

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 29 October 1986****The Council met at half-past Two o'clock****PRESENT**HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR EDWARD YOUDE, G.C.M.G., G.C.V.O., 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

MR. PIERS JACOBS, O.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, C.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 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, O.B.E., J.P.

THE HONOURABLE CHAN YING-LUN, J.P.

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

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

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

THE HONOURABLE JOHN WALTER CHAMBERS, J.P.

SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE JACKIE CHAN CHAI-KEUNG

THE HONOURABLE CHENG HON-KWAN

DR. THE HONOURABLE CHIU HIN-KWONG

THE HONOURABLE CHUNG PUI-LUM

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 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 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, O.B.E., J.P.
THE HONOURABLE ANDREW WONG WANG-FAT
THE HONOURABLE HARNAM SINGH GREWAL, E.D., J.P.
SECRETARY FOR TRANSPORT
THE HONOURABLE GRAHAM BARNES, J.P.
SECRETARY FOR LANDS AND WORKS
THE HONOURABLE RONALD GEORGE BLACKER BRIDGE, O.B.E., J.P.
SECRETARY FOR EDUCATION AND MANPOWER
THE HONOURABLE DAVID GREGORY JEAFFRESON, C.B.E., J.P.
SECRETARY FOR SECURITY

ABSENT

THE HONOURABLE JOHN JOSEPH SWAINE, O.B.E., Q.C., J.P.
THE HONOURABLE MRS. PAULINE NG CHOW MAY-LIN, J.P.
THE HONOURABLE KIM CHAM YAU-SUM, J.P.
THE HONOURABLE HILTON CHEONG-LEEN, G.B.E., J.P.
THE HONOURABLE THOMAS CLYDESDALE
THE HONOURABLE PANG CHUN-HOI, M.B.E.
THE HONOURABLE LAU WONG-FAT, M.B.E., J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR. LAW KAM-SANG

Papers

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

<i>Subject</i>	<i>L.N. No.</i>
Subsidiary Legislation:	
Public Order Ordinance Closed Area Order 1986	239
Immigration Ordinance Immigration (Vietnamese Refugee Centres) (Closed Centre) (Designation) (Amendment) Order 1986.....	240
Immigration Ordinance Immigration (Places of Detention) (Amendment) (No. 2) Order 1986	241
Merchant Shipping (Safety) Ordinance Merchant Shipping (Safety) Ordinance (Amendment of Schedule) (No. 2) Order 1986	242
Registration of Persons Ordinance Registration of Persons (Application for New Identity Cards) (No. 9) Order 1986	243
Legal Practitioners Ordinance Barristers (Qualification) (Amendment) (No. 2) Rules 1986	244
Immigration Ordinance Immigration (Vietnamese Refugee Centres) (Closed Centre) (Amendment) Rules 1986.....	245
Banking Ordinance 1986 Banking Ordinance 1986 (Amendment of Fifth Schedule) Notice 1986	246
Companies Ordinance Companies (Interest on Investments) (No. 5) Notice 1986	247
Land Registration Ordinance Land Registration Fees (Amendment) Regulation 1986	248
Land Registration Ordinance Land Registration (New Territories) Fees (Amendment) Regula- tions 1986	249
Legal Practitioners Ordinance Legal Practitioners (Fees) (Amendment) Rules 1986.....	250
Public Health and Municipal Services Ordinance Abattoirs (Urban Council) (Amendment) By-laws 1986.....	251

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Frozen Confections (Regional Council) (Amendment) By-laws 1986.....	253

Sessional Papers 1986-87:

- No. 11—Hong Kong Tourist Association—Annual Report 1985/86.
 No. 12—The Prince Philip Dental Hospital, Hong Kong—Report by the Board of Governors for the period 1 April 1985-31 March 1986.
 No. 13—Social Work Training Fund—Twenty Fifth Annual Report by the Trustee for the year ending on 31 March 1986.

Others:

Statement on Government action following the public consultation on the discussion document on options for changes in the law and in the administration of the law to counter the triad problem.

Oral answers to questions

Secondary school places allocation system

1. MR. HUI asked: *With regard to the 'Enhancements to the Secondary School Places Allocation System' which has been planned for implementation in 1988, will the Government inform this Council:*

- (a) *whether it has considered the possibility that the new measures may lead to elitism in education;*
 (b) *to what extent consultation has been conducted on the new measures;*
 (c) *whether sufficient notice has been given to schools in the implementation of the 'Feeder and Nominated School Scheme' under the new measures; and*
 (d) *whether the Government will consider shelving the new measures in the light of objections that have been raised by various organisations and individual in the educational field?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I would like to take the last part of Mr. HUI's question first. Both the Government and the Board of Education are very much aware that these are controversial proposals and that strong views are held on both sides. The board will therefore be looking again at the issue at its next meeting in November. Meanwhile, no action will be taken by the Administration which would in any way prejudge the outcome.

Turning to the remaining parts of Mr. HUI's question:

As I see it, this is not a simple question of a simple choice between an 'elitist' system and an 'egalitarian' one. There is rather a range of possible systems, with selection on the basis of ability alone at one extreme and selection taking no account of ability at the other. The former, in theory at least, permits teaching to be tailored more specifically to the ability level of students but at the same time has a demoralising effect on the less able students and the schools catering for them. The opposite system results in so wide a mix of ability that teaching effectiveness is seriously undermined. In practice, therefore, some compromise between these conflicting principles is necessary. Many teachers feel that the present system is too far towards the 'egalitarian' end of the range and that the spread of ability within a school is too wide. The revised banding proposals seek to narrow the range of ability in individual schools in the interests of improving teaching effectiveness. Some people feel that they go too far in the direction of 'elitism'. The question is whether or not the proposals achieve a reasonable balance and it is on this issue that we await the further advice of the Board of Education.

As to consultation, the report of a working party set up to review the SSPA was widely circulated for public comment in 1981. Proposals were drawn up in the light of the comments received, but further action was deferred pending the Report of the Panel of Visitors and, subsequently, the Education Commission's first report. In 1985, the SSPA proposals were put to the Board of Education and, in the light of the board's advice, further comments were sought from the various school councils and associations and the SSPA Central Committee and district committees in which all participating schools are represented. In the light of these further comments, the board earlier this year advised that the proposals should be implemented and a circular was issued. It is the response to this circular which has led to the board's further consideration of the matter. The Education Department has meanwhile organised three regional seminars for the heads of primary and secondary schools and the views expressed at these seminars will be reported to the board.

The third part of MR. HUI's question refers to the period of notice given to schools in connection with the proposed reactivation of the Feeder and Nominated School Schemes. Schools interested in forming new links under these schemes were originally asked in July this year to inform the Education Department by the end of October if they wished to form new links with effect from September 1989. However, as the proposal is being reconsidered by the board in November, the schools have now been told that this deadline no longer applies.

MR. HUI: *Sir, I was given to understand that the major operators of schools like the subsidised Secondary School Council, the Association of Heads of Secondary*

Schools, and others, had been consulted on the matter and they had expressed very strong views on the subject. Could their views be seriously considered when the Board of Education reconsider the issue at its November meeting?

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I am confident that the board will indeed take very seriously all the views that have been put forward.

MR. YEUNG: *Sir, is Government prepared to make known the results of the questionnaire issued at the end of these three seminars and, if so, will school heads have access to this information and when will the results be made available?*

SECRETARY FOR EDUCATION AND MANPOWER: I can see no reason why we should not make available the results so I would propose to make them available, Sir, I haven't thought about the question of timing but I can't see why they can't be made available fairly soon.

MR. SZETO (in Cantonese): *Could Government inform this Council about the SSPA system which is one very important link in the nine-year free education system. As Government has already agreed to go ahead with a review of the nine-year free and compulsory education system, could we not hold the new SSPA proposals in obedience for the time being and include the existing SSPA system as part of the review, so that new decisions can be made after the review?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I will consider Mr. SZETO Wah's suggestion.

Pedestrian escalator link between Mid-levels and Central

2. MR. PETER POON asked: *Will Government inform this Council the latest position regarding the pilot project for a pedestrian escalator link between Mid-levels and Central?*

SECRETARY FOR TRANSPORT: Sir, the inclusion of an item in Category C of the Public Works Programme will shortly be sought for the construction of a pedestrian escalator between Mid-levels and Central along Cochrane Street and Shelley Street. This will be a pilot project and the plans are for it to be linked to the elevated walkway system in Central District via the proposed redevelopment of the Central Market and ex-Central Fire Station sites. The intention is that construction of the escalator system should tie in with the redevelopment of the two sites. It is, however, difficult to indicate a commencement date for the escalator project at this stage as this is dependent on the priority accorded to it in relation to other items in the Public Works Programme.

MR. PETER POON: *Sir, in view of the congested traffic conditions in the Mid-levels, can the Secretary for Transport give a clearer indication of the estimated date of implementation of this project?*

SECRETARY FOR TRANSPORT: Sir, as I have indicated, this is dependent on the priority to be accorded to the project in the Public Works Programme but I would hazard a guess that the earliest date would be the 1989-1990 financial year.

Evasion of Cross-Harbour Tunnel toll and passage tax

3. MR. LAI asked: *Will Government inform this Council:*

- (a) *whether it is aware of any cases where vehicles have made use of the cross-harbour tunnel without paying the toll fee; and*
- (b) *if so, what measures have been taken to prevent any further loss of Government revenue in this connection?*

SECRETARY FOR TRANSPORT: Sir, the answer to the first part of the question is 'yes', but the number of toll evasion cases is very small. Under the Cross-Harbour Tunnel Ordinance and By-Laws (Cap. 203) all vehicles which use the cross-harbour tunnel must pay the appropriate toll. The only exception to this is in respect of vehicles carrying government personnel on duty in the tunnel area (e.g. Civil Engineering Services Department personnel checking tunnel structures). Under the Cross-Harbour Tunnel (Passage Tax) Ordinance (Cap. 274), however, buses and certain other specified users, e.g. disabled drivers who must make use of the tunnel and members of the consular corps, are exempted from the application of the passage tax.

Sir, in 1985, there were only 191 evasion cases and the Cross-Harbour Tunnel Company failed to recover toll and tax in only two cases. The financial loss was \$14. This year, up to the end of September, there were 114 evasion cases. The company has been able to recover toll and tax in most cases and the number of outstanding cases is again very small. It will be apparent from the figures that any loss of public revenue arising from toll evasion is negligible. However, the Cross-Harbour Tunnel Company has established procedures to recover toll and tax in evasion cases and I am satisfied with the effectiveness of these procedures.

MR. LAI: *Sir, can the Secretary for Transport inform this Council: (a) out of the 114 evasion cases this year, how many cases are due to carelessness and how many cases are deliberate; (b) what are the procedures that the Cross-Harbour Tunnel Company has established to recover the toll?*

SECRETARY FOR TRANSPORT: Sir, there are very few real offenders or deliberate evaders of the tunnel toll. In most cases it appears that absent-mindedness is to

blame rather than criminal intent. The procedures for recovering tolls are quite simple and, as I have indicated, effective. A letter with a demand note is sent to a vehicle owner or the driver if he can be identified from the information supplied by the registered owner and payment is made normally within a short time.

Use of space under flyovers

4. MR. LEE YU-TAI asked: *Will Government inform this Council whether there are plans to make better use of the space underneath flyovers?*

SECRETARY FOR LANDS AND WORKS: Sir, although obviously most of the land under flyovers in the more distant places and indeed in many others, has no particular value, Government always considers how best it may be used. Sites under flyovers in the denser urban areas are particularly suitable for community uses, or may be, and I can virtually guarantee that the user of each and every such site has been the subject of both Government consideration and a district board discussion. But the structures of flyovers are vulnerable to fire, and so uses which might give rise to fires or other accidental damage are not normally allowed. Again many flyovers are surrounded by congested roads, and uses which would attract pedestrians to cross dangerously or which would give rise to traffic problems are also discouraged. Within these main limitations and they are quite severe ones, a guidance note of permitted and prohibited uses has been agreed and is applied very positively. I am of course open to correction about individual cases, but generally I believe that the best use possible is made of the land under flyovers. Nevertheless, I think such policies are always worth reviewing and I will so arrange shortly.

MR. LEE YU-TAI (in Cantonese): *Mr. Chairman, as not many people will go to the space beneath flyovers, can we use the space beneath flyovers for lovers to chat and to walk around there?*

SECRETARY FOR LANDS AND WORKS: Generally speaking, I think that such people have no difficulty in getting access when they want it! (*Laughter*)

Suicide rate of immigrants from China and provision of counselling services for them

5. MR. LIU asked (in Cantonese): *Given the numerous cases over the past months of suicide committed by Chinese immigrants because of failure to adapt to the local environment, will the Government inform this Council:*

(a) *of the number of legal immigrants who have arrived in Hong Kong during the past three years; and*

- (b) *what counselling facilities has the Government provided to assist these immigrants in seeking employment, furthering their studies and adapting to the new environment?*

SECRETARY FOR SECURITY: Sir, while the number of suicides committed by immigrants from China is worrying, their suicide rate seems if anything to be slightly lower than that for the population as a whole. If we limit 'immigrants from China' to those who have been here less than seven years, then we are talking about roughly 9 per cent of the population. 36 of them committed suicide in 1984, that is 7 per cent of all suicide cases that year. In 1985 it was 37, 5 per cent of all cases. As far as we can tell from the statistics available so far, in the first nine months of this year there were 21 suicides by immigrants from China, 5 per cent of all cases.

Sir, to answer my hon. friend's specific questions:

- (a) the number of legal immigrants who have arrived in Hong Kong during the past three years is as follows:
- 25 714 in 1983
 - 27 612 in 1984
 - 27 153 in 1985 and
 - 13 178 in the first six months of 1986;
- (b) in general terms, Sir, the immigrants can make use of the comprehensive network of services, including counselling, that voluntary agencies and the Government provide for everyone in Hong Kong. These services include facilities to meet the three requirements my hon. friend specifically mentioned. There are also services specifically directed at immigrants. One-way permit holders arriving at Lo Wu are given the addresses of the Labour Department's offices where they can go to seek employment. Also, one of the subvented voluntary agencies, International Social Service, have a desk at Hung Hom Railway Station for their staff engaged in counselling immigrants as they arrive there. Thereafter, and as soon as possible, immigrants have to go to the Immigration Department's offices in New Rodney Block, in Queensway, to get the documents necessary for them to be allowed to stay in Hong Kong. Here, too, International Social Service have an office in which they brief the migrants on the social services available in Hong Kong and show films designed to introduce the immigrants to Hong Kong. International Social Service also provide other facilities for Cantonese classes and sessions designed specifically to help the immigrants and their children to adapt themselves to living in Hong Kong. It also runs a 24-hour 'hot-line' through which immigrants can contact them for advice at any time.

MR. LIU (in Cantonese): *Sir, can I ask what sort of counselling facilities are provided by the Government to help Chinese immigrants such as lawyers, doctors, when they first come to Hong Kong? Are there any facilities to help them to get employment and recognised qualification in Hong Kong?*

SECRETARY FOR SECURITY: Sir, if they are interested in education in Hong Kong they can go to the District Education Officers of the Education Department and there they will receive full advice on all aspects of education in Hong Kong and their particular capabilities as far as receiving it is concerned.

MRS. FAN: *Sir, can the Secretary clarify the documents that the new immigrants will obtain from the Immigration Office? In particular are they given information especially information on contact addresses for particular services and information to enable them to understand the systems of the Hong Kong society in order to help them to adapt better into the community?*

SECRETARY FOR SECURITY: Yes, Sir. As I said, at Lo Wu they are given the addresses of the Labour Department offices where they can go and seek counselling on employment. The International Social Services offices at Hung Hom and in the Immigration Department offices at Rodney Block have full information on all the offices run by the Government and by the private sector to which the immigrants can go to get further counselling. I think we must also remember, Sir, that a very, very high proportion of these immigrants are in fact joining close relatives in Hong Kong and these close relatives will probably have been in Hong Kong for some time and are themselves well aware of the facilities available.

Localisation of the Civil Service

6. MR. TAI asked: *Could the Government inform this Council of its policy with regard to the localisation of the Civil Service and whether such policy is likely to affect the morale of the expatriate civil servants in Hong Kong?*

CHIEF SECRETARY: Sir, the current policy on localisation has been in force since the early 1960s. Preference is given to the appointment of local candidates at recruitment and overseas candidates are appointed only when there is no suitable local candidate. Promotion is based on merit and all eligible officers, whether local or overseas, on pensionable or agreement terms, are considered on an equal basis.

Overseas officers on agreement terms are given a further contract if a local officer is not available to fill the vacancy. As regards applications for transfer to the permanent and pensionable establishment, the guideline is to look five years

ahead. If, within this period, a local officer would not be available to fill the vacancy, then the application to transfer to pensionable establishment would be favourably considered.

Sir, I believe Hong Kong has a loyal and highly efficient public service. On the whole, morale is high but this is not to say that all officers are equally happy and contented. There appears to be some misunderstanding among some overseas officers that the Government has tightened the rules on renewal of contracts. I must stress that the rules have not been changed. In the last three years, over 90 per cent of those who have applied for contract renewal have been successful and I expect the trend to continue this year.

The basic fact is that our policy of giving preference to local candidates on appointment has borne fruit as many of these officers have acquired experience and gained promotion to directorate level. Overseas officers will continue to be appointed on agreement terms to fill posts for which local talent is not available. Indeed we shall be appointing more overseas officers this year than those who will be leaving on completion of their contracts.

MR. TAI: *Sir, could the Government inform this Council in respect of the following: With regard to paragraph 1 of the reply, has the Government any plan to review the current policy on localisation? The second question is with regard to paragraph 3 of the reply regarding rules on renewal of contracts for overseas officers, has the Government any plan to review or to change the rules for the renewal of contracts?*

CHIEF SECRETARY: The answer, Sir, is 'no' to both questions.

MR. YEUNG: *Sir, what steps have been taken by the Government to alleviate the said misunderstanding amongst those overseas officers and how many posts are there in the Government where local talent is not available?*

CHIEF SECRETARY: Sir, as I understand it, the Secretary for the Civil Service or his staff have seen the officers concerned and have explained the position to them. On the second part of the question, which involves a considerable amount of statistical detail, I would prefer to let Mr. YEUNG have that in writing. (see Annex I)

MR. LEE YU-TAI: *Sir, is there a danger of promoting people beyond their level of capability because the recruitment pool is made smaller as a result of localisation?*

CHIEF SECRETARY: No, Sir. The appointment of staff to posts in the Civil Service has to pass the careful scrutiny of the Public Services Commission and I am sure that that is not the case.

Adequacy of anaesthetists in public hospitals

7. DR. HO asked: *Will Government inform this Council whether the supply of anaesthetists in public hospitals is adequate for emergency surgical cases?*

SECRETARY FOR HEALTH AND WELFARE: Sir, there are at present 92 anaesthetists in government hospitals and another 50 in subvented hospitals. The establishments are 101 and 57 respectively; this means that vacancies represent 9 per cent of establishment in government hospitals and 12 per cent in subvented hospitals. Anaesthetist services are provided in all major public hospitals on a 24-hour basis and urgent cases are given priority. The supply of anaesthetists in public hospitals is therefore adequate to meet emergency surgical cases.

DR. HO: *Sir, what are the reasons for the unfilled posts and what difficulties are encountered in recruiting and retaining the anaesthetists in public hospitals?*

SECRETARY FOR HEALTH AND WELFARE: Sir, in any grade in the public service there are always a certain number of vacancies but the percentage is somewhat higher for anaesthetists and I understand that this is due to the fact that anaesthesia is not regarded as a popular specialty amongst doctors. In order to increase the supply of anaesthetists, doctors who work in this area in public hospitals receive in-service training and all trainees are given the opportunity to sit examinations for higher qualifications. Additionally, the Medical and Health Department has sent 39 doctors overseas for training in this area over the past five years in order to obtain higher qualifications, thus improving the chances of their staying in the public service.

