employment Ordinance but also to the existing part VA which covers severance payment. As many of the features of the long service payment proposal are similar to severance payment provisions, accordingly I intend to move the following amendments at the Committee stage.

Firstly, I should propose an amendment to clause 2 of the Bill to clarify what in certain situations constitute wages for the purpose of calculating a long service payment or a severance payment. The situations in question are where an employee who has been receiving compensation under the Employees' Compensation Ordinance or sickness allowance or maternity leave pay under the Employment Ordinance is dismissed during or after a period of incapacity, sickness or maternity leave. In such cases, the employee will be deemed to have been paid the full wages for the period concerned. The amendment will clarify any uncertainty which may arise in determining the amount payable either a severance payment or a long service payment which is calculated by reference to the employee's wages earned during the last month prior to his dismissal or over

the period of 12 months prior to his dismissal depending on the method of calculation chosen by the employee.

Secondly, I shall propose a new clause to the Bill to delete paragraph (C) of section 31F of the Employment Ordinance which states that the severance payment provisions shall not apply to any person in respect of any employment which renders him eligible for any pension gratuity or annual allowance under the Pensions Ordinance. Since the Pensions Ordinance only applies to Crown servants who are not covered by the Employment Ordinance, this paragraph is redundant. An amendment to clause 7 of the Bill will delete the parallel paragraph in the proposed section 31U of the Ordinance in respect of long service payment provisions.

Thirdly and finally, I should propose that a reference to the Labour Tribunal a new section 31ZE(1) of the Ordinance be deleted. This section requires an employer to provide written particulars of a long service payment to an employee except when the amount to be paid is specified in the decision of the Labour Tribunal. This reference is redundant as the Labour Tribunal already has jurisdiction in disputes over any payment due under the Employment Ordinance and the appropriate provisions of the Labour Tribunal Ordinance would apply in such cases.

Finally, Sir, I should like to say I have partaken in debates in this Council for more than a decade on labour legislation and this was certainly one of the most interesting and helpful. And finally I would like to say how much I welcome the support of the new Council to the tripartite spirit inherent in our tradition of labour legislation and the spirit of negotiation between employers and employees.

Question put and agreed to.

Bill read the Second time.

Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).

COMPANIES (AMENDMENT)(NO. 2) BILL 1985

Resumption of debate on Second Reading (4 December 1985)

Question put and agreed to.

Bill read the Second time.

Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).

BANKRUPTCY (AMENDMENT)(NO. 2) BILL 1985**Resumption of debate on Second Reading (4 December 1985)**

Question put and agreed to.

Bill read the Second time.

Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).

MEDICAL REGISTRATION (AMENDMENT)(NO. 2) BILL 1985**Resumption of debate on Second Reading (11 December 1985)**

DR. CHIU: Sir, the Bill before the Council this afternoon seeks to enable the holder of an Irish Diploma, irrespective of his nationality, to remain entitled to be registered as a medical practitioner in Hong Kong.

Whilst I support the Bill, I wish to stress that my decision is based on the fact that the Irish Diploma is of an acceptable standard which has all along been recognised and monitored by the General Medical Council of the United Kingdom.

We should not at this point and at this time follow strictly the policy of the General Medical Council to take away the eligibility of a holder of a previously recognised qualification on nationality grounds because we consider that standards should be our main concern. We welcome doctors who are of an acceptable standard.

With these remarks, Sir, I support the motion.

DR. LAM (in Cantonese): Sir, the Secretary for Health and Welfare, in moving the Second Reading of the Bill, stated that the purpose of the Bill was to place all holders of United Kingdom or Irish medical qualifications on an equal footing regardless of their nationality. With regard to nationality and equal footing, it is believed that the number of Hong Kong people studying medicine in China and other regions will not be smaller than that in Ireland. In fact, what is important to the health of the general public in Hong Kong is how we are going to ascertain the professional standard of medical practitioners in Hong

Kong. From the standpoint of fairness, all those who are not medical graduates of the universities in Hong Kong should be required to pass a standardised test before they can register and practise medicine in Hong Kong. On the other hand, for those countries which do not allow holders of Hong Kong medical qualifications to register and practise medicine within their territories, we ought to treat them in a reciprocal manner. This is indeed what we mean by equal footing.

A merit of this Medical Registration (Amendment) Bill 1985 is that Hong Kong does not follow a decision of the United Kingdom indiscriminately. At a time when we want to successfully develop Hong Kong into a place to be ruled by its own people, this is one thing worth bearing in mind.

Based on the overall interests of the public and the principle of supply and demand, this amendment Bill is worth supporting. According to statistics from the Health and Welfare Branch, a shortage of doctors still exists in Hong Kong. However, it is worth mentioning that the Hong Kong University produces some 150 doctors per annum and the Chinese University also recruits 120 medical students per annum. The Chinese University will have its first batch of medical graduates next year. In addition, some 80 doctors, though not trained locally, but have passed the licentiate examination of the Hong Kong Medical Council, are able to practise medicine in Hong Kong each year. I hope that the Government will arrange suitable posts for those medical doctors who have no intention to practise on their own in order to achieve the objective of 'making full use of resources'.

SECRETARY FOR HEALTH AND WELFARE: Sir, I would like to thank Dr. LAM and Dr. CHIU for their support for this Bill.

I share the views they have expressed on the need to maintain the professional standards of those who are eligible for registration as medical practitioners in Hong Kong. However, in view of the shortage of doctors in the territory, it is in the public interest that the recruitment net should be cast as wide as possible subject of course to the maintenance of proper standards. I doubt therefore whether it would be appropriate, as suggested by Dr. LAM, to restrict registration to doctors from those countries which afford recognition to Hong Kong medical graduates. Nor would it in my opinion be in the interests of the community to require all overseas medical graduates to undergo an examination before being granted the right to practise in Hong Kong.

Sir, I beg to move.

Question put and agreed to.

Bill read the Second time.

Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).

Committee stage of bills

Council went into Committee

INSURANCE COMPANIES (AMENDMENT)(NO. 2) BILL 1985

Clauses 1 and 2 were agreed to.

ARBITRATION (AMENDMENT)(NO. 2) BILL 1985

Clause 1 was agreed to.

Clause 2

MISS TAM: Sir, I move that clause 2 be amended as set in the paper circulated to Members and for the reasons earlier on given by the hon. Martin LEE.

*Proposed amendment***Clause 2**

That clause 2 be amended by repealing clause 2 and substituting the following:

'Amendment
of section 6B.
(Cap. 341.)

2. Section 6B of the principal Ordinance is amended by adding at the end thereof the following—

"(3) Where the Court makes an appointment under subsection (2) of an arbitrator or umpire for consolidated arbitration proceedings, any appointment of any other arbitrator or umpire that has been made for any of the arbitration proceedings forming part of the consolidation shall for all purposes cease to have effect on and from the appointment under subsection (2).".'

The amendment was agreed to.

Clause 2, as amended, was agreed to.

New clause 3, 'Amendment of section 30'

Clause read the First time and ordered to be set down for second reading pursuant to Standing Order 46(6).

MISS TAM: Sir, in accordance with Standing Order 46(6) I move that new clause 3 as set out in the paper circulated to Members be read a second time; reasons have also been given by the hon. Martin LEE.

Question put and agreed to.

Clause read the second time.

MISS TAM: I move that new clause 3 be added to the Bill.

Proposed addition

New clause 3

That the Bill be amended by inserting, after clause 2, the following new clause—

'Amendment of section 30	<p>3. Section 30 of the principal Ordinance is amended by deleting "29A, the remuneration of the arbitrator" and substituting the following—</p> <p>"6B or 29A, the remuneration of the arbitrator or umpire".'</p>
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The addition of the new clause was agreed to.

EMPLOYMENT (AMENDMENT) BILL 1985

Clauses 1, 3 to 6, 8 and 9 were agreed to.

Clauses 2 and 7

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I move that clauses 2 and 7 be amended as set out in the paper circulated to Members for the reasons I gave in my speech early this afternoon.

Proposed amendment

Clause 2

That clause 2 be amended—

(a) By deleting from paragraph (a) 'in subsection (1), by inserting in the appropriate alphabetical order the following definitions—' and substituting the following—

'in subsection (1)—

- (i) by inserting in the appropriate alphabetical order the following definitions—'
- (b) By inserting at the end of paragraph (a) the following—
'(ii) in the definition of "wages" by deleting "subsection (2)" and substituting the following—
"subsections (2) and (3)".'
- (c) By deleting the full stop at the end of paragraph (b) and substituting the following—
"; and".
- (d) By inserting after paragraph (b) the following—
'(c) by inserting after subsection (2) the following—
"(3) Where an employee who has been employed under a continuous contract—
(a) is dismissed; or
(b) is laid off within the meaning of section 31E,
and for any period of that contract he has not been paid his wages, or his full wages, but his employer has been liable to pay him—
(Cap. 282.) (i) compensation under the Employees' Compensation Ordinance;
(ii) in the case of a female employee, maternity leave pay; or
(iii) sickness allowance,

then the employee shall be deemed, for the purposes of Parts VA and VB and notwithstanding any other provision of this Ordinance, to have been paid, for that period, his full wages under, and at the frequency required by, that contract as if he had continued in the normal course in the employment to which that contract relates, and any calculation under section 31G or 31V shall be made accordingly.".'

Clause 7

That clause 7 be amended—

- (a) By deleting, from proposed section 31U, paragraph (c).
- (b) By renumbering paragraphs (d) and (e) of proposed section 31U as paragraphs (c) and (d) respectively.
- (c) By deleting from proposed section 31ZE(1) ', otherwise than in pursuance of a decision of the Labour Tribunal which specifies the amount of the payment to be made'.

The amendments were agreed to.

Clauses 2 and 7, as amended, were agreed to.

New clause 5A. 'Amendment of section 31F'.

Clause read the First time and ordered to be set down for Second Reading pursuant to Standing Order 46(6).

SECRETARY FOR EDUCATION AND MANPOWER: Sir, in accordance with Standing Order 46(6) I move that new clause 5A as set out in the paper circulated to Members be read a Second time.

Question put and agreed to.

Clause read the Second time.

SECRETARY FOR EDUCATION AND MANPOWER: I move that new clause 5A be added to the Bill.

Proposed addition

New clause 5A

That the Bill be amended by inserting, after clause 5, the following new clause—
'Amendment of section 31F. **5A.** Section 31F of the principal Ordinance is amended by deleting paragraph (c).'

The addition of the new clause was agreed to.

COMPANIES (AMENDMENT)(NO. 2) BILL 1985

Clauses 1 and 2 were agreed to.

BANKRUPTCY (AMENDMENT)(NO. 2) BILL 1985

Clauses 1 and 2 were agreed to.

MEDICAL REGISTRATION (AMENDMENT) BILL 1985

Clause 1

SECRETARY FOR HEALTH AND WELFARE: Sir, I move that clause 1 be amended as set out in the paper circulated to Members.

*Proposed amendment***Clause 1**

That clause 1 be amended by deleting '1986' and substituting the following—
'1985'.

The amendment was agreed to.

Clause 1, as amended, was agreed to.

Third Reading of Bills

The Attorney General reported that the

INSURANCE COMPANIES (AMENDMENT)(NO. 2) BILL 1985

COMPANIES (AMENDMENT)(NO. 2) BILL 1985 and the

BANKRUPTCY (AMENDMENT)(NO. 2) BILL 1985

had passed through Committee without amendment and the

ARBITRATION (AMENDMENT)(NO. 2) BILL 1985

EMPLOYMENT (AMENDMENT) BILL 1985 and the

MEDICAL REGISTRATION (AMENDMENT) BILL 1985

had passed through Committee with amendments, and moved the Third Reading of the Bills.

Question put on the Bills and agreed to.

Bills read the Third time and passed.

Adjournment

Motion made. That this Council do now adjourn—ATTORNEY GENERAL.

4.20 p.m.

HIS EXCELLENCY THE PRESIDENT: Twenty-one Members have given notice of their intention to speak. Although I am sure they will be concise, I do not think

we can finish in a half-hour. So I propose to exercise my discretion under Standing Orders 9(7) and 9(8) to allow Members such time as is necessary to complete their speeches, and such time as is then necessary for the Official Members to reply to those speeches, before putting the question on the Adjournment.

The Redevelopment programme for 26 public housing blocks announced by the Housing Authority on 21 November 1985.

DR. HO: Sir, the Kwai Fong Public Housing Estate was completed in 1971. A few years after occupation, in some blocks walls began to crack, steel bars began to corrode and concrete began to spall. Investigations in the early 1980s led to a decision by the Housing Authority in November 1984 that one block in the estate be redeveloped. The block has since been cleared.

Further investigations, which covered not only Kwai Fong but also other estates, revealed the concrete strength of some blocks to be below normal standard. The Housing Authority decided on January 1985 that three blocks be redeveloped. The number was increased to 26 in an announcement by the Housing Authority on 21 November 1985, with nine blocks in the New Territories, 15 in Kowloon and two on Hong Kong Island.

According to the Housing Authority, the decision to rebuild was based on the fact that though these blocks were *not* structurally unsafe and though repairs would cost 60 per cent to 70 per cent of reconstruction, yet redevelopment was more cost effective since the new blocks would be of better quality in terms of enhanced facilities, improved environment and lower density. Repairs, it was understood, would likewise necessitate the decanting of residents.

Since January 1985, Legislative Councillors have been keeping watch over the question of concrete problem in buildings. Questions were asked in this Council on 23 January and 6 November.

After the announcement of the 26 blocks on 21 November, Legislative Councillors decided that quick action was called for in view of the number of families affected and the circumstances in which the redevelopment of these blocks had become necessary. Therefore, on 22 November, an ad hoc group was formed to study the programme. I have the honour to be the convener. Legislative Councillors also visited on 23 and 25 November the worst blocks in the redevelopment programme.

The public, understandably, is extremely concerned. An indication is the fact that since 21 November, four residents' and interest groups have met with Members of the ad hoc group. In addition, five representations have been handed to individual Legislative Councillors, during their visits and on other occasions.

The major points of concern raised in these representations have been thoroughly studied and discussed by the ad hoc group with the Administration.

Following these discussions, another ad hoc group has been formed and is studying the Housing Authority's voluminous survey and consultants' reports on these 26 blocks.

Through these contacts with the public and the Administration. Legislative Councillors have gained a balanced, reasonably comprehensive knowledge of the structural and concrete conditions of the blocks concerned, and they are thus able to assess this matter in an objective perspective. As I see it, the Housing Authority's decision to demolish the 26 blocks with low concrete strength is a responsible act, reflecting its concern and care for the safety of the residents. Its efforts to convince the Finance Branch to allocate the necessary provisions from the Development Loan Fund to redevelop these 26 blocks, over and above the fund for the normal public housing programme, should be seen as a demonstration of responsibility and good planning. We must recognise that all these substandard blocks were constructed by the erstwhile Public Works Department, and the Housing Authority only assumed management of these buildings upon its establishment in 1973. We must acknowledge the overall achievement of the public housing programme and continue to have confidence in the Housing Authority.

Nevertheless, it is the duty of the Secretary for Housing to expeditiously attend to all the problems arising from the redevelopment or repairs of all those public housing blocks with concrete problem. Arrangements must be made to rehouse the affected domestic tenants and to re-provision the shop operators, together with reasonable and adequate compensation. Inconvenience and hardship must be reduced to the minimum. The redevelopment programme of the 26 blocks must be implemented with vigour and closely monitored. The longer-term goals are to improve supervision and control so as to ensure high quality of public housing construction and to avoid recurrence of similar incident in the future. Thorough investigation into legal liabilities and possible dereliction of duties must be undertaken.

The anxieties, worries and requests of the affected tenants and the public can be broadly classified into the following categories:

- structural safety of the public housing blocks in general, and the 26 ill-fated blocks in particular;
- rehousing of domestic tenants, re-provisioning of shop operators and adequate compensation;
- rent policy and whether the public housing tenants will have to bear the cost of redevelopment by way of rent increases;
- social service facilities to be re-provisioned in neighbouring blocks to ensure continuity of these services;
- effects of the redevelopment on the households on waiting list;

- legal liabilities and possible dereliction of duties on the part of those persons and contractors involved in the construction of the ill-fated blocks; and
- stringent supervision and quality control of public housing construction.

My colleagues will be speaking on these and other areas with a view to eliciting formal assurances and clarifications to be given by the Administration in this Council.

In view of the large number of speakers, it has been agreed that each Member will speak for about three minutes. For my part, I shall address myself to three points of concern.

First, I urge that Government carry out a vigorous investigation with an intent to identifying the persons, both inside and outside the Civil Service, who should be held responsible for the poor quality of the 26 blocks. The possible offences might be related to corruption or negligence of duties. The principal findings of the investigation should be made public, even if prosecution could not be instituted for lack of sufficient evidence or witnesses or for other reasons. My aim is not to revenge, but to restore confidence and trust in our Government.

Second, we must be quick to learn from our mistakes. The Housing Authority must work out procedures to impose more stringent supervision and control on site and on the entire construction process, including concreting. Administrative machinery in the form of committees and task forces must be set up to ensure quality of building and to detect irregularities. The public queries why the Buildings Ordinance does not apply to Government buildings, and they hence readily attribute the low standard and concrete deficiency of public housing to this exemption. I wonder whether Government would consider putting construction in public and private sectors under the control of the same statutes.

Lastly but not the least, I wish to stress that relocation is extremely disruptive, especially, for commercial tenants. Government must be prepared to do its utmost to assist the affected business operators. As a result of declining business due to the redevelopment, business operators may have to lay off employees. Severance pay is an onerous burden. Furthermore, fitting-out of the new business premises is costly. Business in a new location often takes time to establish. I have great reservation about the current formula in calculating compensation for affected commercial concerns, which fails to take into account the particular conditions of the individual shops. I therefore urge that Housing Authority initiate consultation with the affected shop operators in each estate to decide on a level of compensation which is fair and realistic to their particular problems. In doing so, the assignment rights of some of the shop owners, i.e. the right to transfer the title of the shops to another person, must also be taken into account.

This debate will by no means be an end to this Council's concern about public housing. The debate, however, will hopefully be an end to the sort of concrete problem found in these 26 blocks. Let's have confidence in the Housing Authority's ability to continue building better quality and better designed housing for our people. Given the Housing Authority's past performance, there is every justification for the confidence.

MR. S. L. CHEN: Sir, since the announcement by the Housing Authority about the demolition of these 26 blocks, one of the questions repeatedly asked by the public is: Why Government's and Housing Authority's buildings are exempted from the Buildings Ordinance?

My research so far has not led me to any official or logical answer. Presumably the exemption, which is provided for in Buildings Ordinance and Housing Ordinance, was based on the assumption that Government and Housing Authority would maintain a high standard of control and supervision of building works and on the premise that it would be an unnecessary duplication of effort for professional staff of one department to seek approval from comparative grades of professional staff in another department.

These reasons might sound convincing at the time the relevant provisions were written into the law. I do not doubt the competence and integrity of the professional staff engaged on constructing Government's and Housing Authority's buildings, but the concrete problems of these 26 blocks must have left one wondering whether the Government's standard of control and supervision are indeed as high as they were supposed to be. (I say 'the Government's because these blocks were built by the then Public Works Department.) The man in the street can therefore be forgiven for querying whether there are double standards, one applicable to the private sector and another to public buildings. I think the Government should clear the mist through statements made in this Council.

Sir, the emphasis of modern public administration is on checks, balance and accountability. It is important that Government organisations, no matter how efficient and competent, should be seen to be accountable for their work. Therefore, my question is: Is there any compelling reason why the exemptions granted under the Buildings Ordinance and Housing Ordinance should continue? Should we not have, and be seen to have, buildings in both public and private sectors all governed by the same standards and requirements laid down in the Buildings Ordinance?

I hope the Government will give careful consideration to these questions.

MR. HU: Sir, when the Housing Authority was established in 1973, it took over from the Government many housing estates including the 26 blocks which were designed and constructed under the supervision of the then Public Works Department when the emphasis was on the speed of construction and the

cheapest cost. These 26 blocks now have to be demolished and redeveloped. Naturally it is not possible for the authority to bear responsibility for the low structural standard of these 26 blocks, but to concentrate its efforts in finding a workable solution to the problem.

I wish to take this opportunity to study the standard of those blocks constructed by the authority after 1973 in order to satisfy the general public at large whether similar problem could occur in future for such blocks. My understanding of the policy of the authority on construction is quality, durability and value for money. The authority has steadily improved the concrete specification and introduced modern mechanised construction system in order to ensure consistency. The tender system the authority adopts ensures that the authority obtains the optimum value for money. Only those contractors on the approved lists and whose current performance is satisfactory are allowed to tender. When tenders are received, Housing Department's staff check every item to ensure that the tenders are in order and not a single one is a 'rogue' tender. The financial capability including the level of working and employed capital of the tenderers is then checked by the department's Chief Treasury Accountant. The technical capability of the firm including the number and qualifications of their professional and the supervisory staff is also checked. The authority is not bound to accept the lowest tender even under such stringent conditions. If the tender is far below the price quoted by the next lowest contractor, the authority's Building Committee will take pains to satisfy itself as it understands too well that the contractor may, in the end, either try to cut corners, submit unjustified claims or delay the project. If the Building Committee is not satisfied, the lowest tenderer will not get the job. Contract procedures including site supervision for the authority's estates have been recently examined by the Corruption Prevention Department of ICAC and they are satisfied with existing procedures and practices. Furthermore, the authority sets up its own material testing laboratory recently in order to act as a check on private laboratories.

I believe such policy and procedure can ensure the quality and durability of the Housing Authority blocks, and the tenants living in these blocks should have no fear of compulsory removal because of poor construction standards.

MR. CHEUNG (in Cantonese): Sir, the recent discovery of structural defects in 26 public housing blocks caused by the use of sub-standard concrete and the recommendation by the Housing Authority to redevelop them have aroused much public concern. I think we must face this matter calmly in order to work out an effectual solution.

In the 32 years since 1953, the Government has constructed 1 099 residential blocks under its public housing programme. These blocks provide housing for

over 2.5 million people which is about 45 per cent of the population. The result of this enormous housing programme is not only an example for developing countries to follow, it is also being marvelled at by many leading countries. As citizens of Hong Kong we should be proud of our achievement. This success is attributable to the contributions of the Housing Authority, the devotion of duty by staff of the Housing Department and the support given by members of the public.

In this incident, the Housing Authority and the Housing Department are 'scape-goats'. The housing blocks in question were built before 1973 by contractors appointed by the then Public Works Department. They should have no direct relation with the present Housing Authority and Housing Department which were only instituted in 1973. Nevertheless, in having taken over the management of these blocks, the Housing Authority has positively taken up the responsibility and designed a comprehensive redevelopment programme to rehouse those affected in eight years' time at the cost of \$800 million. In this regard, the Housing Authority has demonstrated a high sense of responsibility.

The Housing Department has reaffirmed that the 26 blocks are not in a dangerous condition and they could be brought up to acceptable standards by effecting repairs. However, this solution is very costly. It will also cause inconvenience to the residents thereby affecting the quality of life. It is, therefore, more practicable to divert the resources to redevelop the blocks and to grant appropriate compensation to the residents and shop tenants concerned in order to assist them to move to a more permanent and comfortable environment. Redevelopment will also result in better utilisation of land and bring about relief of overcrowding which otherwise would not be possible.

To improve construction standards, I understand that the Housing Department is improving control over the quality of cement to be used in building construction and is strengthening site supervision over contractors. The Housing Department and the Building Committee of the Housing Authority will also closely scrutinise the manpower supply, financial position, method of construction and organisation of the contractor company concerned before awarding a contract. These will help to ensure that housing blocks produced are of an acceptable standard.