DR. IP: *Sir, are there instances in which operating theatres are under-utilised as a direct consequence of the inadequate number of anaesthetists?*

SECRETARY FOR HEALTH AND WELFARE: Sir, I understand that there are sufficient anaesthetists in all the main hospitals to ensure that operating theatres are fully utilised and, as far as I am aware, no emergency operation has ever had to be delayed because an anaesthetist was not available.

DR. CHIU: *Sir, regarding the vacancies for anaesthetists not being fully filled in the public hospitals, would the Government inform this Council, (1) whether the phenomenon is related to the inadequate training opportunities in the field of anaesthesia; (2) of the names of public hospitals which are recognised as training hospitals for anaesthetists by the Royal Colleges in the United Kingdom?*

SECRETARY FOR HEALTH AND WELFARE: Sir, I have to check on the second part of Dr. CHIU's question about the Royal Colleges (See Annex II). Could he please remind me of the first half?

DR. CHIU: *The first part of the question is whether this phenomenon is related to the inadequate training opportunities for anaesthetists?*

SECRETARY FOR HEALTH AND WELFARE: Sir, not as far as I am aware. I have described earlier the various opportunities that are available for training and I am not aware that the difficulty in recruiting and retaining anaesthetists is due to this factor.

MISS DUNN: *Sir, is the supply of anaesthetists sufficient to meet non-emergency cases?*

SECRETARY FOR HEALTH AND WELFARE: Sir, non-emergency cases, of course, have to sometimes await the availability of surgeons, or operating theatres, but I am assured that the non-availability of anaesthetists is rarely a factor in this particular regard.

DR. LAM (in Cantonese): *Sir, would the Government inform this Council what is the rate of resignation of the anaesthetists in public hospitals over the past five years?*

SECRETARY FOR HEALTH AND WELFARE: Sir, I am told that wastage over the last five years was 17 anaesthetists in government hospitals and 78 in subvented hospitals.

DR. IP: *Sir, is it true that there is a vicious circle going on in certain subvented hospitals whereby the number of anaesthetists who are consultants are inadequate for the purpose of obtaining the Royal Colleges' approval to provide training and therefore anaesthetists cannot go there for training and as a result anaesthetists have to be trained abroad?*

SECRETARY FOR HEALTH AND WELFARE: Sir, I am not aware of this particular problem but I will investigate and let Dr. IP have a written reply. (See Annex III)

Conservation of energy

8. MR. MARTIN LEE asked: *Sir, will the Government inform this Council whether it has any intention to introduce and/or implement a meaningful programme for the conservation of energy in Hong Kong?*

FINANCIAL SECRETARY: Sir, the conservation of energy is a matter of world-wide concern. In establishing policies for Hong Kong, we have taken into account a number of factors that are of particular relevance to our own circumstances. First, Hong Kong is a very small user of energy by international standards.

Second, we have no energy resources of our own. We are thus totally dependent upon the rules of the marketplace in so far as the import of the raw materials of energy are concerned.

We monitor the situation in order to ensure that Hong Kong's energy needs are satisfied. If there is a prospect of a shortage, we take such steps as may be required in order to safeguard the position. In the past we have intervened to ensure that supplies that are available are prudently used with a view to minimising as far as possible any disruption to the economy or to people's lifestyle.

Members may recollect that in 1979 the Oil (Construction and Control) Ordinance was enacted to empower the Government to take swift action in order to regulate the supply and consumption of energy. We have from time to time imposed restrictions on the use of electric light for advertising displays and floodlighting purposes. We have also on some occasions adopted daylight saving hours and even the suspension of some night race meetings. In normal times when supplies are adequate we, of course, do not wish to be so restrictive that industry in Hong Kong is adversely affected in any way, particularly by making it less competitive with industry carried on in other places in the region. Nor do we wish to impose restrictions that damage the improving lifestyle of our community. In this regard we must take into account the density of population and the climate.

Sir, the lessons we learned in the oil crises of 1973 and 1979 are still relevant. Accordingly, the public sector has maintained many of the energy economy measures which originated from those crises. Furthermore, we have carried out detailed studies in relation to several major buildings and installations with a view to attaining significant energy savings. We have also published information on energy conservation in buildings, and this information is available to those involved with property development and building management. In a sustained effort to nurture a more energy-conscious community, energy conservation is incorporated in the school curriculum.

Having regard to the factors that I have mentioned earlier, I believe that the programmes that we have been following are meaningful in relation to Hong Kong's needs. We shall continue with them.

MR. MARTIN LEE: *Sir, will my learned and hon. friend, the Financial Secretary, who is incidentally one of my constituents in the Legal Functional Constituency, please clarify to this Council why there have been no more appeals to the public through the mass media by way of '—general exhortation to all electricity users to save electricity' in the words of the then Secretary for Economic Services, the hon. JEAFFRESON, in moving the Oil Conservation and Control Bill 1979, on 9 May 1979, as part of its programme to conserve energy, as it must be in the public interest that all electricity consumers should '—keep their energy bills down,' in*

the words of the said hon. JEAFRESON when he delivered his speech at the opening ceremony of the 15th National Convention of the Hong Kong Junior Chamber of Commerce on 26 September 1980?

FINANCIAL SECRETARY: That was a long question, Sir. The message I was trying to convey in my answer was that we do leave regulation very much to the market place. What has happened in recent years is that energy prices have, in fact, fallen in real terms, so people have exercised their own decision and their own choice in the use of energy. As I also said in my first answer in the public sector we have tried to continue with the lessons that we have learned and we have had standing instructions in the public service giving us this exhortation to be careful.

MISS TAM: *Sir, has Government considered incorporating any of the energy saving measures relating to buildings and installations into our legislation by devising a set of appropriate rules and incorporated it under the Buildings Ordinance?*

FINANCIAL SECRETARY: Sir, consideration of legislation has been given in the past but it was decided that it was better to leave it to the discretion of architects and others involved in the development of buildings.

MR. LEE YU-TAI: *Sir, in relation to paragraph 4 of the Financial Secretary's answer, would the Administration please specify in what ways the public sector has maintained many of the energy economy measures which originated from those crises that occurred in 1973 and 1979?*

FINANCIAL SECRETARY: Sir, the instructions that have been issued are contained in a circular from the then Chief Secretary. The instructions dealt with the use of electric light and also with the use of air conditioning. There have been restrictions on the use of air conditioning, and on the temperature that should be adopted. Of course, as I said, the cost of electricity has not been escalating in recent years so perhaps these economy measures have not been rigorously enforced. Certainly, Sir, I think in this Chamber we've enjoyed slightly lower temperatures; that is what has made it not only spiritually and mentally refreshing but also physically refreshing.

MR. SZETO (in Cantonese): *Sir, just now the Financial Secretary told us that if we have too many restrictions it is going to affect our competitiveness in our industry. Would it then be correct to say that if we can have reasonable constraints during normal times, it will be beneficial to our industry? And also if we are to adopt these measures, how much electricity would we be able to save and is it going to reduce the overall electricity consumption of Hong Kong and also to reduce the rate of increase?*

FINANCIAL SECRETARY: Sir, I think it is a matter of balance. If the restrictions are too severe, it may be that some of our industries would not have adequate electricity when they need it, so their production could be adversely affected. I am sorry, I did not quite catch the second part of the question?

MR. SZETO (in Cantonese): *Now, if we can have reasonable restriction during normal times, would that be beneficial to Hong Kong's industry and also if we are to do that, how much electricity are we going to save each year and would that also help to reduce the rate of increase of the consumption of electricity in Hong Kong?*

FINANCIAL SECRETARY: Thank you very much, Sir. As far as the electricity savings are concerned, when we imposed restrictions before, we achieved a saving of about 5 per cent, and that was in accordance with the international norm.

DR. LAM (in Cantonese): *Sir, will the Government inform this Council, over the past five years what is the rate of increase or decrease of the consumption of electricity in Hong Kong?*

FINANCIAL SECRETARY: Sir, in 1981 the increase over 1980 was 5 per cent; 1982 over 1981 7 per cent; 1983 over 1982 13 per cent; 1984 over 1983 9 per cent and 1985 over 1984 7 per cent. I understand, Sir, that at present the increase is running at about 8 to 9 per cent.

MR. SOHMEN: *Sir, conservation is only one side of dealing with shortages. Do we understand from the answer that the Financial Secretary gave to the question of the hon. Martin LEE that Government has no plans to provide facilities for storage of energy resources which may again be in short supply in future?*

FINANCIAL SECRETARY: Sir, the oil companies are in fact required to maintain a strategic reserve which we believe to be adequate at the present time. It is, I think, about 30 days supply.

Use of dangerous chemicals in factories

9. MR. TAM asked (in Cantonese): *In view of the injuries and heavy casualties resulting from the serious industrial accident which took place in the Kwai Chung fur factory on 8 October 1986, will Government inform this Council what is the cause of this serious accident and whether the Government, in preventing similar tragedies happening again, will consider:*

(a) *strengthening and implementing as soon as possible the legislative control on the industrial use of dangerous chemicals;*

- (b) *increasing the number of factory inspectors in the near future to enhance the frequency and thoroughness of factory inspection; and*
- (c) *enhancing the knowledge of both the employers and employees in the industrial use of dangerous chemicals?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, this was a horrifying accident and I would like to assure Members that the departments concerned will do all they can to prevent the recurrence of a similar accident.

A team of 20 Fire Services personnel led by senior officers has been working continuously 18 hours a day since the fire to establish its cause. Their work is expected to be completed in about three weeks time. An inquest will be held on 25 November and the results of the Fire Services' investigation will be made available to the coroner. Since the accident is to be the subject of a coroner's inquest, I am afraid that I am not free to comment further on its causes at this stage, as this would prejudice the hearing.

Fire prevention in factories has always been a high priority of both the Factory Inspectorate and the Fire Services Department. The Factories and Industrial Undertakings (Fire Precautions in Notifiable Workplaces) Regulations already require precautionary measures to be taken where flammable substances are in use and during the last five years more than 2 500 summonses have been taken out for fire-related offences and fines totalling more than S3 million have been imposed. We also intend to adopt appropriate measures for other dangerous chemicals. I shall, for example, be introducing a motion next month seeking approval of new regulations banning or controlling the use of various carcinogens and we are now drafting a set of regulations to ensure that harmful substances are properly labelled and that labels include essential safety information. In the meantime, a code of practice will be issued to factory proprietors shortly.

Action is in hand to increase the establishment of the Factory Inspectorate from its present figure of 198. Eight posts are about to be created and provision is being sought for further posts in the 1987-88 Estimates. However, I must stress that inspection alone cannot eliminate accidents. The Kwai Chung factory has been inspected by the Factory Inspectorate on three occasions over the past 18 months, the last occasion being about two weeks before the accident. On each of these three occasions the conditions found by the inspectors were different. Unfortunately, it will never be practicable to maintain a permanent presence in every factory and the onus must ultimately be on the factory management and the workers themselves to ensure that a safe system of work is maintained. The Factory Inspectorate have however visited every fur processing and comparable factory in Hong Kong (about 350 factories in all), several times since the fire to do what they can to prevent a similar fire recurring. They in fact found only three factories using flammable cleansing agents in their final stage of fur processing and at the last inspection all three had ceased to do so.

This underlines the need for both employers and employees to be aware of potential hazards and to observe good safety practices at all times. To achieve this objective, the Labour Department is pursuing a strategy based on education, publicity and enforcement. With particular reference to the safe handling of chemicals, the department has produced four announcements of public interest for television, five safety posters and a number of booklets on chemicals, including flammable solvents, commonly used in Hong Kong. Additional information in the form of a pictorial leaflet for workers engaged in fur processing and a guidance note for management is being prepared for urgent distribution to all relevant factories. It is also intended to increase the number of courses on chemical safety run by the Labour Department and to give additional emphasis to this subject in the continuing industrial safety campaign.

MR. TAM(in Cantonese): *Sir, the Secretary for Education and Manpower in replying to the question seemed to have distorted the crux of the matter. He mentioned that it would be unrealistic to post Factory Inspectors at every factory. What I am suggesting is to increase the establishment of the Factory Inspectorate so as to increase the frequency of inspections and the thoroughness of inspections. Is the Government overlooking the importance of preventing industrial accidents by inspecting these factory premises?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I am certainly not overlooking the importance of the Factory Inspectorate. It obviously plays a key role in this and, as I have already said, their establishment is being increased at the moment and we will be seeking further increases in future.

PROF. POON: *Sir, on 15 January in this Chamber I asked the Government to consider drafting regulations to require manufacturers and/or importers to have a safety data sheet properly displayed for each container of chemicals, raw materials or reagents, which is the requirement in most Western countries, because some of these raw materials and reagents are supplied only in their brand names. Would the Secretary inform this Council whether my previous request has been taken into account in the set of regulations which are now in the drafting stage? If not, why not?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I think Prof. POON's suggestion is a very attractive one in many ways and it is certainly being seriously considered. It is however not a straight forward issue in Hong Kong, because Hong Kong's free port status makes controls on importation complicated and the proposal is not actually included in the current regulations being drafted at present.

DR. TSE(in Cantonese): *Sir, just now the Secretary for Education and Manpower mentioned that the last time the Factory Inspectorate inspected those three factories, the factories had already ceased using the flammable cleansing agents.*

However, according to the workers working in those factories, they say that whenever factory inspectors show up, the management of the factories would quickly remove those flammable cleansing agents and also arrange for workers to wash up the toilets so that the inspectors cannot go into the female toilets where they are hiding those chemicals.

SECRETARY FOR EDUCATION AND MANPOWER: Sir, this kind of evasive measure by management is extremely difficult to deal with. I can only pass on the suggestion to the inspectorate for them to do what they can to deal with it but it is not something which is easy to deal with.

MR. CHEONG: *Sir, it is of course recognised that it would be extremely difficult to place factory inspectors permanently on the premises but can the Secretary and his relevant branches and departments consider a system where by constant monitoring activities could be done by the factories themselves and the factories report regularly back to the authorities so that if they are not doing their job properly, certain measures can be taken against them?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I think this is a very attractive suggestion. I will certainly look into the possibility of requiring factories to monitor the state of the air, for example, in chemical factories so that it is easier for the inspectorate to check on the state in them.

MR. SZETO (in Cantonese): *Sir, with regard to the existing fines and penalties, would they have a deterrent effect? In the past, I learned that the average fine is only 5 per cent of the maximum fine stipulated in the law. Is that true?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, until a year or two back the average fine was about 5 per cent of the maximum. The Labour Department has, in the last year or two, changed its policy in prosecution to some extent to try and reduce the number of purely technical prosecutions and to emphasise those cases where there is real serious danger. Following that change of prosecution policy, the average fines have increased. Depending on the offence, they average something like 10 per cent of the maximum. This is still a very low figure in relation to the maximum fines available.

MR. CHUNG (in Cantonese): *Sir, would the Government consider requiring those factories using dangerous chemicals to have people who are authorised by the Labour Department to supervise the whole process instead of letting all the factory workers get involved in those chemicals?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I think a requirement of this sort would be very difficult to apply in practice because a very wide range of factories use these chemicals and processes differ from time to time continuously. It is very difficult to see how one could in practice enforce regulations on those lines.

MR. MARTIN LEE: *Sir, in relation to the difficulties posed in the question by Dr. the Hon. Daniel TSE, may I respectfully commend for the Administration's consideration sending at least one woman inspector on these factory visits?*

SECRETARY FOR EDUCATION AND MANPOWER: *Sir, I don't think the difficulty in relation to female toilets is a particularly serious one. One can, with the management's permission, enter a female toilet. We do have women inspectors but inspectors go round on their own. If we send round inspectors in teams, we will drastically reduce the number of inspections.*

DR. HO: *Sir, under the priority system being used, the low priority factories will only be inspected once every 48 months. How can the Labour Department properly assess the accident potentials of these factories if they have changed their production procedure during the four-year interval?*

SECRETARY FOR EDUCATION AND MANPOWER: *Sir, factories are required to report changes in the processes which they use whenever they occur. I think this meets Dr. HO's point.*

Written answers to questions

Welfare services for the elderly and measures to prevent suicide among them

10. MR. HUI asked: *In view of the increasing suicide rate among elderly persons, will Government inform this Council what medical and support services are being planned and provided for old people who are chronically ill and what other measures are being taken to prevent the incidence of suicide among the elderly?*

SECRETARY FOR HEALTH AND WELFARE: *Sir, statistics for the past three years show that the number of elderly people (those over 60 years) who have committed suicide has fluctuated. The figure dropped from 177 cases in 1983 to 149 cases in 1984, but increased to 220 cases in 1985. On average, about one third of all suicide cases involve elderly people, but I have no detailed information on the circumstances leading to their deaths.*

No. of suicide cases

<i>Year</i>	<i>involving persons of 60 years and over</i>	<i>involving persons of 10-59 years</i>	<i>Total</i>
1983	177 (38.6 per cent)	281 (61.4 per cent)	458
1984	149 (29.9 per cent)	350 (70.1 per cent)	499
1985	220 (30.8 per cent)	494 (69.2 per cent)	714

A range of medical and health facilities is provided for elderly people who are chronically ill. These include:

- (a) Infirmaries which are intended to cater for the longer term patients whose physical and mental condition requires constant nursing care and some medical supervision. At present, 1 015 infirmary beds are provided in three subvented hospitals. A further 2 401 infirmary beds will be provided by 1995.
- (b) Geriatric day hospitals are provided to supplement in-patient treatment, offering curative and rehabilitative services to elderly patients on a nonresidential basis. These day places have the added advantage of restoring elderly patients to their own family environment and thus helping the rehabilitation process. 120 geriatric day places are provided in four government institutions and there are plans to expand the facilities by providing another 415 places in nine other public hospitals or clinics.
- (c) Community nursing service (CNS) provides both basic nursing care for these patients and also assistance on all aspects of rehabilitation and health education for patients and their families. 40 per cent of the clients of the CNS are aged 65 and over. There are at present a total of 45 CNS centres and hospital referral stations located throughout the territory. Plans to establish an additional 15 centres are being considered.

Other support services available to such people include financial assistance through the social security system, accommodation or rehousing assistance, home help and day care services, and institutional care in care and attention homes. These services are provided through 10 multi-service centres for the elderly, four day centres and 13 care and attention homes and homes for the aged blind. A multi-service centre and a day centre for the elderly will eventually be established in every administrative district; and on present plans, the projected demand for about 4 400 care and attention home places will be met by 1991.

To help elderly people to overcome their individual and family problems, counselling services are provided by social workers in family service centres. To help them to continue contacts with the community, volunteers are mobilised to visit those who are living by themselves, who are encouraged to become members of groups in social and community centres as well as to participate in organised group sessions. Family life education programmes are organised to help other family members to understand the problems faced by the elderly, and to promote respect for the elderly in the family. All these measures should help to reduce the incidence of suicide among the elderly.

Recruitment of psychiatrists and hospital beds for mental patients

11. MR. POON CHI-FAI asked: *Will Government inform this Council of the position regarding the recruitment of psychiatrists and the supply and demand of hospital beds for mental patients in government and subvented hospitals, in Hong Kong generally and in the East Kowloon region in particular?*

SECRETARY FOR HEALTH AND WELFARE: Sir, at present there are 94 posts of psychiatrists in the public sector, of which 87 are filled. Psychiatrists are not recruited separately, but through recruitment exercises for doctors in all specialties which are conducted at regular intervals.

The psychiatric service is not regionalised and the requirement and provision of beds for the mentally-ill are planned on a territory-wide basis. Based on a planning ratio of one bed for every 1 000 of the population, the demand for hospital beds for the mentally ill is now estimated to be 5 538 beds. At present 3 699 such beds have been provided, and a further 2 286 beds are planned to be provided by 1995.