Public housing constructed by the Housing Department are now of a very high standard. Among them, many estates including Sui Wo Court and Mei Lam Estate in Sha Tin, and Siu Hong Court in Tuen Mun have won awards of the Hong Kong Association of Architects. This is the result of the co-operation and diligence of the some 300 architects and engineers of the Housing Department. I sincerely hope that their morale will not be affected by this incident and they will continue to work hard to fulfil their duties.

If we are to assess the success or otherwise of the former housing programme and the performance of the present Housing Department and Housing Authority, the determination of the Housing Department in carrying out a

comprehensive survey into the conditions of the housing estates and to improve standards of safety and comfort for residents, is worthy of praise. In order to maintain the high standard of public housing in Hong Kong, I urge to support the comprehensive and practicable solutions now proposed.

MRS. CHOW: Sir, by any standards, the problem discovered and uncovered recently in our public housing stock, which spells the unacceptable substandard quality of 361 blocks and the need to demolish 26 of them for structural reasons, is one that deserves all the public attention it has aroused. It is all the more worrying because we know the picture is not yet complete. How many other blocks will require repair or demolition? How many more public housing tenants will be affected? How big will be the bill at the end of the day?

The thousands who are residing in these buildings are subject to premature inconvenience and unnecessary disruption. The partial solution to the problem necessitates the resettlement of those families displaced from the 26 blocks. This process starts in 18 months. Although Government has agreed that extra funding will be allocated for the building of these extra units, new blocks for this specific purpose will not be ready until at least three to four years from now. In between the time when these tenants must move out and the time additional units are completed, there is no alternative but to borrow those units which are coming on stream and which are originally intended for those families on the waiting list. In short families on the waiting list who are originally due to be housed in 1987 and 88 will have to wait a little longer. However, this situation will improve as soon as the construction of the additional units are completed.

In the even wider context, evidence so far indicates that Government, representing the people of Hong Kong, and represented by the Public Works Department, was swindled when the buildings were constructed. Government cannot easily shrug off the problem. Unlike the Housing Authority which claims that the problem is the result of action taken before its present role existed, Government is not in a position to pass the buck, for it existed then, and it was the client entrusted with public money to ensure what we face now does not happen. It will not do to dismiss the past, for we are always living the consequences of the past, and we must look into the past so as to safeguard our future.

In my view the issue before us is of enough scale, importance and public interest to warrant a commission of enquiry to investigate how such a catastrophe could have occurred. Government has a case to answer to the public, if nothing else, to establish where the system in the past fell down, and to satisfy ourselves how the system in the present and the future will hold up.

No doubt the problem is huge, but it deserves to be put in proper context. It is fair to say that the Housing Authority is doing a tremendous job not only in upgrading the quality of life for the over two million people who are living in public housing, but also in meeting the rising aspiration of their tenants.

All in all, Hong Kong should be proud of our housing programme. What lands squarely in the lap of the Housing Authority is not only the duty to solve the enormous problem it has inherited and now faces and has shown determination to tackle responsibly, efficiently and expediently, but also the responsibility that such a fiasco would never recur in the future.

MR. CHAN YING-LUN (in Cantonese): Sir, as a member of the Housing Authority, I wish to take this opportunity to comment on the factors for consideration and decisions taken by the authority in tackling the current incident.

The demolition and redevelopment of 26 public housing blocks carry wide implications. The 15 000 domestic and commercial tenants affected are particularly concerned about their compensation and rehousing arrangements. Hence, the Housing Authority has assumed full responsibility for this incident within their terms of reference. The condition and situation of the tenants should be considered and various factors carefully weighed before a decision is made on their compensation and rehousing arrangements.

The compensation arrangements may not satisfy the needs of every single tenant affected, but the security enjoyed by public housing tenants has always been far more than that enjoyed by private housing tenants and in this incident, there is no exception. The Housing Authority has taken the interests of the majority of tenants into consideration. At the meeting of its Management Committee on the 28 of last month, it was agreed that the ex-gratia allowance granted to graded shops be increased by 25 per cent and that payable to commercial tenants on fixed term tenancies be increased from the original amount which is equivalent to 12 months rental to 15 months rental when they return their shop premises. Therefore, if we increase other forms of compensation, tenants affected by other redevelopment or demolition programmes may submit similar requests, and the amount of compensation involved will be correspondingly increased. This point indeed deserves our careful consideration.

In regard to rehousing arrangements, the majority of the tenants affected wished that they could be rehoused in the vicinity. As the number of units reserved for this purpose is limited, some of them may not have their wish fulfilled. Though the Housing Department has announced that it will look for additional construction sites for building public housing flats in the neighbouring areas of the estates affected by redevelopment. I urge the Housing Department to make public the details of the programme as soon as possible and to expedite the construction of the buildings required within the next several years so as to satisfy the wish of the tenants in this respect.

Recently the public are also worried that since the Housing Authority is going to spend \$800 million on the redevelopment of 26 public housing blocks, such an amount will be offset by rent increase. As I am personally involved in reviewing the rent levels of public housing, I take this opportunity to reiterate the policy of the Housing Authority. When consideration is given to determining the rent levels of estate premises, the construction cost required is not taken into consideration. What we take into account are the estate's value, the facilities provided, the usual management fees and the affordability of the tenants and so on. Therefore the redevelopment programme should not affect future rent levels.

Both Housing Authority and Housing Department have, as a result of this incident, committed a large amount of manpower and time to tackle the case. The Building Committee of the Housing Authority has, since the revelation in 1981 of the fact that the concrete structure of some of the housing blocks in Kwai Fong Estate required constant maintenance, paid close attention to the development of the incident. The measures taken include regular site visits, frequent meetings, detailed study of survey reports submitted according to fixed schedules by Housing Department and project consultants and thorough discussions on the various practicable programmes to remedy the situation and to solve the problems. Members of the Housing Authority have been working in silence and with industry and seriousness. Their working attitude has doubtlessly made major contributions in arriving at the decision of redeveloping the 26 defective public housing blocks. In the current incident, many community organisations and district board members have been running on missions for those domestic tenants and shop operators affected. They have put aside their personal affairs to assist in the removal arrangements. I therefore would take this opportunity to extend to them my heartfelt thanks.

MRS. NG (in Cantonese): Sir, on 21 November, the Housing Department officially announced the 'redevelopment programme'—i.e. the decision to demolish and rebuild 26 public housing blocks which had been built with sub-standard concrete. Indeed, for the safety of the residents, the Government should demolish those blocks as soon as possible. But this unprecedented 'mammoth exercise' definitely should not be incorporated into the redevelopment scheme originally designed for the old type public housing, because it would look like a manoeuvre to cover up the facts.

As the saying goes, 'he who makes his own bed must lie on it'. These 26 blocks where structural problems exist were not built by the present Housing Department. The Government should set up an independent ad hoc organisation to face up with this unprecedented 'disastrous' problem: to find out where the responsibility should lie as well as to resettle the commercial tenants and residents affected by this removal. As there must be someone who should be

held responsible, questions arise like who were responsible for the construction of the blocks, the supervision of the works and the endorsement and issuance of the occupation permits. The answers to these should be made known to the public by the Government at an appropriate time. For the sake of justice, legal action should be taken as soon as possible.

The 'disaster' befell more than 10 000 households and commercial tenants who, having to face this drastic change, felt at a loss as to what they should do. The commercial tenants might have to dismiss their staff and bid for new shops at high tender prices; their goods and chattels might be lying idle; they might be forced to start a new business in new surroundings and have no way of solving all these problems. As regards the domestic tenants, they might have to look for new schools or employment, pay new rental for their new homes which require furnishing and have to face up with vexatious problems brought about by a change in their living environment. I think the Government departments concerned should give them a hand in finding solutions.

What the public feel most concerned about this redevelopment programme is, *inter alia*, whether the \$800 million to be spent on this programme would bring about an adverse effect on future adjustment of public housing rental. Despite the assurances made by Government officials on public occasions that the extra expenditure of \$800 million will come from the Development Loan Fund and that the Housing Department will not take this sum into consideration when adjusting the future rental, it should be noted that the Government would charge the Housing Authority interest for the \$800 million loan at a nominal rate of 5 per cent and this amount of interest, if incorporated into the Estate Working Account, might lead to a larger deficit of this account and, indirectly, have an adverse effect on future adjustment of public housing rental. As this issue would have wide implication on all tenants of public housing, it is hoped that the authorities would make clarification on this.

There is an old Chinese saying—'When you have faults, do not fear to abandon them'. We need a government which is responsible and administrators who would dare to admit their own faults and undo the wrongs. The Government should bear all the costs for the demolition and redevelopment of the blocks as well as for the removal compensations. It should make interest-free loans available for the re-development, to avoid the unfair situation whereby the exorbitant interests would be transferred onto the public housing residents in future. Furthermore, it should encourage the affected residents to purchase home ownership scheme flats by, for instance, offering them interest-free loans. Besides, the Government departments concerned should co-ordinate their efforts in making sites available for re-development purposes, so that the affected residents would not have to live so far away from their original dwelling places. Hence, the inconvenience caused to them would be minimised.

The residents have no alternative but to move out, commercial tenants have to wind up their business, employees have to be dismissed, schools have to stop

operating and the homes for the aged have to close down. The Government should be held fully responsible for all the above and should take remedial action. It should offer reasonable compensation and make other arrangements to take care of the affected residents, commercial tenants and employees, so that they can live and work in peace and contentment.

MR. CHEONG-LEEN: Sir, I wish to say a few words in support of the Housing Authority's extended redevelopment programme.

This extended programme covers the 26 blocks which will be redeveloped over a four-year period at an estimated cost at today's prices of \$800 million. The total number of families involved is 15 100, so the problem is of significant proportions indeed.

Firstly, I would urge the Housing Authority to accept this extended programme as a challenge, and to provide better living accommodation and standards for the residents concerned—this means lower density and more and better facilities, such as markets, playgrounds, district cultural facilities, community centres and so on.

Secondly, all sites chosen for the programme should be as easily accessible—if not more so—to all the residents concerned.

Thirdly, I would like an assurance from the Housing Authority that the rents for this particular programme will not take into account the basic costs of the redevelopment, and the rents must be historically compatible and reasonable.

Fourthly, the authority should review what additional incentives could be offered the residents concerned to buy HOS flats.

Fifthly, I would like to emphasise that the Housing Authority should leave no stone unturned to ensure that the affected tenants will be decanted with the minimum hardship and disruption to their lives, and that compensation arrangements will be as reasonable and generous as the public purse allows. These residents deserve every sympathy and support.

May I close by paying a tribute to the Housing Authority members and the Housing Department for facing up to this problem openly and with sincerity in wanting to arrive at the best possible solution.

When the first few of these 26 blocks were built, the Housing Department had an extremely small staff and the pressure to swiftly accommodate large number of very poorly housed residents was enormous. Today, the Housing Department is much better prepared to build public housing accommodation of much higher standard to meet the rising aspiration of our people.

Redevelopment is a continuous process in the authority's activities, as 80 per cent of the existing housing stock consists of one-room flats which in terms of design—but not structural safety—are obsolescent. So in addition to this

particular extended redevelopment programme, the normal redevelopment programme will carry on for a long time to come. I urge the Housing Authority to keep up the redevelopment momentum so as to upgrade living standards. I am certain that the Housing Authority which has one of the world's largest public housing programmes, and is currently supervising the construction of over 120 000 flats, will be able to handle this problem that is being debated today expeditiously, and to pay due attention to rents being adjusted to a historically fair and reasonable level, since the problem was not of the tenants' making.

MR. CHENG: Sir, I wish to raise what I consider to be the most important aspect of our public housing projects. And it is so important because it concerns the safety of our people, the wise use of taxpayers' money, and the integrity of our Administration. I am, of course, referring to structural safety.

As we are aware, public housing is not subject to control under the Buildings Ordinance, but safety—and accountability for it—is more than a matter of ordinances. For any construction project of this kind, like those which are subject to statutory control, the contractor has a duty to provide full time supervision to ensure that materials and workmanship meet the required standards. The contractor must be held responsible for this. Architects, engineers and other supervisory staff must also be held responsible for ensuring that the contractor has met the specifications and complied with the required standards for safety and durability.

All of us today feel the deepest concern over the 26 housing blocks—some built only 12 years ago—which are now revealed as having structural defects as a result of the use of sub-standard concrete. To redevelop these blocks—to demolish them and replace them—will cost more than \$800 million, not to mention the inconvenience to tenants, no matter how hard we try to alleviate this. It is indeed an expensive lesson to us all—whether as taxpayers, as administrators or as professionals in the building industry.

It is understood that it will take four or five years to redevelop these 26 blocks, and in the meantime many thousands of people will still be living there. Although we have been informed that these buildings are not structurally unsafe and that there is no immediate danger—but I assume that the Housing Authority will monitor the situation very closely—I am nevertheless concerned. It is therefore vital for the Government to assure the public of the structural safety of these buildings the level of which is appropriate to the continuing use of these buildings without in any way endangering the public. Such assurance must be justified by professional appraisal the results of which should be disclosed as soon as possible to avoid unnecessary concern by the general public.

It is startling to learn that redevelopment would be more cost effective than structural repairs, which in this instance reflects that the deficiencies are very

extensive. This is indeed a very expensive exercise involving vast amount of public funds. I feel compelled to ask whether the term 'redevelopment' is beginning to be misused as a convenience, and whether our on-going redevelopment programme is intended to be a perpetual or permanent process. Should we not be looking carefully into present design and construction with a view to eliminating redevelopment of this kind? We must plan for the long-term—and build for the long-term as well.

Sir, let us leave something better for our successors in the years ahead. Let us determine now to put an end to the upheaval and expense of moving and rehousing, the need to monitor cracks and safety, and the staggeringly high costs of maintenance or redevelopment which are not at all in the interest of the people of Hong Kong.

MR. CHUNG (in Cantonese): Sir, the demolition and redevelopment of 26 public housing blocks due to their sub-standard concrete structures is a 'big smirch' in Hong Kong's well reputed public housing construction programme. It will bring about a waste of money and manpower, for not only a sum of more than \$800 million of taxpayers' money has to be spent on the redevelopment of those housing blocks but some 15 000 families affected also need to move elsewhere. Here, I would like to make the following proposals:

- (1) Find out who are responsible: The Government should ask the contractors who undertook the construction of those blocks to shoulder the losses incurred and find out whether the Government officials who were in charge of the construction work concerned were involved in corruption or were negligent when performing their duties, and then act accordingly. May I propose that an independent committee, under the chairmanship of a judge of the High Court, should be appointed by the Government to find out the truth of this matter, review the procedures relating to the award of public housing contracts, construction and supervision of such projects, point out where the defects are and make such recommendations as to plug the loopholes. Only by so doing can Government be fully accountable to the public on this matter.
- (2) In situ redevelopment: The majority of residents do not wish to move out of the districts where they are presently residing as they are close to their places of work or the schools of their children. The Housing Authority should therefore consider the possibility of redeveloping those blocks in situ by stages so that residents would, as far as possible, be able to move back to their original districts. If necessary, the adjoining sitting-out areas could also be used for the construction of the redeveloped blocks; open places could be re-allocated for the residents later on.

- (3) Removal allowance: According to the residents, there is a difference of some 25 per cent between the amount of removal fee and ex gratia allowance stipulated by the Housing Authority and the removal fee which the tenants have claimed. Furthermore, the special allowance of \$1,000 laid down by the authority cannot reflect the actual expenses which are needed for the fitting out of a new home, such as cooking bench, kitchen racks, painting, telephone, and so on. As these actual expenses are several times higher than that laid down by the Housing Authority, it is hoped that a review could be conducted on the amount of removal and ex gratia allowances. Also, the residents should be granted a rent-free period to carry out the necessary decoration work. As regards the shop operators, consideration should be given to their retaining the rights of inheritance, assignment and change of trade, or to their being compensated for the loss of such.
- (4) Encourage those residents concerned who have the financial capability to purchase home ownership scheme flats: Higher priority should be given to applications which are submitted by such residents. In order to attract more applications for HOS flats, may I reiterate my proposals on the offer of concessionary terms which I have already made at the policy debate.
- (5) Reserve some flats for those residents who cannot afford to pay higher rent for their accommodation: A higher rent will naturally be set for the new domestic flats since they are designed for better living condition and are equipped with better facilities than those of the affected blocks. But the Housing Authority must also give due consideration to some of the affected residents who may not be able to afford the higher rent and may wish to move into a flat similar to their present abode. On no condition should these residents be compelled to move to a flat of higher rent.

Sir, with these remarks, I close my speech.

MR. HO (in Cantonese): Sir, as a building contractor of some standing and repute, I must say that I was surprised by the announcement by the Housing Department on 21 November 1985 that it intends to extend the redevelopment programme to include a further 24 more blocks in 11 middle-aged estates over the next four years. The reason given for such a course of action was that the condition of these blocks was such that they will require an excessive amount of repairs to retain them for occupation and that although they are not unsafe it had been decided on the grounds of cost-effectiveness to redevelop rather than to repair them.

Members of this Council have since been extensively briefed by the Administration on this matter and I personally feel that Government should

now clearly inform and assure the public that the general condition regarding the structural safety of these estates, although sub-standard, are not unsafe for occupation and will not constitute a danger to life.

Another matter which must be spelt out clearly is that a distinction must be made concerning the blocks which were built years ago by the former Public Works Department and the current activities of the Housing Department. The public should be informed that the Housing Authority's current construction programme is designed and supervised by a highly competent professional and technical staff and that close liaison has been established with the ICAC Corruption Prevention Department with regard to measures to rationalise and improve procedures for the administration of contracts. The contract specifications have been improved and supervision of contractors is at present monitored rigorously by a standing committee and by regular visits by senior directorate staff. In addition, it should be made known that the department has recently set up its own materials testing laboratory which is of the highest standard and that there need be no concern in regard to the quality of its current construction.

Finally, I would like to suggest that during the course of investigation into this matter, consideration be given to reviewing the present procedure regarding the award of a contract for Government building and civil engineering works to ensure that the lowest tender submitted for such works need not be accepted unless it is a realistic figure capable of performing the terms and conditions specified in the tender.

MR. HUI: Sir, since the news outbreak concerning 26 public housing blocks with structural defects. Government officials concerned have been working hard to supply Legislative Council Members with information and clarifications on the shocking crisis. We have been told that redevelopment, re-housing and compensation plans are in order, and that there is actually no cause for alarm. However, contacts with frontline social workers and grassroots organisations have revealed the situation to the contrary. Sir, I wish to speak on the plight thousands of people are in at this very moment.

Since 1980, families in the affected housing estates have been subject to constant disturbances of crumbling concrete, leaking roofs and sinking toilets. In addition to minor body injuries suffered, tenants have been paying from their own pockets to carry out small scale repairs on their flats from which they never planned to move out. This is because the Housing Department all along confirmed in its newsletters that only four housing blocks needed redevelopment, and suddenly this figure jumped to 26. Why the Housing Authority took so long to reach the decision and why so much money has been spent on maintenance work done in Kwai Fong Estate, albeit earlier warning of its redundancy would perhaps remain an enigma for a long time to come. It may well boil down to political considerations, but, Sir, the price is too big when the life and property of 80 000 innocent people are at stake.

To add to the unexpected turmoil and hardships confronting the residents, allowances and ex gratia payments have been fixed at levels far below the financial losses incurred, just because existing practices must be followed. The immediate rent increases ranging from 200 to 400 per cent play havoc on shop owners and household tenants, some of them had spent huge sums in installation and decoration work on their premises only a few months ago without any removal warning given them. The redevelopment programme serves to exacerbate anger and shake up confidence in Government which could only be restored by reasonable and negotiable compensations.

Sir, the social effects of the forthcoming exodus of people from the 26 public housing blocks cannot be over emphasised enough. We are not transplanting some animal farms; but, rather uprooting people's homes, their social connections, and indeed, their life patterns, which account for residents' growing frustration and fear. While individual arrangement is deemed necessary, the lack of uniformed policies and systematic procedures has left the tenants entirely at the mercy of housing managers in the various districts. In at least three housing estates, a welter of registration processes featuring short notice, insufficient information and imposed allocation have left residents in quandary. As a remedial step to pacify panic-stricken residents, it is incumbent upon each housing estate office to make known all vacant premises in the area and to work out resettlement details in close consultation with residential and commercial tenants.

In tracking down the culprit of this disastrous incident that tarnishes Hong Kong's good public housing records, a question naturally arises—who watches the watchdog? Sir, I wish to propose:

- an immediate review of the Housing Authority membership structure to ensure that sound housing policies can be formulated and carried out effectively by its executive arm;
- a check and balance system possibly built from the UMELCO Standing Panel on Housing to detect policy errors at the early stage;
- the mapping out of long-term plans for progressive redevelopment of other housing blocks which will deteriorate quickly as the years go by;
- the disclosure of the strength of Housing Department staff responsible for concrete testing and for enforcing building standards to guarantee efficient monitoring of building structures.

Sir, the terrible ordeal affecting the social and economic well-being of 80 000 people calls for a more honest and open dialogue which Housing Department officials owe our people.

MR. LAI (in Cantonese): Sir, the Government's public housing policy as reflected in the housing green paper published several months ago and the

current structural problem of 26 housing blocks has aroused very strong reactions from the public. In the light of this, I consider all the parties concerned should keep a cool head and join hands with the Housing Authority to find some satisfactory means to solve this problem and set the people's minds at ease. Therefore I consider that a comprehensive and detailed review is necessary to restore the authority's lost prestige and revive public confidence. It may also help prevent a recurrence of similar problems.

We must look seriously at the accountability for this problem, for which the cost of redevelopment is estimated to reach as high as \$800 million to \$1,000 million. Over 17 000 households will be affected. The redevelopment programme will be carried out on such a massive scale that it can only draw comparison with that implemented in the wake of the Shek Kip Mei fire. It is a very large problem indeed, and how can we treat it casually without taking up the question of liability?

At the outset, the Housing Department had been aware of the problem in 1980 but only started to conduct tests on the concrete in 1983, and a complete report on the incident is not expected until 1986. The problem has been dragging on for six years. Had we been able to take preventive measures at an earlier date, the problem would not be as great as it is today.

With the lapse of time, the dangers posed by the housing blocks will have increased while the possibility of taking other remedial actions will have been reduced. During that interval, the Housing Department still undertook to carry out repair work, provide additional facilities, and permitted residents to install air-conditioners despite its knowledge that the housing blocks were structurally defective. Is this not a waste of public money? This reflects the lack of administrative co-ordination or of a comprehensive policy to maintain the quality of public housing on the part of Housing Department. Furthermore, had the blocks found to have serious structural problems arising from the use of sub-standard concrete been private buildings, would the Government have declared them dangerous buildings under the Buildings Ordinance and required the residents to move out immediately?

There is a likelihood that this episode may be linked with corruption or neglect of duty on the part of Government officials. Should it be the latter, there is at present practically no way of guarding against it in the absence of an electoral system in Hong Kong's constitution. Therefore, in response to the Governor's annual address, I suggest that Government should promptly consider establishing an ombudsman to deal on an ad hoc basis with administrative malpractices and to look into the problems caused by neglect of duty on the part of Government officials and the question of accountability. It does not mean that there is lack of confidence in the existing Civil Service system, but it is hoped that there would be some assurance that Government

officials could be made accountable to the public under the existing administration. The proposed ombudsman could be directly accountable to the Governor or come directly under the Legislative Council, subject to the form of administration then in existence.

In addition, public housing flats are currently surveyed and inspected by Housing Department on their own. By this arrangement, it gives the public the impression that the landlord himself is doing the survey and inspection work. This is far from satisfactory insofar as accountability to the public and assurance of the quality of public housing are concerned. Whilst I understand that Housing Department has a set of strict rules and measures to monitor the process of building, survey, and inspection, I still wish to propose that the Government should extend the coverage of the Buildings Ordinance to include public housing. Professional staff of the relevant fields in other Government departments should be assigned the special duties of supervising the construction, working procedures, and survey and inspection of public housing.