The existing and planned provision of hospital beds for the mentally ill in the East Kowloon region is as follows:

(a) Present provision:

<i>Hospital</i>	<i>No. of beds</i>
Kowloon Hospital	151
United Christian Hospital	30

(b) Future provision:

<i>Year</i>	<i>Project</i>	<i>No. of beds</i>
1991	United Christian Hospital extension	122
1993	Kowloon Hospital extension	420
	Kowloon Hospital reprovisioning	420
1995	East Kowloon Hospital	340

Missing girls

12. MRS. TAM asked: *Will Government inform this Council of:*

- (a) *the number of missing girls reported annually to the police over the past five years;*
- (b) *the action generally taken by the police after receiving reports of missing girls;*
- (c) *the number of reported missing girls who have been found by relevant authorities during the past five years; and the general locations where they have been found;*
- (d) *the assistance given to the missing girls by the relevant authorities; and*
- (e) *the number of found girls over the past five years who have subsequently been reported missing again?*

SECRETARY FOR SECURITY: Sir,

- (a) Between January 1981 and September 1986 the police received 7 912 reports of missing girls under the age of 16—

<i>1981</i>	<i>1982</i>	<i>1983</i>	<i>1984</i>	<i>1985</i>	<i>1986</i>	<i>Total</i>
					<i>(Jan-Sept)</i>	
1 175	1 342	1 464	1 412	1 413	1 106	7 912

- (b) Upon receiving a report that a girl is missing, the police will ask for a full description of her, her last known whereabouts and any information which could help to locate her, such as her intended activities, her usual haunts and whether there is any known reason for her disappearing.

The police will then take whatever immediate action appears appropriate, for example, a search of the area where she was last seen. At the same time, they will check with the Criminal Records Bureau to find out whether she has been arrested or is a wanted person and with the Traffic Accident Enquiry Centre and accident and emergency wards to ascertain whether the girl has been admitted to hospital.

If after these efforts the girl has still not been located, the police circulate a missing person message to all police formations and pass her description by radio to all police officers on patrol. If the circumstances of the girl's disappearance so warrant, the police will also pass the information to Police Tactical Unit companies and to the Civil Aid Services. Helicopters may be made available to assist in a search.

With the agreement of the person who reports the girl missing, the police may ask the press to help by publicising the girl's description and the circumstances of her disappearance.

Meanwhile, the police compile a formal 'missing person report' and pass it to the appropriate Regional Missing Persons Unit to investigate the case. Alternatively, where there are suspicious circumstances or the missing girl is under 12 years of age and has not been located within 12 hours, the relevant crime formation squad will carry out the investigation.

In addition, photographs and full particulars of missing girls over the age of 12 are circulated to all divisions and to the appropriate units in regional and force headquarters to assist in identification should suspected missing persons be discovered during police raids under the Protection of Women and Juveniles Ordinance.

- (c) Statistics breaking down the manner in which missing persons are located are not available before 1984. Tables for 1984 and subsequent years are—

	1984	1985	1986 (Jan-Sept)
Voluntary return	661	833	657
Found by family	243	251	150
Found by Police—			
(1) raids/crime arrest	88	42	41
(2) other	348	290	224
Found by other government departments/agencies	6	4	8
*Others	11	11	12
Total	1 357	1 431	1 092

*Others include missing girls found by teachers or members of the public, cancellations of reports by informants and one missing girl found drowned.

Statistics on the locations where missing girls are found are not available except where missing girls are discovered either during police raids or when arrested by the police for criminal offences. The number of missing girls found under these circumstances is relatively small, representing 6.5 per cent and 2.9 per cent of all missing girls found in 1984 and 1985, respectively.

- (d) The family services centres of Social Welfare Department provide a range of welfare services for girls who have been missing persons. The department provides counselling service and financial assistance as well as assistance in arranging compassionate rehousing, seeking school placement, employment and other services needed by the girls or by their families. The aim is to provide guidance to the girls and to assist the families to deal with the problems which might have influenced the girls' behaviour. Counselling from the department's clinical psychologists is available for girls with psycho-social problems or who are otherwise mentally defective.

Girls who are in need of care and protection, for example those who are beyond the control of their parents, may be brought before a juvenile court to be made subjects of care and protection orders under the Protection of Women and Juveniles Ordinance. These girls will be placed under the supervision of the Director of Social Welfare for specified periods during which they will be visited regularly by social workers. They may also be committed to the care and control of a welfare institution either run by Social Welfare Department or by a voluntary agency.

- (e) Regrettably, statistics are not available on girls who have been reported missing on more than one occasion. But on a case by case basis a girl's previous history of going missing would be made known to the police

and to the Social Welfare Department, who would then be able to recommend appropriate remedial measures selected from those outlined in (d) above.

Statements

Statement on Government action following the public consultation on the discussion document on options for changes in the law and in the administration of the law to counter the triad problem

CHIEF SECRETARY: Sir, laid on the table today is the statement from the Government on how we will proceed with measures to change the law and the administration of the law dealing with triads in our community.

This statement is the culmination of a period of essential and extensive public consultation, after 18 000 copies of the discussion document were distributed to Members of this Council, district board and Fight Crime Committee members, organisations and members of the public. In the three months after its publication, all the district boards and Fight Crime Committees discussed the document and gave valuable advice. Some 43 organisations and 26 individuals submitted written comments to the Secretary of the Fight Crime Committee. An independent survey on the general public's views was also undertaken. Finally on 9 July, an adjournment debate was held in this Council, when 22 Members spoke. I should like to thank them all, particularly Members of this Council, for their time and constructive comments and suggestions. Especially I'd like to thank Dr. HO Kam-fai, who chaired the *ad-hoc* group of Members which examined the document.

It is clear that members of the public and of this Council want to see sustained and determined action against triads, and that people were even willing to sacrifice some of their freedoms the better to tackle triads, while warning of the possible abuse of power by the police and the need to safeguard the rights of the individual. Members of the public have also called for greater effort to educate our young people on the triad problem and more effort to rehabilitate those who want to escape the clutches of the triads.

There was universal support for better protection of witnesses and already a notice has been sent to all prosecutors drawing their attention to the ways in which a court may protect a witness while he is giving evidence. A Police General Order is being prepared to the same effect. It will ensure that proper consideration is given, by those in charge of cases where witnesses feel threatened, whether or not to withhold their addresses from their statements.

The introduction of one-way viewers for identification parades received unanimous support. The police are currently working out the details of providing five one-way viewers as soon as possible.

Other measures which met with general support were: increased fines for triad offences; the introduction of a triad renunciation scheme; the use of task forces to investigate triad backed organised crime; and tougher action against vice establishments and against illegal gambling. Most of these proposals require amendment to the law or new legislation and this is being, and will be, followed up.

Differing views were expressed about some of the options, particularly police supervision and prohibiting entry to certain premises for convicted triad members. These ideas will require further study.

The Government will not pursue three options. These were—a possible change to section 20 of the Societies Ordinance dealing with the display of triad membership, to section 22 of the Societies Ordinance on the recruiting of triads and to the possibility of introducing more forms of legal gambling.

Sir, triads have deep historical roots; our society and our values, have changed, and triads, too, have changed; in a sense it is, in part, a reflection of the fact that Hong Kong has become a prosperous cosmopolitan city, a more complicated place, that those who thrive on intimidation and crime themselves have become more sophisticated and ruthless. We, must see that we have an equally sophisticated and developed system of law and enforcement of the law, to meet these new dangers to the peace and good order of our society.

The Fight Crime Committee spearheads Government's action against crime. In support, we have a most valuable and unique system of district fight crime committee's where the police and the people work together to fight crime. But the fight is not one of instant victory. It is a war of attrition and adjustment to changing needs. The public has given a clear mandate for tougher action and I trust the statement tabled today shows the Government's determination to tackle the problem with vigour.

The Prince Philip Dental Hospital, Hong Kong—Report by the Board of Governors for the period 1 April 1985 to 31 March 1986

MISS DUNN: Sir, tabled today is a report on the activities of the Prince Philip Dental Hospital together with a statement of accounts for the financial year from 1 April 1985 to 31 March 1986.

I am happy to report, Sir, that the high academic standards achieved by dental students trained by the Faculty of Dentistry at the Prince Philip Dental Hospital has been maintained during the year under review with no less than 18 graduates achieving distinctions in various parts of their degree examinations. In all 72 students successfully completed their final examinations and will be awarded their degrees next month. Once again the external examiners have been unstinting in their praise of the calibre of the candidates and Hong Kong

can well feel proud of its rapidly developing international reputation for excellence in the field of dentistry.

The activities of the Faculty of Dentistry are not confined to producing graduates. The postgraduate work of the faculty is also gaining momentum with 12 candidates for masters degrees now registered, and a further 10 faculty members reading for higher degrees, such as Doctor of Philosophy. Such postgraduate activity inevitably increases the research thrust of the faculty and in turn, this will further establish the standing of the faculty in the region.

Nor indeed are the activities of the institution confined to Hong Kong. Senior staff are heavily committed in the work of international and regional organisations devoted to dental education and research. I am especially pleased about the growing connections with Faculties of Stomatology in the People's Republic of China, to the extent of senior faculty here being appointed to honorary visiting professorships in sister institutions in China. Such liaison will enhance the links between the dental profession here and in the People's Republic of China.

The hospital continues to provide an excellent dental service for those members of the public who are accepted for the faculty's teaching programmes. The growth of postgraduate teaching will bring with it an increased availability of specialist treatment for the more severe oral health problems which exist in the community. Senior students with their teachers are also engaged in outreach community dental health projects which benefit specific, and often under-served sections of the community. Some 27 of these projects have been undertaken since 1983, all of which underlines the sense of commitment of the faculty and the hospital to the service of the people of Hong Kong.

The Hong Kong Industrial Estates Corporation—Annual Report 1985-86

MR. CHEONG: Sir, when the report of the Hong Kong Industrial Estates Corporation for the year 1985-86 was tabled on 15 October, the Council had before it the marathon debate on the Daya Bay nuclear power plant and the medical consultants' report, and I felt in the circumstances that I should speak about the industrial estates on a later occasion.

In commenting on the results of the Hong Kong Industrial Estates Corporation, I would first like to draw attention to the long and distinguished service of my predecessor, Mr. LI Fook-wo, who relinquished the chairmanship on 31 December 1985 after a period of nearly nine years. Mr. LI guided the business of the corporation through its formative difficult years when the value of the estates to our manufacturing sector was not as well perceived as it is now, when there were many difficult construction and financial problems, and when uncertainty over the future made it difficult to reconcile land sales with the original policy objectives of the corporation.

It was therefore fitting that, having overcome so many obstacles, Mr. LI's patience and resolution were finally rewarded in 1985-86 with the best results in the corporation's history. In 1985-86 the corporation was able to respond so quickly and efficiently to industrial demand that it achieved a total of 18 Agreements for Lease for over 11 hectares of land, compared with an average of less than four hectares sold in each of the previous years. Sir, I assure you this was no accident, but was the direct result of the vision and leadership of my predecessor as chairman.

Turning to the prospects for 1986-87, I am pleased to be able to report that interest in the industrial estates continues at a high level. Up to the present time, five Agreements for Lease have been signed in respect of 3.6 hectares of land and deposits have been received for a further 3.2 hectares of land. Five of the six single-storey standard factory units, constructed by the corporation for industrialists who wish to commence manufacturing with the minimum of delay and who have had occupation permits for all these since the middle of this year, have now been sold outright and the sixth has been rented on a short-term basis.

Taking into consideration outstanding offers and the applications to be considered shortly by the board, I am confident that the projected receipts for 1986-87 will comfortably exceed the corporate target of HK\$95 million.

At the same time, construction work is coming to an end and should be complete by the middle of 1987. As a result, not only will expenditure be reduced to the relatively low level required just for administrative and estate management purposes, but it will also be possible to make substantial repayments of the corporation's indebtedness to the Development Loan Fund.

The success of the corporation should not be measured in financial terms alone, Sir, the industrial estates provide sites for factories which introduce to Hong Kong new or improved products and processes, and are therefore instrumental in attracting new and improved technology from abroad. This industrial development objective has been given a fresh impetus by virtue of the very real co-operation that exists between the staff of the corporation and that of the Industry Department under the guidance of the Trade and Industry Branch. This co-operation will be maintained.

And I would like to close by thanking the members of the board of the corporation for their support and the staff of the corporation for their efforts in producing such encouraging results at last.

Government Business**Motions****TELEPHONE ORDINANCE**

THE FINANCIAL SECRETARY moved the following motion: That the Schedule to the Telephone Ordinance be amended by deleting item 3(a) of Part VII and substituting the following—

- (a) rental for features including: abbreviated dialling, additional abbreviated dialling, do-not-disturb, appointment service, IDD barring, call waiting, call-forwarding—
- | | |
|--|-------------------|
| (i) any 1 feature | \$ 108 per annum. |
| (ii) any 2 features | \$ 168 per annum. |
| (iii) any 3 features | \$ 228 per annum. |
| (iv) any 4 features | \$ 276 per annum. |
| (v) any 5 features | \$ 312 per annum. |
| (vi) any 6 features | \$ 348 per annum. |
| (vii) any 7 features | \$ 348 per annum. |
| (viii) connexion or change of features | \$ 100.? |

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

The charges imposed by the Hong Kong Telephone Company Ltd. for its Starline Services were approved by a resolution of this Council under section 26(2) of the Telephone Ordinance on 24 July 1985. The charges currently allow for the provision of a maximum of five features. The company now wishes to provide two new features; namely, additional abbreviated dialling and callforwarding, bringing the total number of features available up to seven.

The resolution before the Council seeks to expand the existing Starline Service charge structure to allow for customers who wish to make use of six, or indeed all seven features. It is proposed that this be done by way of an additional charge of \$36 per annum for each of the sixth and seventh features. Members will note that this is the same additional charge as for the fifth feature, and that other than charges for the sixth and seventh features no change to the existing charge structure is proposed.

Sir, I beg to move.

(AT this point, Mr. David LI, as the Chairman of the Hong Kong Telephone Company Ltd. and Mr. CHAN Kam-chuen, as a director of the Hong Kong Telephone Company Ltd. declared their interest and abstained from voting)

Question put and agreed to.

FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE

THE SECRETARY FOR EDUCATION AND MANPOWER moved the following motion: That the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations 1986 made by the Commissioner for Labour on 19 July 1986 be approved.

He said: Sir, I move the resolution standing in my name on the Order Paper for the approval of the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations 1986, which were made by the Commissioner for Labour on 19 July. In accordance with section 7(3) of the Factories and Industrial Undertakings Ordinance, these regulations are now referred to this Council for approval.

There have been statutory requirements for the employment of safety officers in Japan and Singapore for many years. A proposal to introduce similar legislation in Hong Kong was first considered in 1978 by the Committee on Industrial Safety and Accident Prevention of the Labour Advisory Board. The committee felt the employment of safety officers would raise the standard of industrial safety and reduce the number of industrial accidents in Hong Kong.

The Labour Advisory Board was subsequently consulted and endorsed in principle the introduction of legislation requiring the employment of safety officers and safety supervisors. The Labour Department then carried out extensive and repeated consultations with concerned employers' associations and professional bodies to ensure that their views were, as far as possible, taken into account.

All the relevant points made to the Commissioner for Labour during the consultations have been fully considered and, where appropriate, incorporated into the regulations. Where any suggestions have not been accepted, the commissioner has written to the associations concerned, principally the Building Contractors' Association, the Hong Kong Occupational Safety and Health Association and the four employers' associations represented on the Labour Advisory Board, to explain why. Subject to this qualification, the regulations have the support and understanding of the bodies concerned. I will come back to major suggestions which we have not accepted later on.

The regulations provide for the compulsory employment in specified industrial undertakings of safety officers and safety supervisors; establish a Safety Officers Advisory Committee to advise the Commissioner for Labour on the qualifications and registration of safety officers; provide for a register of safety officers and for procedures for the registration, and for the suspension or cancellation of registration, of safety officers; prescribe the duties of safety officers and safety supervisors; and prescribe the responsibilities of employers in connection with the duties of safety officers and safety supervisors in their employment and impose penalties on employers for failure to comply with certain duties.

The regulations will initially apply only to the construction industry. They can, however, be extended if necessary to apply to other industries by expanding the First Schedule and by amending the Second, Third and Fourth Schedules. The Labour Department has no plans to extend the regulations to any other industry in the near future and will only do so if it appears that the accident risk in a particular industry is particularly high. If and when it is proposed to designate another industry, the Labour Advisory Board, interested organisations and the industry concerned will of course be consulted. Furthermore, as legislative amendments to the Schedules will be necessary to extend the coverage of the regulations, the approval of this Council will also be required.

The regulations require a principal contractor or a specialist contractor to employ one registered safety officer full-time if he employs 200 or more people on a construction site or sites. He must also employ one safety supervisor on each construction site on which he employs 20 or more workers. Safety supervisors need not be employed full-time, but they must not be given other duties which will adversely affect the performance of their duties as safety supervisors.

The main duties of a safety officer are to assist the proprietor of an industrial undertaking or a construction site in promoting the safety and health of those employed. They include inspecting plants and equipment to identify safety risks, advising on preventive measures, making recommendations on accident prevention and investigating accidents and dangerous occurrences.

The main duties of a safety supervisor are to assist the proprietor and, where appropriate, the safety officer in promoting safety and health in an industrial undertaking or a construction site. In particular, he is to advise on safety standards for workers, supervise the observance of such standards and promote safety at work. If a safety supervisor fails to carry out his duties as required by the regulations, the commissioner may direct the proprietor to employ another person to perform the duties of a safety supervisor.

Under the regulations, the proprietor has a duty to ensure that his safety officer and safety supervisor carry out their duties properly and must provide them with necessary assistance and facilities. A proprietor who fails to employ a safety officer is liable to a fine of \$20,000. If he fails to employ a safety supervisor or contravenes other provisions of the regulations, he is liable to a fine of \$10,000.

To regulate the employment of safety officers, the Commissioner for Labour is required to maintain a register of safety officers and is empowered to register a safety officer and, in certain cases, to suspend or cancel the registration of a safety officer. An appeal is provided to the Secretary for Education and Manpower against the commissioner's refusal to register a person as a safety officer or his decision to suspend or cancel the registration of a safety officer.

To assist the commissioner in the exercise of these duties, the regulations establish a Safety Officers Advisory Committee to be appointed by the commis-

sioner to advise him on the qualifications and suitability of a person for registration as a safety officer and on the suspension or cancellation of the registration of a safety officer. The commissioner intends to consult this advisory committee before taking any decision to refuse to register a safety officer or to suspend or cancel his registration and I find it hard to imagine any situation in which, in practice, the commissioner will not follow the committee's advice in taking such decisions. He may also refer other matters to the committee. The commissioner intends to appoint a public officer as chairman of the committee and to appoint as members one representative each of employers and employees of each industry in which the employment of safety officers is made compulsory, one person representing safety officers, one person representing institutions providing training for safety officers and a representative of the Labour Department.

To qualify for registration as a general safety officer, the regulations require an applicant to possess a degree or diploma in an engineering discipline and at least one year's relevant post-qualification experience; or to hold a suitable certificate in industrial safety and occupational hygiene and to have had at least two years' relevant experience. For employment as a safety officer in the construction industry only, a certificate in construction safety and two years' relevant experience will be recognised. The Commissioner for Labour may also register any other person as a safety officer if he has been employed as a safety officer immediately before the making of these regulations and is considered by the commissioner to be a fit and proper person to be so registered. The commissioner, on the advice of the Safety Officers Advisory Committee, is the judge of what constitutes relevant experience, and may also specify, by notice in the *Gazette*, examining bodies whose certificates will be recognised as qualifying an applicant.

I said earlier that some of the suggestions from employers' associations and professional bodies have not been incorporated into these regulations. One major point made was that workers also share the responsibility for industrial safety and that if they do not observe safety standards, there should be penalties for them as well. Employees do indeed share responsibility for industrial safety but this point is already provided for by other sets of regulations made under the Factories and Industrial Undertakings Ordinance and it is not felt necessary to re-state these provisions in these regulations.

During the early stages of consultation, there was some concern over whether there would be enough safety officers to meet the requirements of the regulations. Since 1979, a total of 482 people have completed courses for safety officers at the Hong Kong Polytechnic and the Construction Industry Training Authority's Training Centre. These courses are run with the assistance from the Labour Department. In addition, 210 people are expected to complete training by the end of the current academic year. A further 7 800 people have completed construction safety courses run by the Industrial Safety Training Centre of the Labour Department, and are capable of performing the duties of a safety supervisor.