Finally, I have two other proposals to submit. Firstly, I suggest that a special investigation committee be set up in view of the amount of public funds and the number of residents involved so that more views from the general public can be collated and subsequently a detailed report of the incident can be submitted. Secondly, I also suggest that more representatives of public housing residents should be admitted into the Housing Authority so that communications between the public and the authority may be reinforced and distrust between the two sides reduced.

DR. LAM (in Cantonese): Sir, under the existing system, all public buildings, including public housing blocks, are exempted from the provisions of the Buildings Ordinance. Although this piece of unsound legislation has been in force since 1903, or may be even earlier, I can hardly see any merits in it other than to avail greater convenience to Government officials. In actual fact, it is my respectful submission that all buildings, including public buildings, should likewise be subject to the provisions of the Buildings Ordinance. I have reasons to believe that the structural defects in those housing blocks under debate were attributory to the lack of adequate supervision during their construction. Despite the fact that these defective blocks were built some 12 to 20 years ago by the then Public Works Department and therefore the Housing Department cannot be faulted, it is none the less Government's responsibility not only to track down the culprits, but also to cause amendments to be made to the existing Buildings Ordinance and to improve on the procedures regarding the supervision of buildings under construction in order to avert future recurrences. Some people have asked, including hon. Richard LAI, 'assuming that a portion of these structurally defective public housing blocks were private buildings, would they be declared dangerous under the existing provisions of the Buildings Ordinance?'

Furthermore, greater thought has to be given to the provision of markets, having regard to their supply and demand, and the nomenclatures of those blocks under the redevelopment programme. Complaints were received recently from the general public over the fact that there were three markets in the neighbourhood of Lok Fu, creating a phenomenon where supply exceeds demand. There were also complaints about the naming of Lok Fu Shopping Centre which, according to the demarcation of the Housing Department, were located in the district of Wang Tau Hom. This had caused confusion to those residents who joined district activities, the recent district charity fund raising campaign is a good example. During the campaign, some residents did not know to which district their contributions should go. It is hoped that the aforesaid problems are taken into account when redevelopment work takes place.

MR. MARTIN LEE: Sir, it is regrettable that what was recognised to be the pride of Hong Kong, namely, public housing, has become potentially the greatest scandal of this territory. It is even more regrettable that some sectors of the community seem to think that there have been attempts on the part of the Administration to suppress material information from them.

Sir, I insist that the relevant authorities must leave no stone unturned in its investigation into this scandal, and make every effort to find out what went wrong, how it went wrong, and why it went wrong. The relevant authorities must also ensure that every legal step will be taken against those who are responsible for this unfortunate state of affairs including the institution of criminal, civil or disciplinary proceedings. Further, if for whatever reasons, such proceedings are not possible, then the public must be told why.

The Administration must give full details to this Council if it wishes to have the benefit of our collective wisdom in dealing with this problem. Not only that, it must be perceived to be doing its very best to supply us with all relevant documents and information; or else there will be a real fear that the truth may not be known. In saying this, I am not accusing the Administration of withholding any information from this Council, but the public has to be assured that this has not happened and will not happen.

Sir, the public must be told exactly what the position is; because open government, which I subscribe to wholeheartedly, requires that all relevant and material information be supplied to the public. We must ensure that this scandal will not degenerate into a 'housing-gate'.

MR. LEE YU-TAI (in Cantonese): Sir, I wish to observe the 'time limit for borrowing the use of a phone', i.e. three minutes, and please excuse me should I speak too fast.

Is the Hong Kong Government a 'responsible government'? There could be different answers to this question due to different interpretations, but there is no doubt that Hong Kong is a place ruled by law and everyone must abide by the law. In the light of the above principle, the Government must conduct a thorough investigation into the issue of the 26 public housing blocks and find out who should be held responsible. It is the duty of the Government to publicise the details of this issue that concerns more than 2 million public housing residents as well as those applicants still on the waiting list.

The crux of the problem lies in the possibility that the concrete structures might have already been sub-standard at the time when the 26 blocks were completed, not to mention that they certainly do not meet the present day standard. I am not an expert in this field and do not intend to jump to any conclusion. However, I cannot help thinking this way in the light of the limited information disclosed so far. I wish to know whether the authorities are prepared to conduct a review in this connection and then make the full details known to the public.

Where does the responsibility lie if the concrete structures had already been sub-standard when the blocks were completed? Is this attributable to the fault of the ferry-builders alone or to the negligence of duty of a certain party as well or perhaps, could the element of corruption also be involved?

The authorities concerned must publish the full details of the whole matter because it concerns the safety of the public housing blocks. No government is willing to withhold information from the community at large just for the sake of covering up the mistakes of a very small number of people. In tackling such a problem, public opinion is the best judge. I hope the whole truth will be disclosed as soon as possible.

There is a popular saying to the effect that 'a snake without a head cannot crawl', and this is quite true when applied to the case of the Secretary for Housing and Housing Department. In February this year, the then Secretary for Housing, Mr. Donald LIAO, was appointed Secretary for District Administration while Mr. D. R. FORD was appointed acting Secretary for Housing. The latter was soon appointed Secretary for the Civil Service and the post of Secretary for Housing has not been substantively filled since then, with Mr. Y. L. PANG acting in the post in addition to his original duty as Director of Housing. There is also no substantive appointment to the post of Secretary for Housing in the two subsequent rounds of directorate appointments. At a time when the public housing issue has become a focal point of public attention, it is indeed not easy to tackle the matter while the relevant policy branch is still 'without a head'. As the Government has the authority of appointing the directorate staff, may I make the sincere and well-intentioned suggestion that a substantive appointment be made to fill the post of Secretary for Housing promptly.

Some of the building contractors who were responsible for the construction of the 26 public housing blocks are still being awarded new contracts for public housing construction. Decision was suddenly made that several blocks which had been under renovation not so long ago would be pulled down and redeveloped. While there is already a heavy backlog of applications for public housing on the waiting list, would the waiting time of the applicants be further lengthened by the sudden need to rehouse 17 000 families? The authorities concerned must give the public detailed replies to all these questions.

While past mistakes must be explained to the public, it is even more important to prevent the recurrence of such incidents in future. Is it necessary to enhance the present membership of the Housing Authority and its Building Sub-Committee? Are there adequate unofficial and professional representatives in the two bodies? Should there be a review of their terms of references? All these are most pressing issues which the authorities should handle.

On 16 December, several groups of residents and shop operators from the 26 public housing blocks went to the UMELCO Office to lodge a complaint. The residents asked for the payment of a removal allowance enough to cover the expenses on wall limewashing and floor paving of their new homes, and this sum should be \$3,500 per family in line with the price quoted by the approved decoration contractors of Housing Department. The shop operators, however, hoped that the sum of compensation would be decided on individual merits, taking into consideration such factors as severance pay, nature of business, original location of shop premises, right of inheritance or assignment in respect of old tenancy agreements as enjoyed by some of the shop tenants, and so on. I feel that such requests should be given sympathetic consideration and should be handled in a most cautious manner.

MR. LIU (in Cantonese): Sir, some time ago, the Government announced that due to structural defects, 26 public housing blocks would be demolished for redevelopment. These 26 blocks are located in various districts on both sides of the harbour and in the New Territories. The impact is far reaching and it is apparent that the 70 000 to 80 000 tenants who are required to move out of these blocks are at a loss.

The Government has already published the redevelopment programme and removal arrangements. I would now draw its particular attention to the following points.

Firstly, consideration must be given to financial problems. Costs will certainly be incurred on removal. Decoration is required both for commercial and residential premises and the expenses will be considerable. As a result of the removal, traffic inconvenience will be caused to those who go to work and others who go to school. In turn, a number of problems may arise leading to

financial losses. Furthermore, tenants may find it difficult to adapt to the new environment. Therefore, I suggest that the Government should take all factors into consideration and offer better terms to affected tenants when it fixes the removal compensation rate.

As far as I know, hundreds of tenants moved into those 26 blocks from other districts only one or two years ago. As they have to move out again within such a short time, the loss they suffer will definitely be greater. Has Government made any arrangement to offer them better compensation terms?

Finally, as many as 10 primary schools, kindergartens and special schools are affected by this redevelopment programme and problems involved are more complicated. For example, priority should be given to considering arrangements for continuation of schooling and transfer of schools for students as well as employment problems of teachers and other staff of affected schools. The Government should assist residents as far as possible in overcoming difficulties and adapting to the new environment as well as provide material assistance to them.

To conclude, I consider it necessary that the Government should confirm the demolition and redevelopment of these 26 blocks to be a major issue affecting the livelihood of residents. Hence, it should prepare a comprehensive plan and seriously consider the following suggestions:

1. to set up a co-ordinating committee to deal with the matter;
2. to set up consultation centres in affected districts so that the Housing Department may, with the assistance of other Government departments concerned as well as district boards, provide information and guidance to affected residents, schools and shop proprietors and help them solve their problems;
3. to offer material assistance to affected schools, teachers, other school staff and students in respect of the transfer of jobs and schools and to make prior arrangements so that the demolition of school premises can tie in with the end of the school year;
4. to rehouse affected residents in the same district as far as possible;
5. to study whether it is feasible to develop open spaces in the same district by building new blocks to rehouse affected residents;
6. to be answerable to the public by finding out who is responsible for the incident including an investigation into the contractor and all people concerned.

MR. POON CHI-FAI (in Cantonese): Sir, public housing in Hong Kong had all along been highly commended by all sectors in the past but the recent town talk about the structure and safety of public housing has blemished this reputation. The 15 000 odd tenants of public housing who are affected by this incident are in a state of anxiety on the one hand and worried over the difficulties brought about by the removal on the other.

An urgent task for the Government is to make proper arrangements for affected tenants and help them solve their removal problems as soon as possible and also to release detailed information on vacant units in existing and future estates early so that affected tenants may have some reference when they make their choice of flats prior to removal. In order to minimise the inconvenience and difficulties caused as a result of changing schools or jobs and resumption of business, the authorities concerned should rehouse tenants as near to their present premises as possible.

It is the Government's usual policy to maintain stability and prosperity so that the public may live in peace and happiness. It also makes an effort to reduce the unemployment figure and assist in the development of commerce and industry. To assist commercial tenants in resuming business, I suggest that new shop premises should be allocated to them in exchange for their present shop spaces. And those commercial tenants who are resettled upon clearance and who hold the rights of transfer, changing-trade and inheritance should be allowed to opt for the *ex gratia* allowance or the allocation of new shop premises as well as keeping the aforesaid rights at the same time.

In order to compensate affected tenants for their losses as a result of the removal, it is necessary to offer them a reasonable removal compensation. But judging from the normal removal expenses (such as telephone reconnection fee, payment for children's new school uniform, text books and exercise books upon changing schools, house removal expenses, payment for new furniture or fixtures to suit the new flats, simple decoration and business commencement charges as well as severance pay, and so on), the removal compensation package offered by the Housing Department to commercial and residential tenants is too low to meet their actual removal expenses. In fact, under C.S.R. 894, a civil servant who is requested to move out of his quarter is entitled to claim a removal allowance ranging from \$2,680 to \$9,800. And to help civil servants solve financial problems arising from house removal, Government permits them to apply for interest-free loans amounting to \$5,000 to be repaid by 20 monthly instalments. Sir, to be frank, a comparison of the above terms will give people an impression that Government is taking every care of senior civil servants but being mean towards public housing tenants.

Since this is an emergency and it is vastly different from the planned redevelopment programme for Mark I and Mark II estates, the same arrangements should not be applied. I did witness upon my recent visit to Kwun Tong District that some affected commercial tenants had either just completed decoration of their shop premises or just moved in as they had no idea whatsoever of the demolition beforehand and others had just completed the transfer procedures with a view to prospering in their business. Under such special circumstances, the Housing Department should consider increasing the removal compensation on individual merits.

The Housing Department has mentioned that as the affected commercial and residential tenants may stay for around two more years in their present premises, the matter cannot be treated as an emergency. But as tenants have doubts over the safety of their premises and as the removal of some of the tenants has caused such problems as poor law and order, loss of business and inadequate community services, it would be difficult for the remaining tenants to live in peace and happiness in the problematic blocks. Furthermore, our land is limited and our population is dense. Hence, the demand for public housing is still great. The Housing Department should help commercial and residential tenants solve their removal problems as far as possible so that affected blocks can be demolished at an earlier date and the land can be fully utilised to accommodate people on the waiting list. In fact, it will be disadvantageous financially if the Housing Department continues to maintain basic facilities for a small number of remaining tenants.

While carrying out the above-mentioned remedial work, the authorities should also draw a lesson from this incident and step up site supervision as well as acquisition inspection upon completion of construction. At the same time, the Government should not only hold the contractors responsible and seek compensation from them but also launch an investigation to find out whether Government officials who had supervised the construction of those blocks were guilty of corruption or neglect of duty. This investigation should not be brushed aside on the grounds of reorganisation of the department concerned, transfer of personnel and the lapse of time etcetra. Otherwise, the public may lose their confidence in the Government and think that it is partial to those officials. Moreover, the authorities should promptly make public the results of the investigation and immediately demolish public housing blocks with structural defects so as to ensure the safety of residents.

Based on the above arguments, I have the following questions:

- (1) How did the Housing Department fix the rate of removal compensation? Has consideration been given to the fact that the amount of compensation cannot cover the removal expenses incurred by the tenants? Why is there such a big difference between the amount of removal compensation paid to senior civil servants and that to public housing tenants?
- (2) How many tenants will be offered rehousing in the same district? Have the authorities concerned considered making use of the available land in the district where the affected buildings are situated for building public housing units as soon as possible or is this being done now?
- (3) Why doesn't the Housing Department adopt the measure of allocating new shop premises to tenants in exchange for their existing ones?
- (4) To what extent will this incident affect people on the general waiting list? What remedial measures does the Government have?

- (5) What is the progress of the investigation on whether Government officials who were at that time responsible for the supervision of the construction work in question had committed any offence of corruption and neglect of duty? In view of the serious nature of the incident, will the Government consider excluding those who had committed an offence of corruption or other criminal offences from the amnesty order issued in 1976 and initiate prosecution against them?
- (6) For the sake of public safety, I consider it necessary that public housing buildings with structural defects should be demolished immediately. What does Government think?

MR. SZETO (in Cantonese): Sir, the whole society has become concerned about the redevelopment of 26 public housing blocks. However, certain schools placed in the same situation have attracted less attention. The majority of the students of these schools are residents of housing blocks to be redeveloped. Some school premises adjoin the housing blocks to be redeveloped. Nearly all of them were built by the same contractor during the same construction period of the housing blocks to be redeveloped. On behalf of these schools, I have to put forward the following demands to the Administration:

- (1) Up till now, quite a number of these school premises have not been surveyed on their structural safety to see whether they are in need of redevelopment. In order to ensure the safety of teachers and students, surveys have to be carried out instantly and schools have to be notified of their future position as soon as possible.
- (2) Regarding students who have to move out as a result of redevelopment of the school premises, appropriate arrangements ought to be made for them to be transferred to another school. Owing to the removal of students, certain schools have to reduce the number of classes. But schools must not reduce the number of classes in the middle of the term. As for teachers who are affected by the reduction of classes, their career should be protected.
- (3) With regard to schools which cease operation owing to the redevelopment of school premises or the tremendous decrease in the number of students, priority should be given to allocate premises in other districts to the sponsoring bodies, provided that these groups are still interested in running schools. In addition, they should be granted a reasonable amount of removal allowance.
- (4) The Housing and Education Departments ought to set up an ad hoc group to be responsible for keeping close contact with those schools affected. The two departments should also jointly solve such problems as surveying school premises, transfer of students, re-posting of teachers and school removal etcetra.

MRS. TAM (in Cantonese): Sir, clothing, feeding, accommodation and transportation are basic necessities in human life. To the general public, it is their wishes that, in reciprocation for a hard day's work, they be fed with three meals a day and be given a tranquil and comfortable place of abode. It is regrettable that as many as 78 000 residents from 15 000 families in 26 blocks of public housing estates were obliged to forsake their beloved homes and move elsewhere on account of human negligence and errors, and that it will take four years to complete the redevelopment programme.

The present incident gives rise to a number of questions which need an in-depth review and study. I would like to take this opportunity to propose that reprovisioning and compensation to those social service establishments currently in existence within the affected 26 blocks be given due consideration.

The Housing Department announced earlier that within the next four years when residents will move out in groups, each domestic household would, in addition to the entitlement of a removal allowance and a \$1,000 special allowance, be given the option to choose a unit from amongst those estates that were under the charge of the Housing Authority, or a unit under the home ownership scheme. In the case of the commercial tenants, however, they would be eligible for an *ex gratia* payment and a restricted tender of any shop units in various estates, save and except finance companies. The Housing Department may probably have forgotten all about the social service establishments now operating in the 26 public housing blocks, not to mention the arrangements for their reprovisioning and compensation.

Statistics revealed that there are 11 social service establishments run by 10 social service organisations, including three study rooms, two children centres one small group home for children, two centres for the disabled, one centre for the blind, one centre for the aged and one nursery. These centres, like other social service establishments, spread over the places in accordance with the population density to meet their needs. At this point in time when the authorities concerned are working on the reprovisioning aspects, they should take the initiative to act responsibly and seek alternatives within the areas to accommodate these social service centres affected to avoid moving them out of the areas altogether in order not to deprive the local residents of the use of these facilities within the next four years and creating a problem of over-supply of services in areas where reprovisioning occurs.

Secondly, the Housing Department should provide these 11 social service establishments with reasonable and comprehensive compensation which should include removal allowance, decoration expenses and such other expenses as may be incidental therefrom. I stress that such a provision was suggested in the light of past experience in a similar case; in 1982, a certain social service

establishment in Block 6, Kwai Fong Estate was obliged to move out temporarily to make way for renovation. Despite repeated discussions with the Housing Department, they were unable to succeed in getting any compensation for removal. Moreover, they had to find temporary alternative on their own.

Indeed, I can hardly imagine that such an unreasonable and unsatisfactory situation still exists today. I am confident, however, that as a responsible Government, the authorities concerned will work out some form of remedial actions. To appease the general public, it is my respectful submission that the Housing Department will make known as soon as is practicable, to the affected social service establishments, all measures appertaining to reprovisioning and compensation.

DR. TSE (in Cantonese): Sir, now that problems have arisen from the structure and building materials of some public housing blocks, it is fully understandable that for the sake of their own safety, public housing tenants have to give vent to their discontent. It is thus only natural and a must for the Government to handle this incident seriously—while ensuring the safety of the tenants, it must also try to minimise the degree of inconvenience and loss of the tenants.

But looking from a wider angle, public housing facilities have, in the past 10 odd years, been an achievement of which we are proud. But this outstanding achievement is now being overshadowed. Irrespective of whether this is due to professional negligence, criminal deception or corruption, I think a thorough investigation to the roots must be made, so as to preserve the good reputation of Hong Kong in this tremendous community infrastructure which has been attained with much difficulty.

As far as I know, whereas the problems of public housing have only become a matter of public concern recently, the existence of such problems has been discovered by the Government for some time. What is puzzling is that after these problems have been discovered, contractors responsible for the construction of the problematic public housing blocks are still able to secure contracts worthing millions of dollars to repair their sub-standard product. In other words, their first mistake provides them with a second opportunity to make money. Why is this possible? If there is no clear and frank explanation for such highly suspicious happenings, the confidence of the public in Government will be put to severe test.

We understand that it takes time to conduct thorough investigations. Therefore, I want to know whether the Government has any plans to legally terminate the contracts of these questionable contractors without adversely affecting the public interest and until the truth of the case is uncovered. I believe that the Government's attitude in handling this matter will affect the degree of

public confidence in the administration of the Government, as well as the implementation of public housing policies in future.

SECRETARY FOR HOUSING:

Housing Authority's approach to the problem

Sir, I will open my speech in response to the deeply felt and strongly expressed views of Unofficial Members, by saying that the Housing Authority has from the beginning of finding out about this inherited problem, acted quickly and responsibly and has been frank in publicly acknowledging the nature of the problem. Its primary considerations are the concern for its tenants and the interests of the public. In January this year, as soon as initial indications of the problem emerged from the preliminary structural survey, the public were informed that about half of the public housing blocks over five years old would require repairs of varying degrees. Again, without waiting for the completion of the whole survey in April next year, but after careful evaluation of the results to-date, an early decision was made on the redevelopment of the 26 blocks in question, and the Housing Authority made a public announcement immediately afterwards.

I shall endeavour to respond to points of concern expressed by Members.

The structural safety of public housing blocks is understandably the paramount concern of all. Arising from the Kwai Fong case, the Housing Department undertook an initial structural survey of 831 buildings over five years old in 1983. This was followed by an intensive concrete coring programme and a comprehensive structural analysis of the buildings. The entire survey is expected to be completed in April 1986.

As at today, of the 647 blocks which have been tested and analysed, 379 blocks have core-strength less than the specified standard. *All* these sub-standard blocks were constructed by the former Public Works Department. The 26 blocks in question have very low strength and thus call for priority attention, i.e. either to be extensively repaired or redeveloped. On the basis of the findings of the professional engineers of Housing Department and two independent reputable international engineering consultants, I can, with confidence, assure you, Sir, and Members, once again, that these 26 blocks are not unsafe, although the quality of the concrete in these buildings is sub-standard. If these blocks were unsafe, the Housing Authority would have decided to evacuate them immediately. I shall explain this further in a moment.

The experience gained in carrying out major repairs to Block 6 at Kwai Fong Estate has convinced the Housing Authority that it would be much more cost effective to redevelop rather than extensively repair the 26 blocks. Extensive repair would cost about 60 per cent of the cost of redevelopment and it would

take virtually the same length of time, but the end result would be only an obsolete block design of single-room flats. Redevelopment, on the other hand, would produce flats of the latest standard and quality, as well as improve the general environment of the estates. I should also point out that even if the blocks were to be repaired rather than redeveloped, the tenants would still have to vacate their flats because of the extent of the repair works. Therefore, the Housing Authority decided to extend its on-going redevelopment programme to include these 26 blocks, and give ample notice to the tenants affected to prepare for their rehousing arrangements which, I agree with Members, will need to be carefully handled.

The structural safety of the school buildings in the estates concerned was raised. These buildings are covered by Housing Department's survey. Results indicate that there is no cause for concern over the structural condition of these school buildings. However, since some of these schools are annexed to the buildings to be redeveloped, it may be necessary to include them in the redevelopment programme for planning reasons.

With regard to the other sub-standard buildings, their structural condition does not call for the same concern as do the 26 blocks in question, but they will still require varying degrees of local repair. The necessary repair works will be undertaken in parallel with the normal maintenance programme. Every effort will be made to minimise inconvenience to tenants, when these works are being carried out. It will be necessary to vacate some flats, but every effort will be made to keep this to a minimum. Meanwhile, routine maintenance such as repair to spalling from ceilings, canopies etcetra will continue for these blocks, as well as the 26 blocks before their redevelopment.

Let me now further explain the structural condition of the 26 blocks. Buildings are usually designed to withstand two or three times their initially anticipated loading. Owing to their concrete condition, these 26 blocks now have a reduced factor of safety. This means that whilst the buildings can cope with their normal loads and stresses, they could be susceptible to an unlikely combination of abnormal stresses such as a typhoon, a fire and an explosion occurring at the same time. The professional engineering judgement is that since the blocks have stood up safely for at least 12 years, the chance of them doing otherwise is very remote.

The current intensive investigation, scheduled for completion in April next year, has been programmed to look at the most serious blocks *first*, and nearby 80 per cent of the blocks more than five years old have *now* been tested and analysed. Therefore, the probability of finding further sub-standard blocks is very small. But, we shall know for sure in about four months' time when the investigation of the remaining blocks is completed.