I appreciate that many employers will need time to recruit safety officers or safety supervisors to comply with these regulations. The Commissioner for Labour therefore intends to bring the regulations into operation in two stages. The provisions concerning the registration of safety officers and the regulations empowering the commissioner to appoint the Safety Officers Advisory Committee will be brought into effect on 1 December this year. The rest of the regulations will be brought into effect one year later.

In order to bring the contents of the regulations to the attention of employers, safety officers, safety supervisors and the public in general, the Labour Department will launch a publicity campaign and hold a press conference. Announcements will be made in the media explaining the purpose of the regulations and emphasising that they apply for the time being only to the construction industry and that there is no immediate intention of applying them to other industries. At the same time the Labour Department will publish a guide for the use of employers and safety officers which will explain the regulations and how they should be applied.

MR. CHAN KAM-CHUEN: Sir, I rise to support, in principle, the Safety Officers and Safety Supervisors Regulations 1986 and take this opportunity to thank my colleagues of the Legislative Council *ad hoc* group who have scrutinised these regulations during my absence from Hong Kong on LRT business. Their areas of concern will be reflected in their speeches.

Personally, I am very pleased to see the fruition of safety officers and safety supervisors scheme after years of preparation. It was essential to train sufficient number of qualified safety officers and safety supervisors before implementation of the scheme and I understand that by now we have some 500 safety officers and over 7 000 safety supervisors. The latter may be performing dual duties as foremen and as safety supervisors which take care of the large number of small establishments with 20 workers. The choice of the industry with the highest rate of industrial accidents for implementation of these regulations is logical and will encourage other industries to pay more attention to industrial safety and may hopefully cut down the number of industrial accidents.

Some years ago, when I first joined the Industrial Safety and Accident Prevention Committee of the Labour Advisory Board, we were at the exciting moment of charting out strategies for making employers and employees more aware of industrial safety. Some of the ideas were:

- (a) to involve senior management and supervisory staff through industrial safety seminars which are continuing successfully;
- (b) making preparations for the safety officers and safety supervisors scheme taking into account the time required for training sufficient qualified men and the hardships faced by smaller establishments;
- (c) more publicity by making films, television shows and songs on industrial safety which are also very successful; and
- (d) an industrial safety council which we hope will be established soon.

By the time I left the committee, we were discussing carcinogenic and harmful industrial substances which by now is an active subject in this Council. It can therefore be seen that the safety officers and safety supervisors scheme is only one link of the chain of industrial safety, precautionary and educational measures.

The importance of industrial safety measures cannot be over-emphasised, although we cannot achieve the goal of zero accident figure, I trust that with these combined and sustained efforts of the Government, employers and employees, we may reduce these tragic figures to a more acceptable level.

With these observation, Sir, I support the motion.

MR. HU: Sir, the Labour Department carried out extensive consultation with numerous interested associations and bodies on the contents of the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations 1986, which are generally accepted by all parties concerned as it could certainly help to reduce accidents at construction sites. We all look forward to implementation of the regulations at the earliest possible date.

I note that the Commissioner for Labour has the power to refuse or to cancel or to suspend registration of safety officers and the affected person may appeal against the decision to the Secretary for Education and Manpower. I consider that it would be more appropriate for an appeal board comprising mainly unofficial members to handle such appeal instead of the decision to refuse, cancel and suspend registration and the subsequent appeal being all handled by civil servants. Members of the Safety Officers Advisory Committee and the appeal board can be appointed by the Secretary for Education and Manpower instead of by the Commissioner for Labour. I realise that such amendment would cause considerable delay in the implementation of the regulations which is undesirable. Therefore, I would suggest that the Commissioner for Labour must consult fully with the Safety Officers Advisory Committee before he exercises such power in order to ensure fairness. Should the Commissioner for Labour act against the advice of the advisory committee, the Secretary for Education and Manpower must ensure a detailed investigation upon receipt of appeal.

The Fourth Schedule gives the ratio between safety officer and the number of employees for each principal contractor or specialist contractor who has more than one construction site. One might interpret that the contractor has to employ two safety officers if he has two construction sites where he employs more than 200 persons at each site, besides another safety officer to be employed as the company employs more than 200 persons. I do not believe such interpretation to be correct and will only accept that the safety officer-employee ratio is calculated on a company basis.

Sir, with these remarks, I support the regulations.

DR. IP: Sir, medicine has now advanced to such a stage that only congenital diseases claim mortality of our very young and cardiovascular disease and cancer claim the mortality of our very old. People who fall between these two extreme categories of age enjoy excellent health, save for what modern technology has brought—accidental deaths and injuries. What we are concerned with today, are the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations 1986, which serve to reduce these occupational hazards and industrial accidents which kill and maim our working force.

This is the beginning of Government's attempt in preventive medicine by extending its protective arms beyond that of the hospital, the clinic, the home, and into our place of work.

These regulations indicate that our Government wants to encourage and initiate proprietors to employ their own professional and in-house safety officers and supervisors, without withdrawing Government's commitment to offer advice and support through the Factory Inspectorate Division of the Labour Department.

Some may question whether an employer will listen to the advice of a staff whom he has the power to appoint and dismiss. Frankly I see no difference between this and:

- (1) an auditor whom a company appoints to scrutinise its own accounts,
- (2) a lawyer who advises a client against signing a contract,
- (3) a doctor who advises a client not to smoke for fear of cancer, and lastly I couldn't resist using this as an example...
- (4) various unofficial members on various government advisory boards who are not at all shy to make unfavourable comments.

All such advice may well bring about short-term inconveniences but, in the long run, one should reap more benefits. At the end of the day, it is the question of mutual trust and respect and a conjoint effort towards a common goal which in this case is the safety of the work environment.

It will be considerably short sighted of proprietors not to take remedial actions based on the safety officer's report, when one considers the damage this would bring to the image, credibility, and morale of the company, on top of all the human sufferings injury and death will bring. A wise employer will appreciate the support of his workforce in collectively bringing profits to his company.

There have been good co-ordination with the various educational institution in the training of safety officers and supervisors, so that there would be no hiccups when the regulations are to be put into effect. Members of the ad hoc group had clarified with the Administration fine working details on the ratio of safety officers to the number of workers on site. Government has also given an assurance or will be, on the balanced representativeness on the Safety Officer Advisory Committee and that they will be consulted before a safety officer is suspended or deregistered.

I would like just to conclude by saying that factory inspectorate should, other than investigating those proprietors whose staff receive injuries on site more frequently than the norm, or companies where safety officers' reports are frankly ignored; they should also study those companies whose reports consistently show no proposals for change or when there is a rapid turnover of safety officers in any company.

Sir, with these words, I support these regulations before Council.

MR. CHENG: Sir, I am delighted that Government has now moved a motion on the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations 1986 which is long overdue.

In recent years, records revealed that the majority of industrial accidents, both severe and fatal, occurred at our construction sites. I am sure the mandatory employment of safety officer and safety supervisor by the proprietor of an industrial undertaking will hopefully improve construction safety which is badly needed in the public interests.

Although the regulations were drafted in general terms, they are intended solely for construction sites at this time. It is suggested that this should be clearly spelled out in the guides to be issued by the Commissioner for Labour to avoid undue worries by the proprietors of factories and industrial undertakings other than construction sites.

The membership of the Safety Officers Advisory Committee should, in my opinion, be such as to include safety officers as well as representatives of interested organisations so that interests of all parties may be well protected.

In the implementation of the regulations, it is important to ensure the required safety programme to be effectively carried out by the safety officer without being improperly influenced by his employer, that is the proprietor who should be ultimately responsible for the safety at the construction site.

This is the right move towards reducing the number of severe and fatal accidents at construction sites. These regulations will hopefully be expanded where appropriate to other industrial undertakings to enhance our industrial safety.

Sir, I support the motion.

MR. NGAI (in Cantonese): Sir in view of the frequent occurrences of industrial accidents, there is indeed the need to enact legislation to ensure the safety of people at work. The recommendations concerning the compulsory employment of safety officers and safety supervisors at working sites was first proposed by the Labour Advisory Board as early as in 1978. After repeated and careful consultation and studies of the subject in the past eight years, the drafting of the relevant regulations have now been completed so that industrial safety measures in Hong Kong take one further step forward.

I am in support of the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations 1986. I wish to point out that, in view of the unique features of and danger associated with the construction industry and new measures must be taken to protect workers and to reduce the casualty rate and economical loss caused by industrial accidents, there is indeed a need of enacting a set of safety officers and safety supervisors regulations specifically for this industry. However, neither the name nor the details of the proposed regulations give any clear and definite indication that they are meant specifically for the construction industry. From the beginning, the draft regulations are applicable to all factories and industrial undertakings except that at this stage, the 'Construction Industry' is mentioned in the First Schedule. Since the Government has stated that there is no plan to place other industries under the jurisdiction of the draft regulations, they should be more reasonable for the regulations to be entitled 'Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) (Construction Industry) Regulations' in order to more appropriately reflect the fact that they only apply to the construction industry.

It is understood that the First Schedule to the draft regulations is so designed as to allow it to place other industries with risks under its control if the need arises in future, but I very much doubt if this objective could be so simply and easily achieved. The main reason is that the working environment and nature of each industry are different, and so the level of risks and other factors to be considered are not the same. For instance, the definition of work sites, the method of calculating the number of employees and accordingly, the number of safety officers required will vary. I do not agree that the proposed regulations could be treated as a set of regulations for general use which can be extended to any other industry. On the contrary, I consider that the more practicable measure to adopt is to stipulate that the proposed regulations are applicable only to the construction industry. If the need to employ safety officers in other industries arises in future, then separate legislations can be enacted in accordance with the rate of industrial accidents and the level of risks in those industries. I hope the Government would give full consideration to these points when reviewing and amending the proposed regulations.

With these remarks, Sir, I support the motion.

MR. TAM (in Cantonese): Sir, whenever I learnt that an industrial accident had taken place in a construction site resulting in casualties, or loss of limbs for factory workers or the workers sustained serious burns in a factory, I would inevitably feel upset. The chemical explosion incident which happened in Kwai Chung recently had affected the personal safety of over 20 workers. This has made me feel very uneasy. Here I sincerely wish that those workers who are still under treatment would recover from their critical conditions as soon as possible. I have always hoped that the rate of industrial accident will drop and have always felt that the workers should only use their labour and not their lives to earn money.

Man can only live once and so man's life is precious. This preciousness lies in the fact that it is the man himself, and not in the wealth, social status, money, authority...he owns. In other words, whether you are a rich or important person or an ordinary man, the safety of your life should similarly be treasured. The safety of the lives of workers should also be treasured by the society.

Sir, the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations tabled today are long awaited by the general labour force and labour unions. Even if these regulations are approved, we could not hope that we would completely and comprehensively do away with all industrial accidents, but it would certainly help to a great extent.

Sir, I welcome the regulations tabled today though there are still, some defects, for example, the fact that they apply only to the construction industry. But the move from having no regulation at all to having some regulations is no doubt an improvement, and it shows Government's concern for the labour force. However, there are certain points which deserve our attention:

- (a) the safety officer is only an employee in the construction site. If he is to carry out his duty effectively, he must obtain the full support and co-operation of his employer and related administrative staff, otherwise it would be asking him to make bricks without straw; and
- (b) the regulations apply only to the construction industry, but in Hong Kong, there are many industries which are the subject of a lot of accidents. And even in Government itself, there are many jobs which are of a dangerous nature. In order to protect the safety of the lives of more workers, I earnestly hope that the regulations can in future be extended to cover other industries of a more dangerous nature as well.

Furthermore, in order to develop a more complete system of safeguarding industrial safety in future, I urge the Government to specify a date for reviewing the regulations.

Sir, with these remarks, I support the motion.

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I am grateful for Members' support for these regulations, and I am also grateful for the various suggestions they have made.

Mr. HU, Mr. CHENG and Dr. IP have commented on the composition and role of the Safety Officers Advisory Committee. I mentioned in my earlier speech that the commissioner intends to appoint a public officer as chairman of the committee and to appoint members from among both employers and employees in each industry in which the employment of safety officers is compulsory. There will also be one member representing safety officers, one representing the institutions providing training to safety officers and a representative of the Labour Department. As I have said, the commissioner has assured me that he will consult the Safety Officers Advisory Committee before he exercises his

powers under the ordinance and I would like to assure Mr. HU that if an appeal is made to the Secretary for Education and Manpower, a thorough investigation will be made before the appeal is decided. If this system proves to be unsatisfactory, this aspect of the regulations will be reviewed.

Both Mr. CHENG, Mr. TAM and Dr. IP have referred to the need to clarify the separate roles and responsibilities of safety officers, safety supervisors and employers, since safety officers and safety supervisors will be employees and therefore have limited powers. However part V of the regulations clearly places on the employer the responsibility for providing the safety officers and safety supervisors with all the assistance and facilities they need to carry out their duties. I believe that employers will fully support the work of the safety officers but there are penalties in the regulations for any employer who fails to do so.

While Mr. CHENG and Mr. TAM have emphasised the need to consider applying the regulations to other dangerous industries in addition to the construction industry, both Mr. NGAI and Mr. CHENG have also emphasised the need to make it clear that initially they do in fact apply only to construction sites. As I have said in my earlier speech, this point will be emphasised in our publicity, including the detailed guide now being prepared by the Labour Department. However, the regulations have been drafted in such a way that they can in due course be applied to other industries if the need arises; but legislative amendments to the Schedules will be necessary so that the approval of this Council will be required.

Mr. HU raised the question of whether the requirement for safety officers is on a company or site basis. I think the Fourth Schedule is quite clear on this point and I agree with Mr. HU that it is on a company basis. The requirement is for one company to employ one safety officer regardless of the number of construction sites the company has.

Dr. IP has stressed the need for the factory inspectorate to monitor the application of the regulations. I would like to assure Members that the inspectorate will have this very much in mind.

Mr. TAM emphasised the need to review the regulations and asked the Government to specify a date for this review. I agree with Mr. TAM that a review will be necessary. As I have said, the regulations will take effect in two stages, on 1 December 1986 and on 1 December 1987. My intention is that they should be reviewed one year after the second stage has been implemented, which means in practice, towards the end of 1988.

Question put and agreed to.

4.19 pm

HIS EXCELLENCY THE PRESIDENT: At this point, Council might like a short break.

4.39 pm

HIS EXCELLENCY THE PRESIDENT: Council will resume.

First Reading of Bills

SEPARATION AND MAINTENANCE ORDERS (AMENDMENT) BILL 1986

AFFILIATION PROCEEDINGS (AMENDMENT) BILL 1986

GUARDIANSHIP OF MINORS (AMENDMENT) BILL 1986

**PUBLIC HEALTH AND MUNICIPAL SERVICES (AMENDMENT) (NO.2) BILL
1986**

Bills read the First time and ordered to be set down for Second Reading pursuant to Standing Order 41(3).

Second Reading of Bills

SEPARATION AND MAINTENANCE ORDERS (AMENDMENT) BILL 1986

THE ATTORNEY GENERAL moved the Second Reading of: 'A Bill to amend the Separation and Maintenance Orders Ordinance'.

He said: Sir, I move that the Separation and Maintenance Order (Amendment) Bill 1986 be read the Second time. With your permission, Sir, I will speak not only to its provisions but also to those of the Affiliation Proceedings (Amendment) Bill 1986, and the Guardianship of Minors (Amendment) Bill 1986 which follow on the Order Paper.

The main object of all three Bills is to remove the existing financial limits on the amounts that the district court can order to be paid under the principal Ordinances for the maintenance and education of a child. This Bill also has the object of removing the financial limits on the amount that the district court can order to be paid under the Separation and Maintenance Orders Ordinance for the maintenance of a wife.

At present, the limits upon awards in the district court are-under the Separation and Maintenance Orders Ordinance \$1,000 a week for a wife and \$500 a week for a child, under the Affiliation Proceedings Ordinance \$500 a week for an illegitimate child, and under the Guardianship of Minors Ordinance \$500 a week.

By contrast, the jurisdiction of the district court in making maintenance orders for a spouse or child under the Matrimonial Proceedings and Property Ordinance is not subject to any financial limits. Furthermore, if proceedings are brought in the high court under the Guardianship of Minors Ordinance, again there are no limits on the power to make orders for the maintenance of a minor.

As I said in this Council on the 2 July last, Sir, the various financial limits in these three Ordinances are the product of history rather than principle. They date back to a time when this jurisdiction was exercised by lay magistrates.

The main disadvantages of limits is that they will prevent the court from doing justice in the exceptional case. And this is what Mr. Justice HUNTER had in mind when he said of the limits in the Affiliation Proceedings Ordinance in a case in 1984:

‘The need to preserve a limitation calculated principally to protect wealthy putative fathers at the expense of their mistresses and children is not obvious to me.’

The consequential difficulty is that if limits are to be sufficiently high to enable justice to be done in all cases, they may raise expectations unduly in the everyday case.

So there is no reason in law or in principle why the assessment of maintenance in all three Ordinances cannot be left to the discretion of the court, like applications under the Matrimonial Proceedings and Property Ordinance. The facts of each case will provide the only constraints that are relevant. In all cases, there will be the usual rights of appeal.

As Members will recall, there has already been wide consultation on this aspect of the Bills. The overwhelming response was in favour of a removal of the limits. Hence these proposals which I commend to this Council.

The removal of the financial limits in the three principal Ordinances is unlikely to result in any general increase in the amount of awards made by the courts. But it will ensure that there is nothing to prevent justice being done in exceptional cases where the circumstances may require an exceptional award against a wealthy parent, for example in the case of a handicapped child who needs special care.

Sir, I turn now to other features of the proposed amendments which have been given less public attention.

At present, none of the principal Ordinances allows a judge to order maintenance by payment of a lump sum, although a lump sum can be ordered when a maintenance award is made under the Matrimonial Proceedings and Property Ordinance. A lump sum order is useful because it can provide for an immediate and non-recurring need; for example, the expense of medical treatment, or expense of school uniforms and equipment, for which periodical payments may be unsuitable.

The three Bills will therefore allow payment of a lump sum to be ordered under the principal Ordinances, as is the case in England and Wales, either in addition to or instead of an order for periodical payments. Further, they will permit a lump sum to be paid either in one amount or by instalments. The Bills also provide that where a lump sum for a wife or in respect of a child has been ordered to be paid by instalments, the court will have the power to vary or discharge the instalments. This provision will enable the court to see justice done where the circumstances of the party against whom the order has been made have changed during the instalment period.

Lump sums can also be awarded under the provisions of these three Bills to reimburse expenses already incurred for the maintenance of a wife or child.

At present the three principal Ordinances refer to weekly payments. The Bills will permit payments to relate to any period selected as appropriate by the court. monthly, quarterly, annually or whatever.

The Affiliation Proceedings Ordinance and the Guardianship of Minors Ordinance provide that payments in respect of a child cover both maintenance and education. Similarly, this Bill now makes provision for orders made under the Separation and Maintenance Orders Ordinance to cover both maintenance and education.

Sir, these are all useful adjuncts to the court's jurisdiction to provide for the needs of wives and children, whether legitimate or illegitimate. They are supported by the Bar and by the Law Society.

Sir, I move that the debate on this Bill be now adjourned.

Motion made. That the debate on the Second Reading of the Bill be adjourned.

Question put and agreed to.

AFFILIATION PROCEEDINGS (AMENDMENT) BILL 1986

THE ATTORNEY GENERAL moved the Second Reading of: 'A Bill to amend the Affiliation Proceedings Ordinance'.

He said: Sir, I move that the Affiliation Proceedings (Amendment) Bill 1986 be read the Second time. In moving the Second Reading of the previous Bill on the Order Paper, I also described the nature of the provisions of this Bill which I commend for the reasons I have already stated.

Sir, I move that the debate on this Bill be now adjourned.

Motion made. That the debate on the Second Reading of the Bill be adjourned.

Question put and agreed to.

GUARDIANSHIP OF MINORS (AMENDMENT) BILL 1986

THE ATTORNEY GENERAL moved the Second Reading of: 'A Bill to amend the Guardianship of Minors Ordinance'.

He said: Sir, I move that the Guardianship of Minors (Amendment) Bill 1986 be read the Second time. In moving the Second Reading of the Separation and Maintenance Orders (Amendment) Bill 1986, I spoke to most of the provisions of this Bill and commended them. However, this Bill provides additionally for one separate matter to which I shall now refer.

This Bill will permit the Director of Social Welfare, as well as either parent, to apply for an order for custody and maintenance of a minor under the Guardianship of Minors Ordinance. At present such an order can only be made on the application of a parent. As a result, although the director can apply for the care of a minor in the magistrates court under the Protection of Women and Juveniles Ordinance and in the High Court in its wardship jurisdiction, an order placing the minor in the care of the director can only be made under the Guardianship of Minors Ordinance where one of the parents has initiated the proceedings. The court has no power to make such an order under any other circumstances.

But there may be circumstances in which neither parent wishes to have custody of a minor. In such a case, the director cannot presently apply for the care of the minor in the district court, if, for example, an adoption placement fails, nor can the court order the parents to contribute towards the minor's maintenance no matter how wealthy they may be. The new legislation would enable the director as well as either parent to initiate the proceedings. In every case, of course, it will still be for the court then to reach a view upon the best interests of the minor.

Sir, I move that the debate on this Bill be now adjourned.

Motion made. That the debate on the Second Reading of the Bill be adjourned.

Question put and agreed to.

PUBLIC HEALTH AND MUNICIPAL SERVICES (AMENDMENT) (NO. 2) BILL 1986

THE SECRETARY FOR HEALTH AND WELFARE moved the Second Reading of: 'A Bill to amend the Public Health and Municipal Services Ordinance'.

He said: Sir, I move that the Public Health and Municipal Services (Amendment) (No. 2) Bill 1986 be read the Second time.

The object of this Bill is to enable regulations to be made by the Governor-in- Council to prohibit the importation, manufacture, sale, offer or possession for sale of smokeless tobacco products.

The health risks associated with smokeless tobacco have given rise to concern in a number of countries, and epidemiological studies by various authorities, including the World Health Organisation and the Surgeon General of the United States, show a strong connection between the use of smokeless tobacco and the incidence of oral cancer, which can develop within five years, much more quickly than lung cancer associated with cigarette smoking. I also understand that the Australian Minister of Health has recently announced his Government's intention of banning smokeless tobacco.

Smokeless tobacco includes both chewing tobacco and snuff, and the latter can be divided into two distinct types, dry snuff which is sniffed through the nose, and moist snuff which is placed in the mouth. The traditional use of both types of smokeless tobacco has declined over the years but recently a special type of moist snuff has been marketed successfully in a number of countries, especially among young people. It is this development which has given rise to the present legislative proposal, in particular the intended introduction to the Hong Kong market of a new moist tobacco product contained in small sachets, which has proved very popular in the United States.

In the United Kingdom and the United States of America, voluntary agreements and marketing restrictions have been negotiated with the manufacturers of smokeless tobacco products, but there is evidence that these arrangements have not achieved the desired effect of preventing the adoption by children and teenagers of this dangerous habit. In view of the high risks involved, and the fact that at present only a very limited quantity of moist tobacco products are sold in Hong Kong, the Government believes that it has a duty to step in and prevent their widespread use here.

Sir, some may query why the Government is proposing a ban on smokeless tobacco while continuing to allow cigarettes and other tobacco products to be sold. I am sure that Members will appreciate the impracticability of trying to stop by legislative action a habit which, however risky, is still practised by about a quarter of the adult population. A simple action taken, on the best and latest health advice, to stop the spread of a new and hazardous habit, which is particularly addictive and liable to be taken up by the young, is I submit, a different matter altogether.

Clause 2 of the Bill before Council amends the definition of food in the principal Ordinance to include smokeless tobacco products, that is, tobacco products which are taken orally, but not including dry snuff taken by inhalation. Clause 3 widens the existing power to make regulations prohibiting or regulating the importation of any food or drugs which may be prejudicial to the public health, to include prohibiting or regulating the manufacture, sale,

possession for sale, offer or exposure for sale, or consignment or delivery of such food or drugs. In addition, a small consequential amendment to the Dutiable Commodities Ordinance makes it clear that that Ordinance shall not apply to smokeless tobacco products.

Sir, I move that the debate on this motion be now adjourned.

Motion made. That the debate on the Second Reading of the Bill be adjourned.

Question put and agreed to.

EMPLOYEES' COMPENSATION (AMENDMENT) BILL 1986

Resumption of debate on Second Reading (25 June 1986)

MR. TAM YIU-CHUNG (in Cantonese): Sir, very often, it is only when we come across verdicts which seem unreasonable before we begin to discover loopholes in the wordings of certain provisions of an ordinance. There is actually nothing much to criticise about this. But it reflects that words, the vehicle meant for expressing the purpose or spirit of an ordinance, could frequently become a handicap to the understanding and enforcement of an ordinance.

The original Employees' Compensation Ordinance serves as a good example to illustrate the above situation. It was unfortunate for an employee to sustain physical injury in an industrial accident. If he could not obtain his due compensation just because the provisions of the Ordinance were not sufficiently clear, then it would be more unfortunate for him.

The amendments to the wordings of the Ordinance proposed by the Employees' Compensation (Amendment) Bill 1986 will further clarify the legal sense of the original Ordinance, and will enable employees who have been injured in an industrial accident or receive a more reasonable level of protection. For this reason, I welcome the amendments. This Bill should have been passed in the last session. But for certain reasons, it has been deferred until today. Even such a simple and reasonable amendment has to experience a certain degree of delay; this makes trade unions and labour circles feel worried and uneasy. It is hoped that similar delay will not recur in future.

Sir, I support the Employees' Compensation (Amendment) Bill 1986.

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I am grateful for Mr. TAM's comments and for his support for the Bill.

To summarise, if I may, the provisions contained in the Bill seek to make clear the original intention of the law to enable both employers and employees to apply to the district court for a compensation agreement to be cancelled and for an

order requiring compensation to be reassessed if the agreement was entered into in ignorance, or under a mistake, as to the true nature or extent of an injury.

The amendments do not seek in any way to increase the liability of employers and I hope that the minds of employers will have been put at rest in this respect. This was indeed the reason why it was not possible to enact the Bill during the last session, as referred to by Mr. TAM, since Members needed more time in which to satisfy themselves on this point.

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).

IMMIGRATION (AMENDMENT) BILL 1986

Resumption of debate on Second Reading (15 October 1986)

MISS TAM: Sir, I intend to propose at the Committee stage a minor amendment to clause 3 of the Immigration (Amendment) Bill 1986. Clause 3 of the Bill makes it an offence for the holder of a travel document to transfer such travel document to another person 'without lawful authority' and the offender is liable to be sentenced, on summary conviction, to a payment of a fine of \$20,000 and to imprisonment for two years and upon indictment, to a fine of \$50,000 and to an imprisonment for 14 years. The word 'transfer', strictly construed, may cover, for example, the situation where a person is in hospital and entrusts his travel document to another for safe keeping without being authorised by the Immigration Department. In order to avoid imposing strict liability unnecessarily on the citizen, it is proposed that any transfer of a travel document must also be 'without reasonable excuse' before the sanction of the criminal law can be revoked. The Administration has agreed to this amendment which is also endorsed by my colleagues in this Council.

Sir, with this amendment, I support the Bill.

SECRETARY FOR SECURITY: I would like to thank my hon. friend for pointing out this flaw in this Bill. I strongly recommend this Council to support her amendment at the Committee stage.

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

EMPLOYEES' COMPENSATION (AMENDMENT) BILL 1986

Clauses 1 to 4 were agreed to.

IMMIGRATION (AMENDMENT) BILL 1986

Clauses 1, 2 and 4 were agreed to.

Clause 3

MISS TAM: I move that clause 3 be amended as set out in the paper circulated to Members.

Proposed amendment

Clause 3

That clause 3 be deleted and substituted by the following-

‘Amendment of section 42. (Cap. 115)	<p>3. Section 42(2) of the principal Ordinance is amended by deleting paragraph (a) and substituting the following-</p> <p>“(a) (i) alters without lawful authority or forges; or (ii) transfers to another without reasonable excuse. any travel document, entry permit, re-entry permit, certificate of identity, document of identity or Vietnamese refugee card or any document whatsoever issued, kept or made under or for the purposes of part II, III or IV of this Ordinance;”.</p>
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The amendment was agreed to.

Clause 3, as amended, was agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

EMPLOYEES' COMPENSATION (AMENDMENT) BILL 1986

has passed through Committee without amendment and the

IMMIGRATION (AMENDMENT) BILL 1986

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

Questions put on the Bills and agreed to.

Bills read the Third time and passed.

Adjournment

5 pm

*Motion made. That this Council do now adjourn-*THE ATTORNEY GENERAL.

HIS EXCELLENCY THE PRESIDENT: As 19 Members have given notice of their intention to speak, 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 Member to reply to those speeches, before putting the question on the adjournment.

The 'Report of the Committee on Housing Subsidy to Tenants of Public Housing' and the 'Report of the Domestic Rent Policy Review Committee'.

MRS. CHOW: Sir, Legislative Council *ad hoc* group was formed to study the Green Paper on Housing Subsidy in November last year with a view to debating it in the Legislative Council. However when the Committee on Housing Subsidy decided to defer its final recommendation to the Housing Authority, pending results of public consultation, our group decided to wait until the committee had reached its conclusion before we should proceed with our debate. We did however ask for assurance from the Administration for adequate time to be allowed for public consultation and representation to be aired as well as for our group to study the committee's report and public views on it in order that we would be in a position to debate on the subject intelligently and responsively.

True to their word, both the Housing Authority and the Housing Department have been extremely flexible with their time table, and this is indeed appreciated by our ad hoc group.

But the fact that the two reports, namely the one on housing subsidy and that on domestic rent policy review, were released together in early September this year led our group to conclude that we should tackle them in the same debate. Since June this year, we have been well informed of the thinking of both committees of the Housing Authority, through meetings with the Administration, as well as with our colleagues Mr. F. K. HU and Mr. CHAN Ying-lun, the respective chairmen of the two committees. We have also had repeated opportunities before and after the release of the reports to meet with concerned groups which represented public housing tenants. For clarity, I shall attempt to sum up the areas that our *ad hoc* group has covered under the separate headings of the two reports. I shall also voice my own opinion at the appropriate points.

Report of the Committee on Housing Subsidy to Tenants of Public Housing

Firstly, the Report of the Committee on Housing Subsidy to Tenants of Public Housing. We discussed at length the purpose and objective of the introduction of this new measure. Some Members feel the original declared objective of this rent doubling exercise, that is, to pressurise those less in need into vacating their flats by fiscal means, may be self-defeating in the light of other supporting arguments which claim the rents doubled are still reasonable and affordable. Others are unconvinced that property owners should not be evicted to make way for those eligible applicants on the long waiting list. Although there have been adjustments to the original Green Paper as a result of extensive consultation, some of us are still not altogether happy with the method now proposed for the calculation of household income and the revised formula for subsidy income limit.

We are by and large in tune with the principle that at the end of ten years of substantially subsidised housing, tenants' financial condition should be reassessed to establish whether the same level of subsidy should continue. However most of us are not comfortable that the increase at the end of the tenth year is automatic, with the onus of proof placed squarely on the tenants. Most of us, myself included, prefer to see the provisions made for a declaration of income at the completion of the first 10 years. This would not only mean any doubling of rent is based on fact rather than assumption. It offers the added advantage of establishing the actual financial situation of public housing tenants over 10 years and will be enormously useful for the formulation of rent policy now, and in the future. I propose that the option should be open to the tenant who prefers not to declare, in which case he could apply for exemption so long as he pays the new rent. In my view this is more than a presentational point. This reinforces the principle that subsidy should be reserved for those who need it. It should neither be universal nor permanent. On the other hand

the cutting down or withdrawing of subsidy should be based on factual evidence. The assumption that all 10-year tenants have reached the subsidy income limit and would be required to pay double rent unless they can prove otherwise is wrong in principle, especially when the estimate that the actual number of tenants who exceed the limit is only 5 per cent of the entire category.

I support the proposal contained in the report provided that:

- (1) All tenants at the end of their tenth year declare their household income, and the rent increase is based on actual financial positions of the tenants.
- (2) These tenants' affordability be taken into account, so that such tenants of newer estates the rent of which was fixed at a median rent-income ratio of 10 per cent or more would not encounter hardship as a result of this measure.
- (3) The choice must always be open to those tenants to move to units of lower rent.

Report of the Domestic Rent Policy Review Committee

The Report of the Domestic Rent Policy Review Committee. Legislative Council Members of the OMELCO Standing Panel on Housing have been amply briefed by the Administration. They have also individually and collectively met with interest groups. Opposition centres around the following points:

- (1) The adoption of the two criteria for setting rent, that is affordability and estate value, which are considered vague and unscientific, and not as reliable as a cost-related formula.
- (2) The adoption of 15 per cent median rent-income ratio to set the level of new estates is too high. This may create hardship for those households whose actual income is below the median and yet above public assistance level. It is claimed they may have to pay 25 per cent or more of their income as rent.
- (3) Tenants should be responsible for capital and recurrent cost of their own estates, but not future estates, thus they should not be asked to pay a surplus big enough to offset future capital outlay of the Housing Authority.

These arguments are not altogether groundless, and deserve careful consideration by the Housing Authority. I suspect, however, that we will hear some of the counter arguments from Mr. CHAN Ying-lun who chairs the committee which produce the report. A point worth noting is that the median rent-income ratio already stood at 12 per cent for households rehoused in 85-86 and the rejection rate has been 1 per cent. This actual experience indicates general acceptability of present levels.

At this juncture, I do not wish to get into the philosophical arguments raised as I intend to deal with them in some detail in the policy debate. Coming back to

the specific issue before us, I personally find a 15 per cent rent-income ratio acceptable. However I do accept households immediately above the public assistance level earning income at the lower end of the scale may encounter difficulty. I do therefore see some merit in setting aside a limited number of low-rent flats within an estate to cater for this special group, especially when redevelopment reduces older low-rent flats.

In upgrading the quality of public housing, it is not unfair to ask tenants to take up an increasing share in that commitment. I am therefore, in principle supportive of gradual move towards financial sufficiency by the Housing Authority. Government's supply of free land must continue. At all times the affordability of tenants must be the main consideration. And we must build into the system ways to help those in real need.

Mr. CHEN: Sir, in any attempt to deal with the problems of our subsidised public housing, one always has to bear in mind that:

- (a) Public housing policy in Hong Kong has always been that subsidy should only be given to those tenants who are in need of them; and
- (b) There are still a large number of people awaiting public rental housing— at present about 170 000 on waiting list, 38 000 households living in temporary housing areas and almost 119 000 families in squatter areas.

The first point clearly sets out the social objectives of our public housing programme and the second is no more than a statement of fact, but the two must not be considered in isolation.

Sir, obviously, all the people I refer to above are in need of housing. But equally obvious is the fact that we cannot possibly afford to accommodate all at the same time. Therefore, having identified the need, suitable criteria for defining the 'eligibility' must be established in order to provide a rational basis for allocating the facilities. Generally speaking, families are re-housed either because they have demonstrated an acute need for immediate housing or comply with the waiting list income limit (WLIL).

In the Report of the Committee on Housing Subsidy to Tenants of Public Housing 1986, it was recommended that only income from income-generating assets should be used in calculating the household income. In other words, non-income-generating assets would be excluded from the calculation of household income. Sir, I frankly do not see the logic in this recommendation. Whilst accepting income as a criterion to eligibility, I am of the opinion that possession of assets, whether they are income-generating or not, must be taken into consideration at the same time. In other words, the income and the wealth possession of a household should be considered in total in order to establish its true eligibility.

To illustrate my point, let us consider three hypothetical applicants:

- (a) Household A has only an income which satisfies the WLIL;
- (b) Household B like household A but in addition he has a non-income- generating asset of some value, say, for a sake of argument, HK\$1,000,000; and
- (c) Household C like household A, but in possession of a property worth HK\$1,000,000 which generates an annual income of, say HK\$70,000-80,000.

Now in considering these three applicants, a common sense judgement would no doubt rule that the need of household A is much greater than that of households B or C. Yet, if the recommendation of the report were to be followed, A and B are equally eligible as they both have the same income which satisfies the WLIL, and moreover, if B happened to be longer on the waiting list, he would most probably get an allocation before A. In the cases of applicants B and C, although they both have the same income that satisfies the WLIL and possess assets of equal value, B would be considered to be eligible but C would not simply because income from his assets would put his total household income well in excess of the WLIL. The disqualification of applicant C would seem to be grossly unfair despite the fact that his total wealth possession is no more or less than that of applicant B. If, however, these cases were considered on the basis of income and possession of wealth together, applicants B and C would most likely fail to qualify, and the only eligible applicant would be A, quite rightly so.

Sir, another recommendation of the report is that those public housing tenants who have improved their financial situation should not be evicted. Whilst I subscribe to the view that it would be unfair to single out flat ownership as a criterion for eviction, I do not consider it wrong or unreasonable to exercise eviction using the total wealth possession as a criterion. There is of course the argument that evicting a large number of public housing tenants will have serious repercussions on the community. Nevertheless, as I said earlier, in dealing with the problems of public housing, we must not consider only one end of the social spectrum in isolation and lose sight of the fundamental issue that there are still many people who are anxiously in need of subsidised housing. I fully appreciate there might be other difficulties in carrying out eviction, but I do not believe these problems are unsurmountable. The present arrangement for the well-off tenants cannot and should not be a continued commitment indefinitely. What we need is to make some real and genuine effort in resolving this anomaly. In the process no doubt a few will be upset but many who are in real and genuine need would be benefitted.

DR. HO: Sir, the provision of public housing is an expression of community concern through the Government for low-income and needy families which are unable to secure proper accommodation in the private sector. The amount of

housing subsidy from public funds being made available to these families should be in accordance with their means. When these families are newly established with young dependent children, it is likely that they are more in need of subsidised housing than those families with grown-ups engaged in gainful employment. However, as they gradually improve their financial circumstances over the years, their ability to take care of their own housing needs increased. Government subsidies should be curtailed or even suspended, and re-directed to other families more desperate for subsidised housing. For this reason home ownership is being viewed as an acceptable alternative to subsidised rental accommodation. This principle of housing subsidy in relation to the family's means underlies the two reports on housing subsidy and domestic rent policy, and, as I understand it, is supported in general by the public. However, its application has provoked some controversy.

The Committee on Domestic Rent Policy recommends a 15 per cent median rent-income ratio guideline for new public rental housing. Personally, I consider this proposed percentage to be a fair and practicable guideline and is well within the tenants' ability to pay. By this standard, the public housing tenants only pay about one third of what their counterparts in the private sector are paying for their accommodation. In addition, their counterparts may have to pay rates, management fees and maintenance and repair charges. The rent set under this 15 per cent guideline will very unlikely cause hardship to the public housing tenants, as the average rent-income ratios for new tenants of all rehousing categories in 1983-84 and 1984-85 were 12.3 per cent and 13.5 per cent respectively. The proposed ratio also compares favourably by reference to the ratios for public housing rents in foreign countries. Furthermore, this method of pegging rent to the tenants' median household income shields the tenant from the effects of anomalous fluctuations in the property market and economic depressions.

However, one characteristic of the median income figure is that it is positioned in the middle of a distribution of income statistics, meaning that one half of the incomes are above and the other half are below this value. In charging a 15 per cent of the median income, those households with an income below the median are in fact paying more than 15 per cent. The households at the bottom of the income distribution may pay as much as 30 per cent of their income for rent. On the contrary, those households with an income above the median will pay less than 15 per cent of their income for rent. This phenomenon entails a discrimination against the worse-off tenants. Therefore, in the interest of social equity and in line with the social objective of public housing, I am of the opinion that those households below the median income should pay rent equivalent to 10 per cent of the median income, while those households above it should pay rent equivalent to 15 per cent of it.