The Housing Authority is particularly aware of the anxiety and potential extra inconvenience which is felt by all tenants, and wishes to meet all

reasonable requests in this regard. Let me say that every effort is being made to minimise any disruption caused to tenants affected by the extended redevelopment programme. They will have ample time, ranging from 24 months to 44 months to prepare for their moves.

Domestic tenants will be given the choice of a wide range of rehousing accommodation of different rent levels in both new and existing estates. Those wishing to take the opportunity to upgrade their homes will be able to choose modern flats in new estates. Some may prefer to pay rents at levels similar to what they are currently paying. In such cases, they may choose vacant flats in older estates. Tenants will also have the choice of moving to estates in their existing district, or, if they so wish, to estates in other districts. If they prefer to buy home ownership flats, they will have priority over other 'green form' applicants in selecting flats.

All affected families will be paid an allowance to assist with the costs of removal and basic decorations to the new flats; a further special allowance will be given to assist with the cost of telephone removal and other similar matters. The total amount ranges from \$1,800 for a one or two person family to \$2,200 for a family with more than five persons. The rates of these allowances are reviewed regularly as the need arises. Meanwhile, the rents of their existing flats are frozen at the current level.

For commercial tenants, the existing practice for the redevelopment of Marks I and II estates and Kwai Fong Estate will apply. For surrendering their tenancies, tenants of graded shops will be paid an *ex gratia* allowance, the rates of which, just increased by 25 per cent, range from \$4,214 per square metre for Grade D shops to \$6,727 per square metre for Grade A shops. These rates have already taken account of factors like assignment rights. For fixed term shop tenancies, they can be terminated under the provisions of the tenancy agreement by giving three months' notice without any legal obligation to pay compensation. However, the Housing Authority has decided that these shop tenants will be paid an *ex gratia* allowance equivalent to 15 months' current exclusive rent. This rate of payment is far more generous than that used in the private sector in comparable circumstances. An *ex gratia* allowance of the same rate will also be paid to medical clinics affected, in addition to the usual reprovisioning arrangements. The 138 resited hawkers at Tse Wan Estate will be paid an *ex gratia* allowance of \$3,000 for each stall. The Housing Department is also looking into the question of severance pay that may arise in some cases.

All shop tenants and resited hawkers will be offered opportunities to take part in restricted tendering specially arranged for them, for alternative commercial premises in public housing estates. Those graded shop tenants who choose to obtain alternative premises in public housing estates through public open tenders, will be given a rent deposit grant equivalent to two months' rent of the new premises or \$8,000, whichever is the lesser.

All shop tenants affected are free to terminate their tenancies any time between now and the final removal date. This will not affect the arrangements applicable to them, as described above. In the meantime, rents for all shops affected are frozen at the current level.

It is estimated that the total amount of allowances payable to domestic and commercial tenants would be about \$69 million.

Some Members raised questions of those welfare premises and schools that will be affected by the extended redevelopment programme. Different circumstances and tenancy terms are involved in these cases. The Housing Department is holding discussions with the Social Welfare Department, the Education Department and voluntary agencies concerned, in order to devise the most suitable and reasonable arrangements for these institutions with a view to minimising any disruption to the services they provide. The plan is to relocate population-based services to premises elsewhere in the same estate and non-population-based services to premises in nearby or new estates. The Housing Department will assist in removal operations and is considering the possibility of seeking the necessary approval for granting an *ex gratia* removal allowance to these institutions.

About 15 100 families will need to be rehoused over a period of four years under this extended redevelopment programme. The estimated rehousing requirement for 1985-86 is about 2 000 flats and can be met from savings from the clearance, transfer and other quotas. The requirement over the following three years will regrettably cause some reduction in various allocation quotas, and there will, I fear, be a certain degree of delay for some families on the waiting list in the first two or three years. However, we are confident that the present level of allocation of about 13 000 each year will still be maintained for waiting list applicants, because there is an increasing number of casual vacancies created by tenants purchasing home ownership flats, and the production of rental flats in the normal production programme would likely be higher during these years.

The effect on the waiting list and other allocation quotas will be temporary only, because new replacement accommodation built on a cleared site and a number of new supplementary sites will become available from the third year onwards. It is estimated that over 14 500 replacement flats will be so produced; and they will be additional to the current annual production targets. Efforts are continuing to secure more supplementary sites in the urban area to meet the small shortfall. Vacant sites in the vicinity of the existing blocks to be redeveloped will be used, if they are available and if it is feasible to use them.

The estimated cost of redevelopment on the cleared sites amounts to about \$800 million, spread over a number of years. A further \$400 million is estimated for developing new supplementary sites such as Chuk Yuen, Shun Tin, Sham Shui Po and Shek Lei. The costs of this programme will be funded under the capital expenditure Budget through the Development Loan Fund, and as I have

just mentioned, any production arising from this programme will be additional to the current production targets and have no adverse effect on the current housing programme at all. Indeed, financial provisions of \$35 million and \$99 million have been made under the capital Budget for this and the next financial years respectively.

Rents for new public housing estates are determined by comparing rents in comparable existing estates, having regard to such factors as estate value and location, tenants' affordability and rates. Review of rents for existing flats take account of general inflation, running costs, prevailing rates, tenants' afford-ability, as well as the comparative value with other estates. Therefore, rents are not based on building costs. Public housing tenants may rest assured that the extended redevelopment programme will not adversely affect rent levels.

All public construction, including public housing, is exempt from the Buildings Ordinance. My colleague, the Secretary for Lands and Works will speak on this aspect later. Nevertheless, for public housing construction, the requirements of the Buildings Ordinance are followed, particularly in respect of concrete work. The Housing Department uses a code of practice more rigorous than that required by the Buildings Ordinance and this code is embodied in its contract specification. However, it should be recognised that in the final analysis, it is supervision rather than regulation by the Buildings Ordinance that matters as far as quality control is concerned.

It is perhaps invidious to say it, but in justice to the Housing Authority, I think I should. The blocks in question were built some 12 to 20 years ago by the former Public Works Department, as distinct from the current building activities of the Housing Department under its present supervision and monitoring systems enforced by a staff of over 300 professional and technical officers. There is no concern whatsoever in regard to the quality of buildings constructed by the Housing Department.

The Housing Authority is conscious of not only the need to achieve the annual production targets, but also the need to produce buildings of good quality and design. A great deal of improvements have been made. All Housing Authority contracts now have an improved specification for concrete work and stipulate the requirement for the contractor to employ a qualified quality control engineer for the contract—a requirement that is more stringent than practices in the private sector. The performance and supervision of contractors is monitored rigorously by a standing committee within the Housing Department, and by regular visits by the department's senior directorate staff. Quality control is closely monitored by the department's recently established Materials Testing Laboratory which is of an extremely high standard. For its overall building activities, the Housing Department is directly responsible to, and monitored by the Building Committee of the Housing Authority. This committee is chaired by an unofficial with membership including unofficials who are professionals from the architectural, engineering, legal and accounting disciplines. It is functioning efficiently and effectively.

Notwithstanding all that has been done, the Housing Department will continue to take any necessary steps to further improve all aspects of the supervision and administration of contracts. In this regard, close liaison has been established with the ICAC Corruption Prevention Department.

The question of award of contracts was rightly raised. Above all, I wish to emphasise that the Housing Authority is not bound to accept the lowest tender; it will do so only after a number of other important requirements are met. Firstly, all contractors who wish to tender for the Housing Authority's contracts must be in the appropriate categories of the Lands and Works Branch approved lists of contractors. Secondly, all tenders recommended for acceptance by the Housing Authority are subject to rigorous scrutiny by the professional staff of the Housing Department to ensure that prices quoted in the tenders are not unrealistic. Thirdly, the tenderer must prove to the Housing Authority that it has the financial, technical and management capabilities to carry out and complete the contract, if awarded. Fourthly, due regard is given to the tenderer's current workload. Finally, whether a tender is recommended for acceptance is also determined to a very large extent by the performance of the tenderer in completed and current contracts, not only with the Housing Authority, but also with other Government works departments.

Sir, I am afraid I cannot find good reasons to support the suggestion that a special committee should be formed to supervise the implementation of the extended redevelopment programme. As I have said earlier, this programme is an extension to the Housing Authority's on-going redevelopment programme for Marks I and II estates. Although the Housing Authority did not construct the 26 buildings in question, it has accepted the responsibility for redeveloping them as part of its objectives to provide better homes for those in need of public housing. The authority has already successfully redeveloped 117 old estate blocks. There is no reason to doubt its ability to handle the redevelopment of these 26 further blocks.

The Housing Authority has made every effort to keep tenants and the public informed and to maintain close liaison with them. The Housing Department has already issued two separate letters to individual tenants concerned, one explaining the background and reasons for the programme and the other informing them of details of rehousing arrangements and allowances that apply to them. A special task force has been formed in each of the estate office concerned to handle matters arising from the extended redevelopment programme and make direct contact with affected tenants. Housing Department staff have been briefing relevant district boards, district management committees, mutual aid committees and residents' associations. They have also been meeting interest groups concerned about the matter. In addition, Housing Authority members and Housing Department staff have been participating in discussions and answering questions on television and radio programmes.

Some Members have raised the question of finding out who were at fault for building the sub-standard blocks and the possibility of taking action against them. My colleagues, the Secretary for Lands and Works and the Attorney General, will speak on this later.

For its part, the Housing Department is liaising with and seeking advice from the Legal Department in all cases where the structural condition of blocks has been found not to comply with the original specification. Ever since legal action became a possibility in respect of the problematic blocks at Kwai Fong Estate, the Housing Authority has not awarded any further contract to the contractor responsible for the construction of these Kwai Fong blocks. Likewise, the other two contractors responsible for the construction of some of the 26 blocks have not been awarded any further contract, since the investigation results of these blocks became known. The other six contractors involved are no longer in business.

Now I come to the question why a contractor for some of the substandard buildings was accepted to carry out repair to one of them. In 1982 detailed investigation of the structural condition of Block 6 of Kwai Fong Estate by consultants led to the recommendation that strengthening measures should be put in hand as quickly as possible. To enable work to commence immediately, the Building Committee of the Housing Authority agreed that it was necessary to use the term maintenance contractors. Furthermore, it was considered that the unusual nature of the work involved was more suited to this type of contract. The then term maintenance contractor and the then term electrical contractor were, therefore, employed to carry out the works. It so happened that the then term maintenance contractor was the contractor responsible for the construction of the original Kwai Fong blocks.

Let me conclude by reassuring Members, yet again, that it is the judgement of professional engineers that the 26 blocks in question are safe for occupation and that the Housing Authority is doing its best to minimise any disruption to tenants affected by this redevelopment programme. Although staff of the Housing Department have recently been under immense pressure, they remain dedicated to the task of providing the best possible public housing for the community. The Housing Authority, as an autonomous executive authority acting on behalf of the Government in this important social programme, is determined to remedy the shortcomings of the past as well as to meet its responsibilities in the present and for the future.

SECRETARY FOR LANDS AND WORKS: Sir, I am grateful for this opportunity to respond to a number of points raised by my unofficial colleagues regarding substandard concrete in public housing blocks.

The question 'what went wrong' was raised by several Members. The suspicion that there might be fault or fraud somewhere is understandable. The poor concrete is apparently the result of inadequate material, bad workmanship and lack of supervision in certain areas. It will not be easy after all these years to

trace what actually happened. However, this is a serious matter and the Government will spare no effort to get to the bottom of it and to identify, if it can, those responsible. The Legal Department and the ICAC are conducting extensive investigations into the matter and legal action will be instituted as soon as sufficient evidence to warrant it is unearthed. The Attorney General will say more about this. Similarly, disciplinary action will be taken against public officers responsible for the construction of these blocks if there is evidence of negligence of duty or corruption.

A few Members have asked whether the 26 blocks in question would have been declared dangerous and closed right away if they were in the private sector. The answer is no. Based on the technical reports available, these blocks would not have been declared dangerous under the Buildings Ordinance if they were in the private sector.