Subsidised housing should not be viewed as a life-long entitlement; the tenant's share of the costs of housing should be related to his earnings. I therefore endorse the proposal made by the Committee on Housing Subsidy

that it requires those public housing tenants, whose total household income exceeds the revised subsidised income limit at the expiry of the initial 10-year residence, to pay double their existing rents. As the current median rent for these tenants are around \$330, doubling the rent should not bring about hardship, and this is especially true for large families with many full-time wage earners living in older types of public housing. Security of tenure in public housing is rightly, and as much protected, as in private housing, so long as the better-off tenants are willing to pay a fair share of rent.

A special committee, set up under the Management Committee to deal with families in special circumstances, is worthy of support. In order that this committee may be seen to work in an impartial manner, membership of this committee should be independent from the influence of the Housing Department and should include members other than those from the Housing Authority.

MR. HU: Sir, in slightly more than a quarter of a century's time the public housing programme in Hong Kong has grown from the emergency relief type of housing to the present modern-day standard accommodation, housing nearly half of the population of Hong Kong. While we all share our pride in the achievements in this area, there are also doubts as to whether Government should continuously inject such an enormous amount of public funds into the public housing programme, when there are many other equally important competing uses. Indeed, the issue of prosperous tenants occupying heavily subsidised accommodation in the public sector has been the subject of much discussion. Some have queried as to whether it is necessary to maintain a programme on a model which might have been fully justified in the past, but is not necessarily so nowadays, particularly in the light of the growing affluence of the population.

Against such background, as hon. Members are aware, the Committee on Housing Subsidy to Tenants of Public Housing (which I have the honour to chair) was set up in late 1984. A Green Paper was published in August last year, which was followed by a three-month consultation exercise to collect as much public opinion as possible on the issue from all sectors of the community. In the light of the views expressed, the committee was reconvened and has just completed a final report for submission to the Housing Authority in November 1986.

Perhaps one of the most widely discussed topics on the provision of public housing in recent years is whether subsidies should continue to be given to those tenants who have improved their financial situation. The committee has examined this in depth. We discover that it is an undeniable fact that a large number of public housing tenants have prospered since they moved into public estates. Statistics showed that from 1974 to 1984, the income of public housing tenants recorded an average annual net increase of 7 per cent after deducting inflation; while during the same period public housing rents only increased in

real terms at 0.6 per cent each year. From this it can be seen that with improving per capita earnings, our public housing tenants are able to upgrade their quality of life steadily.

I am sure my hon. colleagues will agree that substantial subsidy without good grounds to support should not be a normal government policy, and we must take extra care in operating subsidised programmes, especially when public resources are scarce, because generous provisions for a single cause would inevitably imply deprivation for the others. Following such a line of thinking, a programme like Hong Kong's massive plan to house so significant a proportion of the population must be carried out in the interests of the community at large, together with a progressive review of the basis upon which rents are charged.

The committee has concluded that while the Government must continue to take care of those who are least able to care for themselves, it has to look for ways and means to reduce expenditure in public housing, without causing undue hardship or putting the objective of the programme in jeopardy. The committee sees no reason to carry on policies which allow for across-the-board subsidies, particularly to those who could have afforded to share a large part of the costs without the danger of lowering their living standard.

There has been a growing trend of opinion that tenants who have become better off should move out of public housing to allow the Housing Authority to allocate the vacated units to those in genuine need. The authority, however, has ruled out eviction as a possible solution to the presence of such tenants in its estates, on account of the disruption of the community such a policy may bring about. It can only be considered in future, if necessary, when there is adequate supply of HOS or PSPS flats. It is recognised that a properly-housed population is a great asset, providing a secure foundation for social and economic developments.

A sensible alternative would be to ask these tenants to pay a more realistic rent in order to reduce the housing subsidies given to them. Such a measure not only ensures that the limited available resources can be recycled to areas with most urgent needs, but also helps achieve a greater degree of equity. This is how the proposal of double rent is arrived at.

Higher rents will also be an incentive for better-off tenants to seriously consider buying home ownership flats especially when the difference between the rents and monthly mortgage repayment is not significant. Moving to HOS flats must be seen as the long-term solution to the problem of housing subsidy as well as the most satisfactory way to achieve upgrading of living standard by public housing tenants. Furthermore, the public housing units left vacant on the removal of tenants buying HOS flats can then be used to house those who have been waiting for years to move to public housing, or those who are affected by clearances and so on.

I note that since the report of the committee was made public last month, a lot of comments, favourable or otherwise, have been expressed on its recommendations. It will be useful if I take this opportunity to clarify some of the points that are being commonly discussed.

A revised recommendation that has drawn criticisms from public housing policy commentators is that in calculating the total income of a household, the full incomes of all the wage earners are to be included. Some argue that this is too harsh as it is hard to tell how much one contributes, especially for the younger generation to the housekeeping budget of one's family. There are even worries that such a rule will lead to splitting of the household to bring the income below the level required to pay double rent.

While such worries are not entirely unfounded, I can assure my hon. colleagues that the committee has thoroughly examined all relevant factors before making its recommendations. The recommendations now drawn up are undoubtedly generally more generous than those proposed in the Green Paper. In all fairness, all those who have income in a household should have equal responsibility in bearing common expenses, a typical example of which is rent. It is, therefore, not unreasonable to include the full income of each in the total household income. Other wage earners of the household will still keep considerable proportion of their income for their own expenditure. In addition, the subsidy income level, which sets a basis for charging double rent, has been raised to twice the waiting list income level. As a result, a smaller number of tenants become affected.

One suggestion put to the committee before it concluded its work was that since, according to estimates, 95 per cent of the tenants would have to declare their income in order to be eligible for continuing to pay their existing rent, it would be more useful to ask all tenants to make known their income so that long-term housing policies can be formulated.

While appreciating that compulsory income declaration may help to provide information about tenants now living in our estates, I must point out that such a move, to say the least, could be seen as an infringement on the privacy of, and could possibly arouse resentment from, those who do not wish to declare their income and are prepared to pay double rent. Furthermore, general information on public housing tenants' incomes and their changes is kept by the Statistics Section of the Housing Department and is easily available. Thus the present proposal of asking tenants to declare their income should they wish to pay the existing rent is the most practicable and least disturbing of all alternatives.

The cost-effectiveness of the recommendations has also been argued. At this point, one cannot of course say exactly how much revenue will be generated following the implementation of the proposals. If, for example, all tenants with incomes exceeding the subsidy income level opt to pay double rent, the additional rental revenue in the first year of implementation will amount to

\$14 million. This is an estimate based on 1985 prices. The capital costs of implementing the proposals are also estimated to be \$3.3 million, with another \$5.3 million for the recurrent expenses in the first year.

More important than these figures, Sir, is the principle of fair distribution of social resources which must be achieved, provided that the costs incurred are reasonable, the inconvenience resulted is within permissible limits and the social gains will benefit the majority of our community.

A reasonable and acceptable public housing policy is what we always strive for. The final report has assured that sufficient safeguards have been made for tenants who may, for one reason or another, experience an unexpected drop in their income and are unable to pay double rent. A special committee will be set up to deal with these cases. To cater for changing economic and social circumstances, it has been suggested that the measures to address housing subsidies should be reviewed periodically.

Sir, it is true that our public housing programme has contributed to the territory's economic growth and social stability. It is the firm belief of my committee and myself that the revised proposals put forward in the final report are realistic and are the first step, I repeat the first step, to address the issue of reducing public housing subsidies. It is now timely for us to make sure that while those in genuine need will continue to be offered subsidies, our financial cake is properly and correctly divided.

MR. CHAN KAM-CHUEN: Sir, I rise to support in principle the reports on 'Housing Subsidy to Tenants of Public Housing' and 'Domestic Rent Policy Review'.

The original aim of public housing was to 'provide suitable accommodation for as many as possible of those people who are living in over-crowded or otherwise unsatisfactory conditions and cannot afford to pay the rent for comparable accommodation in the open market' (HK Report for 1970 page 124).

Let us take suitable accommodation, if one compares the recent models of public housing to private Chinese tenement flats, one would find the open space and communal facilities far superior in public housing.

As to 'as many as possible people', some 2.7 million people or 45 per cent of our population are living in public housing according to a recent fact sheet.

As to comparable rent, it is much cheaper than private housing, otherwise there will not be a long queue for public housing.

In the debate on 25 May 1983 in this Council on the Landlord and Tenant (Consolidation) (Amendment) Bill 1983, I stated that 'to achieve total rent decontrol we should first look into their housing need. We should get all those well-off tenants or absentee tenants out of public housing into home ownership or private housing and let the people in the queue of under-privileged applicants who cannot afford private housing to take up the vacancies thus created. We

should not make life tenancies in public housing or enable them to be passed to their heirs and successors as of right. New tenancies in public housing should be of 10 years duration and terminated or extended according to the then prevailing financial circumstances of the tenant. Let more under-privileged people have that 10 year relief in subsidised rent and have some savings to create wealth and foster their sense of belonging to Hong Kong. This is a more pleasant way of re-distribution of wealth within our community'. What prompted me to say this was that there were people I know who owned up to five flats, had a middle class income, but were still living in public housing. This is not fair to the taxpayer subsidising them nor to the long queue of underprivileged people. After three years, I review my speech but my belief is still unchanged.

Since then, there was a 'Review of Public Housing Allocation Policies' in 1984 and an independent public attitude survey conducted during the same period which showed that many people were in support of introducing fixed-term tenancies, at the expiry of which the tenants should be means-tested. Those whose income exceeded a certain limit should be evicted but could be given the option to buy home ownership flats. However, members of the Housing Authority were against eviction, but were generally in favour of limiting the provision of subsidised public housing to those most in need of it. Therefore, the Committee on Housing Subsidy to Tenants of Public Housing was set up in October 1984 and the Domestic Rent Policy Review Committee in July 1985, the reports of which are the subjects of today's debate. What the Housing Authority members fail to see is that we are not evicting well-off tenants into the street but into better accommodation, that is, home ownership flats.

Money for value

The resources of any society is not unlimited and we must make the best use of them. If a family is accommodated in a public housing flat for 10 years and is then induced to move into a home ownership flat, the same flat will be able to accommodate another more needy family. If we do not have jerry houses, that same flat should be able to benefit several needy families in tandem during the life span of the building. Life tenancies with succession would mean more and more public housing blocks have to be built and it would be a heavy burden on public finance and much longer waiting time for the needy. I hope that the softer tactic of increasing rent could replace eviction.

From a social and better turn-over point of view, elderly singletons should be given higher priority in public housing.

Declaration of income, property and so on

This should not be plain declarations, I recommend that the tenants be required to make statutory declaration which will have a stronger psychological effect. There are many places in which such statutory declarations could be made. Like in the Labour Department, suitable officers have been empowered to administer

oaths in statutory declarations for claims on wages owed in insolvency cases. Housing Department officers should be similarly empowered which would give them some authority when dealing with false declarations.

Fallacious arguments

As to the infringement of privacy, why is there no infringement when the tenants first disposed their income on application for a public house. If one does not take a firm line or keep the computation formula simple and readily understood by the public, pressure groups could mislead the public and make political capital out of it by making tenants believe in the magic of getting ownership out of nothing. It would turn all the good work done by the Government through the Housing Authority into suspicious deeds. Free land, depreciated return of capital, unrecoverable token interest, much-lower-than-market rent and prices and so on would all be discounted or ignored and public funds spent would be like some 'foreign aid' given to under-developed countries in return for hatred.

One fallacious argument was that maintenance fees should come out from rent collected from commercial premises because tenants made the land prosperous. I would like to ask these pressure groups to rent a flat or office above the shops in Central and ask the landlord to pay the maintenance fees out of the huge rents collected from the shops. Perhaps, the landlord would be naive enough to distribute the surplus after paying maintenance fees to them each month.

This break in logic may best be illustrated by someone who went to a bar and ordered a cognac then he apologised and exchanged it for a whiskey. After drinking the whiskey he wished to leave. The bartender asked him to pay for the whiskey but he said it was exchanged with the cognac. Then the bartender asked him to pay for the cognac, but he said he did not drink it and had returned it to the bartender. The catch was, of course, that the cognac did not belong to him in the first place, so is the land and the public housing blocks which stood on it.

With these observations, Sir, I hope the Government would adopt a firmer line should the softer line fails to keep things straight.

MR. CHEUNG (in Cantonese): Sir, hon. colleagues, Mr. HU Fa-kuang and Mr. CHAN Ying-lun, are both members of the Housing Authority. Mr. HU, who is chairman of the Committee on Housing Subsidy to Tenants of Public Housing, has just explained the recommendations of his committee and Mr. CHAN, who is chairman of the Domestic Rent Policy Review Committee, will be speaking in detail on the proposals of the committee. I should therefore concentrate on the broader aspects of the issues under debate today.

Firstly, I shall speak on the domestic rent policy. The committee has suggested that no changes should be made to the existing rent policy of the authority, that is, in a nutshell, rent should not be entirely cost-based, but

should have reference to the ability of the general tenants to pay, taking into consideration other factors such as amenities, facilities, convenience and so on which should differentiate one housing estate from the other. I support this as a reasonable way for setting public housing rent in Hong Kong, having regard to the historical development of Hong Kong's public housing and the authority's current financial arrangement with the Government. The committee has further recommended a guideline that rent for new public housing estates should not be set higher than 15 per cent of the median income of the prospective tenants. This so called rent-income ratio has aroused a lot of discussions in the past two months. Groups representing public housing tenants criticised this 15 per cent ratio as being too high. Their reaction however, can be expected. Firstly, many tenants in the older housing estates who are at present paying a substantially lower proportion of their income as rent fear that their rents would be drastically brought up to the 15 per cent level. I, as a member of the authority, can assure them that this fear is unfounded, and it is not the authority's intention to bring all rents up to this absolute limit.

On the other hand there is a less vocal group who thinks that the proposed 15 per cent rent-income ratio is too low and point out that rent levels of public housing in some other countries are higher. I am glad that the Rent Policy Committee, in recommending this limit, has not taken the extremes but has sensibly based its consideration on the ability of the prospective tenants to pay. And there is ample evidence in their report to support that 15 per cent is well within the affordability of the tenants.

Secondly, let me point out that public housing is an intensively resource-consuming operation. Although the Government has provided housing for half of the population, we must not forget that there are still many eligible families waiting patiently in the private sector for their chance to get into public housing. When one considers the excellent environment and amenities provided in some of the newer public housing estates, one must feel uneasy for the unfair treatment towards those who have no other alternatives but to live in private sector housing. These private sector tenants are sometimes paying a rent which is very much higher than those who live in public housing estates. People living in private sector are sometimes paying 40 per cent of their income as rent. I, therefore, support the proposed guiding ratio of 15 per cent. We should not forget that when tenants move into public housing, they continue to enjoy a steady rise in their living standard.

Now, let me turn to the report on housing subsidy. Members of this Council had discussed this issue with reference made to whether the provision of public housing should be a social welfare or a social service. These two terms in fact are very confusing and one should avoid defining them. Whatever it should be, I strongly feel that public housing should be directed towards those most in need, and that the aim should be to help them to become able to help themselves. With this in mind, we will find it easier to support the basic principles endorsed by the Committee on Housing Subsidy. I think heavily subsidised public

housing should not be looked upon as a life-long entitlement. Public housing should be made available to those who are most in need. Once a family has passed over the difficult period when they most needed assistance in housing subsidy, they should no longer enjoy the privilege of huge subsidy. Of course, for those who have improved their financial position considerably after moving into public housing, I think, if we force them to move away or evict them, it will create social or economic implications. Higher rent is the only alternative. The amended double rent system now proposed by the committee and which is only to apply to those tenants who have been in public housing for 10 years, is arrived at after taking into consideration many views including those expressed by prospective tenants who are on the waiting list. The concerned authority should maintain a balance because further relaxation, which some public housing residents asked for, will tilt to their advantage and will defeat the objective to achieve a higher degree of fairness. Taking all these into consideration, I must say with confidence, that I support the proposals which are before us.

Some critics saw that the Housing Authority's ulterior motives when they are proposing the proposal is that they suspect that they are means for the authority to achieve self-sufficiency. As a member of the Housing Authority I know that our responsibility is not only to public housing tenants, but we are accountable to the population of Hong Kong as a whole; we should ensure that the limited resources of Hong Kong are used efficiently and directed towards areas of need, not only in housing, but also in other social programmes. In the long run, it should be the policy of the Housing Authority to be self-financed and to be able to provide sufficient housing at a rent affordable by the tenants without significantly lowering their living standard.

Finally, Members of the two committees and Housing Department staff who served on the committees in the past years, have put in a lot of hard work in preparing the reports before us. They have been subjected to a lot of pressure and some unkind criticisms. They have shown immense patience and tact in handling these criticisms. The Housing Authority, in its turn, has responded to public demands sensibly, and have given sufficient time for the public to study and comment on the reports. I urge that it is now time for us to show them our respect and I think it is time for us to make up our mind, and to accept this predominantly fair package and so I would like to recommend it to Members.

MR. CHAN YING-LUN (in Cantonese): Sir, rent is the most important element about public housing policy, so, before going on to discuss the rent policy, let us re-examine the social objectives of our public housing programme. On this, I agree with the views of some district board members and interest groups that public housing, being a basic need of man, should be a top priority for a responsible Government.

In pursuit of this objective, the scope of the housing programme has been tremendously enlarged over the years. Indeed when we compare the earliest resettlement blocks with the new estates, we would certainly appreciate the enormous improvements in the design of the estates and the many modern facilities associated with the new estates. The most remarkable of all, I would say, is that all the improvements are provided at costs affordable to tenants, most of whom coming from the lower income group.

This is exactly where public housing is making its greatest impact on the community. A properly and decently housed population is a great asset to the society. We are not merely providing shelters to those who are deprived of appropriate accommodation; we must also ensure that they are living in an environment adequate for them to pursue a fuller life.

At present nearly half of the population live in public housing. Tenants enjoy a remarkable degree of security in their tenure. They will not be asked to move out unless there is a serious breach against the tenancy agreement. The rents they have been paying are far below the market levels. They do not have to worry that their rents will be raised drastically.

With the security provided by public housing, tenants can concentrate on working hard, not only for the betterment of their life, but also for the prosperity of Hong Kong. It is gratifying to see that tenants in public housing have been able to attain an increasingly affluent standard of living. Statistics have shown that the household incomes of public housing tenants went up at a much quicker pace than their rent levels.

According to the current rent policy which was formulated in 1977, rents for public housing estates have been set in line with the general level of income of the tenants, because a prime consideration is how much tenants can afford to pay as rents. Cost calculations are taken into consideration but rents are by no means directly cost-related. Land costs have been excluded from all calculations when setting rents. The provision of free land and loans at favourable terms explain why rent levels in public housing estates have remained relatively low, especially when compared to rents in the private sector.

Just now, Mrs. Selina CHOW mentioned about the views of the interest groups. They mention that the ratio is not scientific enough. I know that the interest groups are not objecting to the two factors and in fact the committee suggests that we should continue to adopt such a policy. In the report, the committee suggests a median rent-income ratio be set at not more than 15 per cent for new estates. This is in order to actualise the policy of setting a rent that is within the affordability of the tenants.

However, this suggestion has aroused much controversy and objection from public housing tenants. Some regard the 15 per cent guideline as too high, hardly affordable by tenants and is too close to rents in the private sector, which

is obviously not what public housing should aim at. There are also worries that tenants of older estates will face drastic increases in their rents to reach the 15 per cent level.

I would like to take this opportunity to clarify such doubts. Now considering the household income for a four-member family newly moved into a housing estate, their median household income is \$4,000. According to the results of the bi-census announced yesterday, the monthly household income, the median is \$3,386 and according to the present price value, it should actually be \$5,160. This is the figure for the average family in Hong Kong. However, most of the families in Hong Kong are four-member families and so this figure should reflect the income of a four-member family. Even though the income of a four-member family in the public housing is lower when compared with the statistics for the territory, however, they are still quite in the region of \$4,000. Therefore I firmly believe that the rents set according to the 15 per cent guideline are well within the affordability of tenants. Figures show that for the past few years, the median rent-income ratios for the new estates have been very close to the 15 per cent benchmark. In 1985-86, more than 70 per cent of those rehoused paid less than 15 per cent, which is totally consistent with the recommendation of the committee. Of those who had to pay more than 15 per cent, a significant number were public assistance recipients. There were also tenants who opted for larger accommodation than they were basically entitled to. They, too, had to pay over 15 per cent of their income for rents as a result. For tenants who cannot afford the rent of new estates, cheaper accommodation in older estates is available for them.

It has been pointed out by some commentators that the 15 per cent guideline is too close to the level in the private sector where rents take up about 15-18 per cent of the tenants' income. A distinction, however, must be drawn here. The 15 per cent guideline refers to the rents of new estates at the time the tenants move in. The corresponding figure for new tenants in the private sector is much higher, some of them reaching 40 per cent. The 15-18 per cent figure for private sector rents, as quoted in the report, refer to those of sitting tenants in the private sector. It may also be useful to point out here that sitting tenants in public housing estates are currently paying about 7 per cent of their incomes as monthly rents. The difference in rents between the public and the private sectors can thus be seen. According to the results of the bi-census announced yesterday, the median is \$350 and \$1,794 respectively. In other words, a difference of five fold.

Some tenants in older estates are concerned that their rents will be raised up to the 15 per cent level. While this concern is understandable and, indeed, it is true that in the past years, some older estates have faced rent increases higher than inflation rates so as to reflect more accurately their estate values, assurances have already been given in the report that tenants in older estates, where the available amenities are poorer in comparison to the new ones, will still be paying rents significantly lower than the 15 per cent level.

Regarding the housing subsidy report, I support the principle that those who can afford to pay more rent should be required to do so. When families apply for public housing, one major eligibility criterion is that their income cannot exceed the waiting list income limit. Therefore, rents are set taking into consideration their affordability within the income limit. It is only logical that sitting tenants who are now earning more than twice the waiting list income limit should pay double rent. At any rate, the double rent will not be more than 15 per cent of their income and should therefore be affordable.

Sir, a consistent and realistic rent policy has been the key to the success of our public housing programme. This has been re-affirmed by the Domestic Rent Policy Review Committee in its report. Sir, it is my sincere hope and, I am sure, the firm objective of the Housing Authority, to carry through such a policy for the benefit of Hong Kong's public housing tenants.

MR. CHENG: Sir, in general, I support the principle and spirit of the Green Paper on housing subsidy. I am also pleased that the committee on housing subsidy has now presented the revised recommendations on the courses of action to reduce housing subsidies to those public housing tenants who are no longer in need of them. These revised recommendations which have taken public views into consideration have my full support.

There has been a heated debate in the public on whether public housing should be run as a social service or a social welfare. Although the distinction between 'social service' and 'social welfare' is not clear-cut as noted by the committee, I hesitate to acknowledge the argument that public housing should be a social welfare which in my opinion is not available to the people who are not public housing tenants. Substantial subsidisation is obviously against the principle of fairness. I am saying this entirely in the interests of the general public as a whole.

The Housing Authority is sufficiently generous to rule out the eviction of those tenants who have improved their financial situation, on account of the likely disruption to the community; and I agree with the committee's view that subsidised housing should not be a life-long entitlement at the expense of the general public.

While I am in full support to the committee's recommendation of charging the tenants with improved financial situation a higher rent, I urge the Government to seriously consider increasing the proportion of Home Ownership Scheme flats to accommodate such tenants as far as possible, so that more rental flats can be vacated for people of the lower income group who have definite and acute housing needs. This is, in my view, a logical approach to solving housing problems with the provision of better livelihood coupled with a sense of belonging for those citizens to live in their own property, who should be responsible elements of the community.

I am very concerned about the substantial annual deficit incurred by the group B estates in view of the high cost of maintenance, improvements and repair which reflect far-reaching implications of sub-standard quality of design and construction of the older estates. Although the deficit may steadily diminish as a result of the redevelopment programme and by being financed by a significant portion of the surplus in the non-domestic estate working account, it is certainly not advisable that such subsidy should indefinitely continue, and it is important that measures should be taken urgently to make use of the surplus from the commercial premises and group A estates to construct more housing units rather than further subsidise the existing tenants.

Sir, the Domestic Rent Policy Review Committee has now completed its review on the domestic rent policy which is based on that incepted in 1977. The committee's deliberations are thorough and cautious and I generally agree with its final conclusions.

MR. CHUNG (in Cantonese): Sir, Hong Kong's public housing policy, mainly speaking, is to utilise public resources through subsidisation and apportionment to provide housing for everybody and to stabilise the society and improve the livelihood of people.

Recently in Your Excellency's address to this Council, you said the outstanding demand for rental housing should be met by the mid-1990s. This clearly is a new 10-year public housing programme in the interest of the society. I sincerely hope that the programme will be materialised. Therefore regarding the concrete proposals of the two reports, I think we should pay closer attention and reconsider at least two points.

Firstly, to use subsidy income limit as the basis for charging double rent is apparently inappropriate to households which are on the peripheries of the subsidy income limit, for example, when a household's income just exceeds the limit, it has to pay double rent. Such kind of subsidy might make a tenant suffer from wage reduction when his employer gives him a salary increase. It is because his additional income may not be enough to cover the double rent. In the long run, frequent rises and falls from the subsidy income limit will often happen to public housing tenants who are mostly wage earners.

Therefore, I recommend that the Government should provide an exemption rate equivalent to 3 per cent of the income of a household which is just above the subsidy income limit. For example, for a household whose income is about \$13,100, the rent should be \$330. However, if one of them earns \$200 more, their total income would be \$13,300 which exceeds the subsidy income limit by \$100, and they have to pay about \$660 rent. So the result is the additional income cannot cover the increased rent. However, if we allow for an exemption of 3 per cent of the household's income, that means about \$400, such unreasonable situation would not happen. In addition to those households which have genuine hardship, particularly those whose rent-income ratio

already exceeds 15 per cent, the authority should give them special consideration and should provide escape clauses for the double rent arrangement.

Secondly, the report also forecasts that initially about 13 000 families would be affected. However, the Government would complete about 10 000 home ownership scheme flats next year. So, I think, as a positive objective of our public housing policy, there should be a balanced provision of public housing and HOS flats to meet the public demand.

I would recommend that the best way is for the Government to adopt economic measures and in principle to help public housing tenants to purchase HOS flats. Concrete measures can be exemption of down payment, or for the Housing Authority to guarantee the total down payment of 5 per cent until the tenants are able to pay the 5 per cent; and then base on the most favourable repayment terms, offer them to the tenants so that the highest level of repayment would not exceed 15 per cent of the household income. This would enable people to feel that the economic burden of renting a public housing flat and buying a HOS flat will be equivalent. This would reduce the impact of the proposed new public housing policy and at the same time promote and expand the HOS programme. It is most important that we can even create more opportunities for resettling people waiting for public housing. At the same time, the authority should provide three additional attractive features:

- (1) To make a guarantee to the public housing tenants that under exceptional situations they can surrender their flat and return to the public housing flat so that they will not worry about the problem of repayment.
- (2) To those tenants who have not been subject to the means-test, for example, the clearance or natural disasters victims, priority should be given for them to purchase HOS flats in order to reduce the pressure on public housing flat and promote the HOS at the same time.
- (3) We should develop large size, medium size and small size with different price tags of HOS flats in order to meet the needs of the buyers.

Sir, if public housing tenants can stay until they can buy double rent and can be capable of owning HOS flat, this shall be the success of the public housing programme in Hong Kong. Now that because we have a real need to further develop the programme and to use the resources appropriately. I feel that the Housing Authority should use the rental policy as a tool to apportion the housing subsidies for further developments. In addition, my two proposals would be in line with public interests.

6.00 pm

CHIEF SECRETARY: Sir, with your consent, the Standing Order 8(2) should be suspended so as to allow the Council's business this afternoon to be concluded this evening.

Question put and agreed to.

MR. HUI: Sir, the compilation and presentation of government documents requires special skills in concealing significant facts and figures which only the astute reader can discover in between lines. The two reports on public housing subsidy and domestic rent policy review offer two excellent examples.

The committee on domestic rent policy had us believe that domestic rent for new public housing units, which would not exceed 15 per cent of the median income of the tenants, was set at 'reasonable' level 'affordable' by the majority. What it did not emphasise was half of the 30 000 new households whose income falls below the median income level automatically gets a 15 per cent or much bigger rent-income ratio. If the figures released by the committee is at all reliable, some 22.3 per cent of the new tenants—about 7 000 households, will spend 15 to 25 per cent of their income on rent. Rent imposes a heavy burden on these low-income families—such as hawkers, coolies, construction workers and squatter dwellers whose monthly income could barely make ends meet. While the Housing Department stressed that in 1983-85, only 1 per cent of applicants refused the offer of public housing units because of high rent; in actual fact, 60 per cent of the new tenants were people who lost their homes through fire, disaster or clearance and who had no choice but to move into public housing estates.

Sir, I strongly recommend the committee to review and reshuffle its statistics by pitching the rent-income ratio at the maximum point of 15 per cent of the median income, allowing tenants whose rent-income ratio exceeding 15 per cent to apply for reductions in rent.

A more considerate rent policy has wide implications, since old and new housing estates with the same value will eventually be put on equal footing in future rent reviews. Existing public housing tenants are gravely concerned about the factors constituting housing estate value; the methodology of calculating the 15 per cent rent-income ratio; and the criteria for effecting a rent increase. Since 1980, residents have been left in quandary about the bi-annual rent increases which ranged from 15 to 48 per cent, begin over and above wage increase and inflation rates. The prognostic, culmulative effects of rent increase would, in due course, bring rent beyond the affordability of the majority of public housing tenants. In this respect, figures put forward by the committee, combining pre-1977 and post-1977 rent-income ratios, are grossly misleading. The committee would do well to stop playing the numbers game and release accurate rent information and data for public discussion before formulating a new rent policy.

With regard to the housing subsidy proposal, the social work field supports the principle that those who can afford higher rents should get less subsidy. However, we do not agree with the general definition of 'well-off' families which is based on the amount of total income of all income-earning members. Under this proposed arrangement, a family of four, each earning an average of HK\$2,550 per month is considered well-off and is penalised by having their rent

doubled; while another four-member family with the only bread-winner earning HK\$10,100 a month is off the hook. Here again, the committee, being too pre-occupied with the family income figure, has not only neglected the greater expenditures required by working members of the family, but has also ignored the fact that working children nowadays do not take home the full share of their family earnings. The proposal would therefore discourage young people from living with their families. It would also give rise to the formation of nuclear families and consequently an increase in the number of waiting list applicants. Furthermore, apart from the difficulties for part-time, temporary and piece workers to prove their actual earnings, low-income wage earners are the first to be hit during economic recessions. The proposed housing subsidy policy will do injustice to the bulk of low-income tenants, just because some government officials had sudden qualms about a small number that is, 5 per cent of well-off tenants taking advantage of housing subsidy.

We therefore recommend that only 60 per cent of the income of other family members be included in the calculation of housing subsidy, as this will spare the majority of tenants, the trouble of declaring their income once every two years.

It must be remembered that the 490 000 households had waited for many years before moving into public housing estates simply to benefit from the relatively low rental. A reduction in subsidy will definitely undermine their present standard of living which rests on the premises of existing provision of housing subsidy. The proposed policy becomes an anathema for these people who have to cut other expenses, work overtime or take up other jobs in order to pay a double amount of rent.

Sir, in order to put the whole issue into proper perspective, I fully support the suggestion of our Legislative Council Housing Panel to conduct a full scale review on the income of all households which have resided for 10 years in public housing estate. Such a review can put an end to different speculations on the number of well-off tenants and clear up doubts about discrepancies shown in official statistics.

The social role of public housing in meeting people's basic need, improving their quality of life and enhancing social stability cannot be emphasised enough. Hong Kong's spectacular achievement in providing low-cost housing to almost half the population during the past 33 years must be maintained, if only at the expense of a slightly reduced revenue for the Housing Authority. Indeed, the Housing Authority should explore other income generation avenues such as cutting cost through improved management, producing more home ownership units, evicting absentee tenants, and selling flats to existing occupants. The fact that there were 130 000 applicants, of whom only 32 000 were granted home ownership units, is a sound proof of people's willingness to leave public housing estates as soon as their financial situations permit.

Sir, the suggested measures would prove more practicable than to exercise rigid formulae in domestic rent and housing subsidy reviews, and to support flimsy arguments with highly questionable figures.

Futhermore, the two reports in question also serve as a warning signal that a comprehensive review on Government's overall housing policy is long overdue.

MR. LAI (in Cantonese): Sir, I recalled that one year ago at the policy debate, I had spoken about the Green Paper on housing subsidy. At that time I said, the Green Paper was somewhat a useless sheet of paper. Today after a whole year's careful consideration and study of the relevant question and after wide consultation in Kwun Tong and Tsuen Wan on the views of the general public, there is still no compelling reason for me to change my mind.

After revision, the policy for well-off tenants is still very controversial and some members of the public are still criticising it. I think this is because of four mains reasons:

(1) *Different social objectives between the Government and the public in public housing development.*

From the analysis of the information, the Housing Authority places its emphasis on the most effective distribution of limited social resources. It is hoped that public housing could be given to those most in need. However, for the needy public, public housing is the social investment; construction of public housing is a Government's responsibility; and living in public housing is a right of the citizen. The general public worked hard and they contribute a lot towards stability and prosperity of the society. The very expensive rents in the private sector would mean that a lot of people would have to rely on low cost public housing before they can maintain a high standard of living. Because of the difference in the understanding of the social objectives of public housing, there is a difference in views between the Government and the people.

(2) *The continuity of housing policy*

In the process of public housing development, we see that there are different social objectives in different historical eras. Before 1953, the Government has never subsidised the public in the way of housing. After the fire in Shek Kip Mei in 1953, the former Housing Authority was formed at once to set up resettlement areas to rehouse the fire victims, and low cost housing were provided for people of low income. The most obvious objective was to help those who are most in need. In 1972, the then Governor Sir MACLEHOSE, proposed a 10-year housing programme to enable the general public to have an up-to-standard self-contained housing. On the other hand we see that from, say 1982, 8 000 people moved into public housing because of social development and because of clearances and this is more than half of the 12 170 people on the waiting list. So we have different standards for putting people into public housing. And because

of that, the well-off tenants policy cannot cater to the different types of tenants that we have and therefore it is widely criticised.

(3) *Participation in the formulation of well-off tenants policy.*

In August 1985, the Housing Authority publicised the Green Paper for wide public consultation. We commend its spirit. However, what surprises us is that, in the calculation of the income of other members of the family like children, the Housing Authority did not make the necessary revision as proposed by views of the general public. In a democratic and opened society, the Government ought to adhere and listen to public views when they set policy, especially when we are talking about public housing. Tenants of public housing have the best understanding of public housing problems. However, we find the public housing policies are set without taking into consideration the general public's views. So we find that there is a difference between the views of the Administration and the general public.

(4) *Contradiction in spirit and details of the well-off tenants policy*

The policy has the objective of allowing the most needy to move into public housing as soon as possible and to shorten the waiting time. So those who afford private housing should move out of public housing and vacate more public housing units. However according to the proposal of the Housing Authority, families with larger membership should pay more rent before they can continue to live in public housing. On the other hand, these families may not be able to afford more expensive private sector housing and they have no alternatives but to pay double rent, or they would delete those who are earning the highest income in the family from their household in order to cut the total income of the family. So the result is very different from the original intention.

Apart from the above-mentioned problems, the implementation of the well-off tenants policy, I believe, will come across a lot of difficulties. The most obvious one being the assessment of income as a lot of administrative costs would be involved. So we will suffer all the loses before we know whether there are any benefits. Its implementation would also lead to a lot of disturbances and harassment of the general public, thus leading to social unrest.

The Housing Authority is suggesting that the income of children should be calculated 100 per cent as part of the family income and this is very unrealistic. In order to avoid paying double rent, some tenants will have to delete the income earning children from household and this will mean the family will become smaller and smaller which is quite against the traditions of the Chinese family.

I am certainly against that and hope the Government will postpone implementing such a policy. And in the near future, we should set up effective methods of evicting well-off tenants or tenants with private property from

public housing so that more people can benefit from it. We should also have a once-for-all investigation into well-off tenants and non-well-off tenants because we don't want people in the periphery to be affected.

In the long-term, the Housing Authority should step up contact with the general public and enable the general public to participate more in the drawing up of public housing policies. We must realise the social objective of public housing and must ensure that there will not be severe differences of views between individual policies. Policies that tend to encourage are certainly more effective than mandatory policies. I hope that the Government will build more types of housing estates to make it more attractive and to enable the general public to have more choices so that they can have a better living environment. I believe that Hong Kong's prosperity and stability has much to do with the fact that over 2 million inhabitants can live in low cost housing.

And now I like to turn to another point and that is rent policy.

All along, the public housing policy of the Housing Authority has been a matter of controversy, especially on the point about social objectives. The existing social objective of public housing is to provide subsidised housing for those who are in need. The main target would be the people on the waiting list and people who need to move into public housing because of special circumstances. Instead of saying that as the social objective, you might as well say that it is the eligibility criteria for moving into public housing. If it is because of this limited basis that we review the rent policy, then I would say the rent policy review must be one-sided and lacking in initiative.

When reviewing the rent policy, the Housing Authority should first of all ascertain the social objective of public housing. On the long-term basis, I would say that when we set up such objective, we must also realise the actual situation of Hong Kong and the social function served by public housing.

I believe the construction of public housing will ensure that people will have a better living environment. And, apart from improving the environment, public housing also has a number of important social function. One: regulate the disparity between the rich and the poor; two: promote economic development; three: enhance social stability and prosperity to ensure that there is harmonious relationship between employers and employees. If the Housing Department after recognising the social functions of public housing, establish social objectives correspondingly, then the general public will feel that the Government is taking a fairer stand in the whole matter.

The responsibilities of the Government and the public towards public housing

From the rent review process, we know that the Housing Authority is going towards financial self-sufficiency. While I agree that tenants of public housing, like other members of the public, should bear part of the cost of public housing programmes, I do not agree that Government should forsake its responsibilities towards those programmes.

The report suggests that surplus from the authority, domestic and nondomestic revenue, after meeting the recurrent expenses should be spent on future construction programmes. I agree that surpluses should be used for the construction of more housing. However, the Government's commitment in the construction of public housing should not decrease because of the surplus in revenue. To put it optimistically, if the Government could continue to take up the responsibility of constructing public housing, then we will speed up the ratio of completion.

I suggest that we must not make use of the see-saw policy, that is if the public is paying more then the Government will be paying less. Because if we do that. tenants of public housing will be faced with more pressure.

Affordability of the tenants

One of the main proposal of the report is that we should use 15 per cent of the median rent-income ratio. If we are optimistic about it, the fact that the rent will not be more than 15 per cent of the total income of the household is of course a good guarantee for the general public. But if we are pessimistic, we would ask whether this ratio can be afforded by the general public and is reasonable.

The report quoted some figures to say that the general public can certainly afford the 15 per cent ratio and they quoted a lot of examples, saying that in the past years the ratio was just 13.5 and in 85-86, families that moved into public housing are only paying 12.4 per cent of the income in the rent. However, all these figures cannot substantiate the fact that all families will be able to afford the median rent-income ratio of 15 per cent. However, if these families refuse to move into public housing because they cannot afford it, would they have other alternatives?

Using a median seems to be reasonable enough and seems to have taken into consideration most of the income circumstances of the families. However when the general family earns more, it does not mean that every family is correspondingly earning more. If there are families which did not earn more, would it be reasonable to expect them to pay equally more as the family that earn more?

The report also suggested that this median is favourable when compared to public housing in foreign countries. However we must be aware that living standards are much better in foreign countries than they are in Hong Kong. If we just look at the rental value without looking at the actual facilities of the housing stock provided, that is very unfair for our residents. And of course if we are comparing unfair matters and if we are not comparing on equal footing then it will be wrong for us to use this particular rationale.

Conclusion

I would say that this particular policy is one-sided and is based on a lot of wrong assumptions.

I would suggest that the Housing Authority, in implementing this particular rent policy, should first of all defer everything until they have conducted an overall review of rental policy. First of all, they should assess the social objective of public housing; the affordability of the general public; and the burden to be carried by general public. Only with these bases ascertained would the Housing Authority be able to make a reasonable and fair suggestion.