Sir, it is important that the matter should be viewed in its particular context. Many of the problem blocks were built in the 1960s which saw a sudden influx of immigrants from China, mass squatting on the hillsides (including dangerous slopes), civil disturbances, major natural disasters and fires. During this period, the building industry suffered from severe water restrictions, shortage of cement, a temporary ban on the use of explosives and a shortage of skilled construction workers. But the Government was under tremendous pressure to provide housing for hundreds of thousands of squatters living on the hillsides where sanitation was primitive or non-existent and there were frequent fires and landslides and a constant threat of epidemic disease such as cholera.

Under these difficult circumstances the Government's resettlement and low-cost housing programmes were drawn up to produce the largest possible number of units to meet the pressing housing need within the limited resources then available. The blocks, designed and built by the then Public Works Department, were therefore kept as simple as possible so that they could be put up quickly and let at rents which the squatters could afford. Speed and low cost were the main considerations and new blocks were built at the rate of roughly one every week. The tender prices for these buildings were in general at a level substantially lower than those for other building works constructed during the same period.

The Government's policy at that time was to build low-cost housing by reducing fixtures and furnishings to absolute basics and to keep the cost down by the simplicity of the design thereby achieving the maximum number of units within the Budget. But at no time was it the Government's intention that safety should be compromised. The term low-cost housing does not imply lower standards of safety. However, it is fair to point out that one gets what one pays for. Both the Government and the contractors were under extreme pressure to achieve housing targets which have few parallels in the world. This is reflected by the fact that in 1969, 15 years after the start of the resettlement programme and after 1.26 million people had been resettled in public housing, there,

according to the 1969 Housing Board report, were still about 255 000 squatters awaiting rehousing.

On the technical side, the sub-standard concrete identified is of low strength and density, with correspondingly high porosity. Thus, water and moisture can readily penetrate it causing corrosion and expansion of the steel reinforcement and leading to cracking and spalling of the concrete itself. This further exposes the reinforcement, increasing the deterioration of the concrete and reducing its economic life. This secondary effect on the sub-standard concrete has been particularly apparent in toilet and other areas where sea water was used for flushing or cleaning purposes.

Sir, what about more recent performance? I can assure Members that over the past decade there has been great improvements in concrete specifications and quality control. There are now improved laboratory facilities and more stringent control of testing procedures. There is greater emphasis on training for supervisory staff and no less than 2 700 site staff have undergone courses on site concrete control during the last two years alone. Control of contractors is better, with improved levels of supervision and closer monitoring of contractors' performance. Contractors themselves are more aware of the problems of concrete control, and the more widespread use of 'readimix' concrete prepared under tightly controlled conditions improves the situation. To illustrate the degree to which things have improved, Members may like to know that even after the establishment of the Housing Authority, the former Public Works Department built public housing for about 300 000 people during the period 1973 to 1980. Recent tests have shown that these blocks are absolutely sound.

A few Members have expressed concern about the exemption of Government buildings from the Buildings Ordinance. I wish to assure them that, despite such exemption, all Government buildings comply fully with the structural requirements of the Building Regulations and the various codes of practice, and their design is vetted by the Buildings Ordinance Office. Removing the exemption would require additional staff and considerable public funds but would not necessarily result in any significant improvement in quality or standards. Indeed Government contract specifications and site supervision are generally at a higher level compared to private sector and hence amendments to the Buildings (Construction) Regulations are being contemplated to ensure private practice keeps in step with the improved standards in the Government. Nevertheless, both individual officers and the Government as a whole are accountable to the public and responsible for their acts.

Mr. Ho Sai-chu has suggested that the Government should have discretion not to accept the lowest tender for public works. This is in fact the current practice. In the case of public housing projects, both Mr. F. K. HU and the Secretary for Housing have already described the procedure followed by the Housing Authority and that the authority is not bound to accept the lowest tender. For public works undertaken by the Government, the Central Tender

Board carefully vets the financial and technical capabilities and the track record of tenderers before any tender is accepted. No contract is awarded unless all the necessary requirements are met and the Central Tender Board is satisfied that the tenderer will be capable of satisfactorily completing the contract at the prices tendered.

In concluding, Sir, let me assure Members that present day standards and procedures for building design and construction have been significantly improved when compared to those under which the 26 problem housing blocks were built. Current construction practice gives us not only buildings which are structurally safe, but also durable and value for money as they should be.

ATTORNEY GENERAL: Sir, I share of course hon. Members' concern about the serious problems raised on this Adjournment debate and what should now be done about them. The Secretary for Housing has described in some detail the extensive remedial steps that are in hand. One question that remains is the question of the liability of the contractors who put up these blocks for the structural defects that have come to light so many years after their construction. Several hon. Members have all urged the Administration to initiate legal proceedings against those contractors involved if there is evidence to suggest that they are responsible for the defects.

Sir, early this year, the Housing Department asked my chambers to advise whether a civil action lay against the contractor responsible for the construction of the Kwai Fong Estate over 13 years before. Investigations by the Housing Department had revealed that there were substantial defects in Blocks No. 4 to 11 and that immediate remedial action would be required. The technical evidence then available was considered in chambers and it appeared to suggest that the contractor had indeed been in breach of contract.

However, there are complications. These housing blocks in the Kwai Fong Estate were all completed between 1971 and 1972. As I have said, 13 years have since elapsed and that makes it very difficult to assemble all relevant documents and to take evidence from those witnesses with first hand knowledge of the construction. Nevertheless, after a lot of hard work and intensive research into the matter by those in chambers, it was possible to give an opinion that an action could be commenced against the contractor. Accordingly a writ was issued in the Supreme Court in April 1985 seeking compensation for the defective works.

Since the date of the issue of the writ, further technical investigations have taken place; they have been conducted both by experts in the Housing Department and by independent experts. Their reports will be completed very soon and these will enable a detailed statement of claim to be served on the contractor and for the legal proceedings to get underway.

In the meantime, over the last few weeks, the Housing Authority, has supplied to my chambers a list of many other public housing blocks where

structural problems of a similar nature have been identified. As hon. Members will know, these housing blocks have been classified into four categories. At the moment, we in chambers are concentrating on the 26 housing blocks classified under the first two categories where demolition is planned. Of these 26 blocks, four are in Kwai Fong Estate and altogether nine contractors were involved. Some of these are still active but, as the Secretary for Housing has told us, quite a number of them went out of business years ago. In order to assess the prospects of recovering compensation in any of these cases, thorough investigation of the causes of the defects that have come to light will be necessary. As soon as this is completed, we shall be able to advise upon the chances of establishing a cause of action, having regard to all the legal and the factual criteria. At a later stage, we shall also have to consider the possibility of taking legal action against the contractors responsible for the blocks in categories 3 and 4 where extensive repair and maintenance is required.

But, Sir, I must warn this Council that the investigation of the circumstances surrounding the construction of such a large number of housing blocks, some of which were built nearly 20 years ago, is quite likely to be as unproductive as it would be time-consuming and expensive. I hope hon. Members and members of the public will understand, and take account of the difficulties we face in contemplating legal action now against all the contractors involved. When problems of this nature come to light, it is natural to think that there should be retribution, and that compensation should be paid by those responsible.

But in reality, problems nearly always arise in practice when there has been such a long delay before defects come to light. Hon. Members will appreciate that much time has passed since these blocks were built and this makes the task of the courts very difficult indeed. It is difficult to trace the relevant records after all this time and it is difficult to find the material witnesses. Most of them will by now have retired; some of them to various parts of the world; some may no longer be with us. Even when they can be traced, their recollections of detailed matters is likely to be very dim. All too often, contemporaneous documents cannot be found and critical facts are impossible to establish. Furthermore, many of the contractors have already gone out of business, and some of the companies involved have long since gone into liquidation. And no less serious from the legal point of view, we face problems because of the statutory time limits for bringing claims before the courts. Despite all these inherent difficulties and problems, I can assure hon. Members and I do assure hon. Members that my chambers will do the best it can to initiate action against the contractors involved where there appear to be reasonable prospects of success and a fair chance of making substantial recoveries.

Sir, another general concern of hon. Members is the likelihood that corruption facilitated the construction of these housing blocks in breach of specification. In January 1984, the ICAC was directed to investigate the circumstances involved in the construction of Kwai Fong Estate. The ICAC made extensive enquiries into existing records and their officers succeeded in

tracing and interviewing a large number of persons who had been involved in the construction of that estate: staff of the construction company and its sub-contractors which had worked on site and Government officials such as Architects, Structural Engineers, Quantity Surveyors, Clerks of Works and Foremen who had been connected with the supervision of the construction. In all, 40 persons including seven retired civil servants residing in four different countries were interviewed, in the course of an investigation lasting 17 months. The ICAC, of course, faced the same sort of problems and difficulties that I have already described. The trail was already cold. At the end of a thorough investigation, ICAC with advice from my chambers concluded that there was insufficient evidence available to support the successful prosecution of any single person. That conclusion was later endorsed by the ICAC Operations Review Committee with two hon. Members of this Council present.

Sir, as regards the 22 housing blocks in categories 1 and 2, which are not in Kwai Fong Estate, ICAC is now making a preliminary assessment with a view to advising your Excellency whether there are grounds for suspecting that corruption offences may have been committed, and if that is the case, whether those suspicions warrant further investigation. Again, hon. Members must realise that further probes into events so long past will not be as fruitful as one would like.

Mrs. Selina CHOW made the suggestion that a commission of enquiry should be established for the purpose of investigating this matter, and Mr. CHUNG Pui-lam and Dr. Richard LAI had similar views and ideas which they put forward. Sir, if I thought that machinery of a commission would be any more successful than the ICAC in penetrating the mists of time it would at least be worth considering. But I am afraid I cannot agree with the suggestions. The expense that would be incurred in holding a formal public enquiry at this time could not, in my view, be justified.

Sir, these are matters which are certainly not 'swept under the carpet' as some people, including one or two Members of this Council have alleged, nor is it being shrugged off, nor is it being covered up. For my part, I should like to pay tribute to hon. Members of this Council for the time and trouble they have taken to ensure that this matter was fully and openly discussed with members of the Administration and explained to them. The public will surely appreciate the efforts of hon. Members on their behalf. It is the view of both the Housing Authority and the Government that there were faults, indeed there must have been. In the long and often painful process of providing and improving housing in Hong Kong—not only in the public sector—the pressures upon the Administration in the early years, which the Secretary for Lands and Works has so vividly described to us just now, led to short cuts, inadequate supervision, time-saving procedures and risks that flowed from minimising expenditure in order to maximise production. The Administration, however, believes that those years are now well behind us, and that standards for many years past have been more than adequate.

The Secretary for Housing has firmly stated the Housing Authority will continue to meet its responsibilities in the fulfilment of the redevelopment programme. The Secretary for Lands and Works has assured hon. Members that under present arrangements there is prudent control and supervision of Government works, more stringent material testing procedures and more and better trained supervisory staff. Hon. Members will, I hope, welcome the assurance that has been given that all Government buildings fully comply with the requirements of the Buildings Ordinance and that Government contract specifications and standards of site supervision are generally more stringent than in the private sector. Investigation into the possibility of taking disciplinary action against public officers will be supervised by the Secretary for Lands and Works. The ICAC will be looking into the question whether corruption was involved in the construction of other defective housing blocks. Counsel in my chambers will continue their investigation into the prospects of pursuing civil claims against responsible contractors for compensation. The Administration has done and will continue to do its utmost to minimise the disruption caused to the public housing tenants affected and to see that they are generously treated.

It is hoped that hon. Members will, therefore, feel satisfied as a result of their searching questions into this affair, that the respective Government departments are properly discharging their public responsibilities, that the interests of the tenants are being properly protected and that all important lessons have been properly learned and applied. This is an unhappy chapter, a most unhappy chapter, of events from the past but the way forward, Sir, is now clear.

Next sitting

HIS EXCELLENCY THE PRESIDENT: Before I adjourn the Council, may I wish all Members a very happy Christmas and a successful New Year. In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 8 January 1986.

Adjourned accordingly at nine minutes to Seven o'clock.

Note: The short titles of motions/Bills in the Hansard Report have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.