6.35 pm

HIS EXCELLENCY THE PRESIDENT: At this point, Council might like a short break.

6.48 pm

HIS EXCELLENCY THE PRESIDENT: Council will resume.

DR. LAM (in Cantonese): Sir, Nobel Prize Winner for Economics Professor Buchanan pointed out in his book entitled 'Public Finance' that fiscal institution is closely connected with its social objective. Therefore, whether a fiscal institution is good or bad and whether the institution is able to efficiently allocate resources and services fairly to each and every consumer, is something we need to be alived to. If we all agree to the principle that subsidy should only be available to the most needy, then we must consider whether this principle would be applicable to areas such as nine-year compulsory education, medical services or other social welfare services. If the answer is positive, does the Government have a comprehensive plan to work out the priority ratings?

Sir, in connection with the two housing reports, I think the most important objective is to establish a suitable principle and guideline, for example, rent level as well as the definition of well-off so as to ensure that our limited resources would be fairly distributed. Regarding this principle, it has my support. However, in the decision-making process, has there been democratic and fair participation and have we considered the financial and political implication behind the proposal.

1. In reviewing the housing subsidy report, I think the main purpose is to attempt to draw a poverty line. We know that at present in Hong Kong, there are 2.2 million people living in public housing estates. They have different income and assets. However, it is very difficult to draw a line between the poor and the rich. Therefore I would like to urge the Government, in implementing the above recommendations, it must exercise prudence, otherwise 'more haste will result in less speed'. It will be counter-productive.

2. A member of the Domestic Rent Policy Review Committee has once pointed out the drawbacks of the report, for example,

- (a) insufficient information which is misleading;
- (b) wrong conclusion
- (c) incomplete arguments which is confusing.

Unfortunately, the authority has not responded to his accusation. On the question of the 15 per cent median rent-income ratio guideline, I don't think we should compare ourselves with other countries. As a matter of fact, in the policy debate last year, the Government has adopted such logic in responding to queries raised by Mr. HUI Yin-fat on comparing Hong Kong social welfare expenditure with other countries. Therefore, whether the ratio should be set at 15 per cent is still questionable.

3. On the question of the Housing Authority's financial management and control, I have some doubts and reservation. One area which deserves our special attention is that the Housing Authority tends to mix the accounts and also to deal with the account in a very special way, so as to achieve the policy objective. For example, from 77-78 to 84-85:

The group A estate account has a surplus of \$365.8 million and the group B estate account has the deficit of \$845.9 million.

However, if we add the two accounts together, with the non-domestic account, from 73-74 to 84-85, we still have a surplus of \$972.4 million. When the Government explained the recommendations of the report, it only emphasised on the deficits of domestic account, so that some members of the public will lead to believe that it was Government's intention to mislead them and to hide facts from them; they also thought that the housing authority was playing figure number games in the financial control and management.

Sir, public housing policy directly affects 2.2 million people. They are more concerned about public housing policy than the Daya Bay project. So could the Government inform the public whether public housing is a form of social welfare? Isn't it the policy of the Housing Authority to have financial autonomy?

Therefore, in connection with the two reports, I would like to ask the authority to shelve them so that they can have ample time to solicit and analyse public opinion more extensively and subsequently, to make an objective and fair review.

Sir, for those councillors who hold different views, I have a lot of respect for them. However, I don't know whether those who have spoken in this adjournment debate, have attended the forum organised by the area committees of various housing estates. I wonder how many of them attended those forum, and how often do they attend those forum. And I believe that if we can have more first-hand information on this issue, it will help to facilitate our discussion and understanding of the issue.

MR. LEE YU-TAI (in Cantonese): Sir, with a history of 30 years, the development of public housing in Hong Kong has provided accommodation for some 2 million people and serves the following three social functions:

- (a) It serves to adjust the gap between the rich and the poor and to maintain social stability.
- (b) It undertakes to provide alternative accommodation, so that the Government can recover land effectively and helps to promote the overall development of society.
- (c) The construction of public housing facilitates the development of new towns, thus reducing the density of population in urban areas and helps to boost the overall economy.

Since public housing serves an important social function, I agree that a truly fair policy should be formulated. But since about 40 per cent of the population live in public housing and slightly more than half of the population live in private premises, no matter how Government's rent policy or housing subsidy policy is formulated, it will give rise to criticism or discontent from about half of the population. While increasing public housing rental will attract objections from the 2 million or so tenants of public housing, privileged treatment to them will also lead to criticism from the other 3 million people not living in public housing.

Basically, Hong Kong people is divided into public housing tenant and non-public housing residents who find themselves in antagonistic positions with regard to the enjoyment of community resources.

This situation reflects that people are generally self-centred, criticising others when they themselves are not enjoying certain benefits. For instance, only very few public housing tenants are in possession of wealth or property, perhaps one out of a thousand or ten thousand tenants. But critics, very often, would allege that this is a common phenomenon and suggest that all those tenants with property or who are well-off must be ordered to move out of their public housing units. I agree with the Committee on Housing Subsidy's recommendation that those public housing tenants who have improved their financial situation should not be evicted. This is because according to my estimation, most wealthy tenants would move away. For those who are unwilling to move away, we should criticise them and give them pressure. Hong Kong people are often too harsh with their Government; they would even ask for legislation to be made to rectify some rare cases of apparent injustice. In fact, members of the public also have the responsibility to defend social justice. It is a civic responsibility to initiate criticism against injustice, rather than to ask the Government to impose legislative controls on every case.

The Report of the Domestic Rent Policy Review Committee recommends that the median rent-income ratio should not exceed 15 per cent whereas the present revised rents do not exceed 12 per cent of the tenants' income on the average. The report will be opposed by the public housing tenants. On the other hand, the Report of the Committee on Housing Subsidy to Tenants of Public Housing proposes that upon the expiry of the initial 10 years of residence, tenants will be charged double rent; those who intend to pay the original rent

will be subject to investigation to verify whether their income falls below the subsidy income limit. Public housing tenants would definitely oppose to such an arrangement. In any case therefore, about half of the population will raise objections. I wish that the Housing Authority, after considering the reports, would first publish a Green Paper to consult the public on the various proposals which it intends to implement. Members of the public will then have a chance to express their views which, they think, might affect the decision of the Government. After consultation and publication of the Green Paper, members of the public will find it easier to adapt to the proposals if and when they are implemented because whether they are for or against the proposals, they have been given a chance to air their views. As a result, the degree of opposition will be markedly reduced.

Sir, I have strong sympathy for the 'sandwiched class' whose income exceeds the income eligibility limit for applying public housing and purchasing HOS flats. Most of them are office workers or young professionals. Part of their income are being taxed at a rate as high as 30 per cent. Their efforts and industrious work also contribute to the prosperity of Hong Kong. I hereby reiterate the proposal to establish a loan fund for arranging downpayment loans to the sandwiched class at preferential interest rates for the purpose of purchasing their own flats. Such downpayment loans can be restricted to one per family and the flat purchased must be used by the owner for residential purpose. If this proposal could be accepted and implemented, it would help to reduce the dissatisfaction of non-public housing tenants towards the benefits enjoyed by public housing tenants, and would thus alleviate the disintegration and antagonism existing among our population. Sir, this proposal of mine is outside the purview of the two reports under discussion, but I believe it will definitely be echoed and supported by the community.

MR. POON CHI-FAI (in Cantonese): Sir, housing is an integral part of our daily life. It is not only important to the general public, but also plays a significant role in the overall development, stability and prosperity of our society. It is indeed generally known that the Government has made outstanding achievements in public housing through the provision of accommodation for over two million people and the improvement of their living conditions. Government has continued to construct public housing units and HOS flats and has tried to maintain public housing rents at a comparatively low level. This has on the one hand, enabled the general public to live and work in peace, so that they are given more opportunities to work for a better future. On the other hand, it can serve as a check on the market price and rental level of private properties, which in turn, helps to enhance the consumption power of the public, to the benefit of all lines of trade and the community as a whole. All these are important elements in maintaining social stability and prosperity and are in line with the spirit and objectives of the Sino-British Joint Declaration. As a long-term investment to provide a stable social environment, the Government is obliged to continue to fulfill its commitments in public housing. The two reports, namely,

the 'Report of the Committee on Housing Subsidy to Tenants of Public Housing' and the 'Report of the Domestic Rent Policy Review Committee' for debate by this Council today have far-reaching effects on both the community and the general public.

My views on the two reports are as follows:

1. *Housing subsidy to tenants of public housing*

First of all, I fully support the committee in affirming the basic principle of the Green Paper on housing subsidy, that is, to reduce housing subsidies to those public housing tenants who are no longer in need of them, provided that the following conditions are met:

- (a) The amount of additional revenue or resources obtained should be fully spent on constructing more public housing estates so as to shorten the waiting time required for public housing applicants and to solve the housing problem of Hong Kong at an earlier date;
- (b) Regardless of the amount of additional revenue or resources generated, Government should continue to shoulder its responsibility in the provision of public housing and in no way should it reduce its commitments in the construction of public housing.

Owing to limited resources, it is absolutely impossible for all those who are in need of public housing subsidies to be benefited. On that score, the aforesaid spirit and principles are acceptable and fair to all taxpayers no matter whether they have benefited from Government's housing subsidy, and to those public housing applicants who are on the waiting list. But it is regrettable that the recommendations of the report have failed to adhere to the principle of evicting the genuinely well-off tenants as previously suggested. Moreover, the report recommends that the income of all family members be included in the calculation of household income calculation. We must note that children of most families will go out to work on completion of their secondary education. Besides maintaining their basic subsistence, they have to save part of their income to prepare themselves for further studies, so as to better equip themselves and to work for a better future. Other parts of their income have to be set aside for setting up families of their own. It is, therefore, unreasonable that all their income should be included in the calculation of the household income.

The recommendations of the report only aim to charge double rent from about 5 per cent of the tenants but 95 per cent of the tenants who do not have to pay double rent would have to be inconvenienced. Besides, would it be a waste of public money and an unwise move to spend additional administrative expenses on screening the income declarations of 95 per cent of tenants who do not have to pay double rent? It is hoped that the authorities concerned would carefully reconsider these points.

For some marginally well-off households whose family income only exceeds the subsidy income limit by a thousand or several hundred dollars, they may be compelled to delete the tenancy of their income-earning children, so as to reduce the burden of paying double rent. This being the case, their children would have to move out, thus indirectly splitting up such families and attributing to the formation of estates resided by elderly people. All these run counter to Chinese traditions which favour the housing of several generations under the same roof as well as to live and work in peace.

The inaction to vacate genuinely well-off public housing tenants so as to make available more flats to public housing applicants who are in dire need of them, is tantamount to the revocation of all the existing admission criteria. It would make no difference as long as prospective tenants are prepared to pay double or treble rent. On account of the aforesaid factors, I propose that:

- (a) super well-off tenants and those who are no longer in need of housing subsidy should vacate their flats. Take for instance, those who are proved to have owned two or more flats, or whose business assets total \$1 million or more or those who are already residing in private flats, but for selfish reasons, for example, low rent, thriving location or good 'fung shui' of their public housing units, still refuse to surrender their units. In implementing the above proposal, Government should work out careful arrangements to be effected by stages, so as to avoid an abrupt rise in the price of private properties resulting from sudden increase in the demand for private properties due to a large number of public housing tenants vacating their flats.
- (b) the construction of low cost HOS flats should be speeded up in order to encourage more public housing tenants in the higher income brackets to apply for them, so that more public housing units could be made available. As a matter of fact, many public housing tenants who have applied for HOS flats using the 'green forms' have been unsuccessful on many occasions.
- (c) after implementing proposals (a) and (b) above, the authorities concerned should further review the recommendations on housing subsidy to public housing tenants.

II. *Domestic rent policy*

It is undeniable that a reasonable criterion is essential for setting the level of domestic rent. Thus the principle and spirit of the report's recommendations to employ a median rent-income ratio as an indicator to determine rental level is reasonable and worthy of support. But the proposed 15 per cent median rent-income ratio and certain details need to be discussed, for example:

- (a) For those households with their household income below the median level, they would have to shoulder a greater burden and would have to live very frugally in order to pay the high rents.

- (b) According to the findings of the 1984-85 Household Expenditure Survey conducted by the Census and Statistics Department, enclosed as annex VII of the report on housing subsidy, the average total expenditure of a four-person household was \$5,254.70 per month, which has already exceeded the present \$5,100 waiting list income limit for a four-person household. The expenditure on rents was only \$417.71, that is 7.95 per cent. This markedly differs from and contradicts the proposed 15 per cent.
- (c) There are about 280 000 households living in the old estates completed before 1973. Compared with the new estates, their floor area, hygiene, environmental conditions as well as other facilities are of a much lower standard. Though the report states that the rents of these old estates would not be raised to the 15 per cent median rent-income ratio level, the report also points out in another section that the rents would be gradually adjusted to reflect the relative value of the estates. Annex XIV of the report on domestic rent policy review lists out the existing rent-household income proportion of a four-person household as 7.1 per cent. If the rent of the old public housing estates rises abruptly, it would be unfair and unacceptable to the 280 000 households living there.

I have the following recommendations on the problem of public housing rents:

- (a) The use of a median rent-income ratio as an indicator to determine rental level deserves our support but the proposed 15 per cent ratio needs further review and discussion.
- (b) Consideration and separate treatment must be given to the 280 000 households living in old public housing estates and those families having their household income below the median level.

Sir, housing is an essential part of our daily life. In fact, more than 40 per cent of our population live in public housing estates. Therefore, any modification of the housing policy will have far-reaching effects on the whole society. If the policy is reasonable and well-implemented, it will bring forth benefits to the people; if not, it will lead to a chain of adverse effects which may jeopardise our prosperity and stability.

MR. SZETO (in Cantonese): Sir, the social objectives of the public housing programme were explicitly mentioned in the beginning sections of both reports immediately after the introductory paragraphs. Indeed, social objectives are important aspects that constitute the basic policy of the whole public housing programme. Nonetheless, the actual historical background of the public housing programme and its social functions were not highlighted and the question per se was thus circumvented. As a result, people's view was blurred and their attention towards the two reports was diverted.

Government began to build resettlement blocks after the disastrous Shek Kip Mei fire in 1953 and stepped up its public housing programme in 1962. Since then, various public housing estates were built. Today, we can see blocks and blocks of public housing in different parts of Hong Kong. Nearly half of the population are accommodated in public housing units. This is an achievement we could be very proud of. Yet no one should forget the countless sorrows and toil behind the scene. There are questions we would like to ask: by how many times have the prices of land, properties and rents soared in the last few decades after the advent of the public housing programme? What made this surge in land prices possible? Why didn't social conflicts become acute in such abnormal development? Why was Hong Kong able to maintain its stability and prosperity? Who reaped the most benefits from the public housing programme?

Let us take stock of the situation.

What percentage of the annual public revenue was derived from the proceeds of land sales in the last few decades? Not only were lands in the urban areas sold in quick succession and brought billions of dollars to the coffers, but also lands in the new towns, which were once desolate, managed to fetch very high prices after the moving in of the pioneers, that is, the public housing tenants. What made the span of waste land a valley of gold?

How many multi-billionaires emerged from the real estate market in the last few decades? What windfall have they made each year? What percentage of the gross domestic product did that aggregate account for?

The banking institutes have done a handsome business by giving loans to real estate developers and home purchasers. What percentage of their total profits is derived from interests earned from the debtors and the mortgagees?

The drastic increases in rent and prices of properties in the last few decades have pushed the cost of production higher. Who are the ultimate victims in this chain effect of inflation? To what extent did these drastic increases affect inflation?

Though there were wage increases in the last few decades, yet they were never in proportion to the drastic increases in land prices and rents, Hong Kong remains competitive in her export trade. What made this possible?

Thousands of people who are not eligible for public housing have to tighten their belts for almost the whole of their working life and have to take up sideline jobs or work overtime to save up to buy their own flats or pay the high rents. What sorrows and toil they have gone through?

If there had been an ever-growing public housing programme to act as buffer in the last few decades, could Hong Kong survive this abnormal development? Could social conflict be checked from becoming acute and contained from blowing up like a volcano? Could social stability and prosperity be maintained?

The one who reaps most from the public housing programme is by no means the public housing tenants. They are not the only beneficiaries.

It was mentioned in one of the reports that it would be very difficult to define 'social service' and 'social welfare'. After all, it is not necessary to make such definitions because public housing programme does not fall strictly into either one of the categories. The public housing programme is a very important socio-economic policy itself and should be viewed as such. It is my hope that both reports could be examined in such light and that a balanced and sensible conclusion could be reached.

Sir, these are my remarks on the two reports.

MR. TAI: Sir, throughout the years from the 60s to 80s, we have witnessed a rise in our living standards and marked improvements, both in quality and quantity, in areas such as education, medical services, housing and transport. Such successes are largely due to the fact that we have a diligent and hard working community, a good adaptability to changes and a sound economic policy.

With the growth in population of Hong Kong, and despite Government's efforts, Hong Kong still has a heavy demand for housing. Today, nearly half of our population are residing in public housing. Needless to say, any changes in the level of our public housing rental will have an immense impact on the standard of living of public housing residents. The two reports concerning public housing are extremely controversial and by large and we have polarised opinions among different sectors of our community.

I shall first speak on the Report on Housing Subsidy to the Tenants of Public Housing.

The points of contention are, first, whether public housing tenants are in fact being subsidised under the current level of rental. Secondly, whether the objective of public housing is to provide a kind of social welfare or is it merely aimed to assist people of the lower income bracket to resolve their housing needs and to a certain extent to assist the homeless. The question we must ask ourselves today is whether within our limited resources, those who can afford to and have benefitted from relatively low housing rental for 10 years or more should be asked to contribute more so as to assist those who are in need and to achieve other social objectives and commitments.

The report proposed to double the amount of existing rental payable by those tenants with 10 years' occupancy and whose income exceeds twice the waiting list income limit. This proposal undoubtedly will have an effect on the standard of living now enjoyed by the affected tenants. Therefore, before implementing the proposal, we have to take into account the interest of those who are on the waiting list and the extra revenue that could be generated from such a proposal to meet other commitments, as well as the interest of those who are not residing in public housing and the benefit that would accrue to them through the extra

revenue generated from the proposal. In order to reduce the hardship being suffered by those tenants affected by such a proposal, I would suggest if their average household income is proved to have dropped below the so-called subsidy income level for a continuing period of six months, that particular household should be allowed to pay the existing rent.

As regard the suggestion by the committee for more consideration to be given to special cases where a tenant's household income exceeds the subsidy income level, more emphasis should be made in defining precisely the situation or the type of expenditure that would fall within the category of 'exceptional' or 'unavoidable' expenses in order to relieve the tenants' anxiety.

Sir, I shall now speak on the Report on the Domestic Rent Policy Review Committee.

First of all, should our housing policy be set to achieve the objective of creating a kind of social welfare for all citizens irrespective of their means or should our housing policy be set to achieve the objectives as set out in this report, with particular emphasis on 'eligibility' and 'housing need' taking into account the current economic situation of Hong Kong.

To achieve a fair calculation of the rental chargeable to tenants of domestic public housing, it would seem more equitable to take into account the revenue generated from non-domestic public housing, as the viability and the marketability of the non-domestic units are hinged largely on the existence of domestic units.

The proposed amount of increment fixed at a ceiling of 15 per cent of median family income should also take into account of the facilities, amenities, locality and age of that particular estate. The extra revenue generated should not be only used for future expansion of the public housing programme, but also made to improve the environment and facilities of all housing estates. Furthermore, special attention should be directed to the impact of the increment to the lower income group so that no undue hardship would be caused by the proposed changes. To achieve the social objective as stated in the report, I would suggest a special committee to be established to consider hardship cases suffered by tenants of lower income group to determine whether that particular tenant would merit the waiving of such rental increment.

Sir, it is apparent that Hong Kong is now becoming a more affluent society. However, a lot of our middle income group burden with the outgoings of housing, still find it hard to make ends meet because they are not entitled to neither public housing nor are they qualified under the Home Ownership Scheme. I would take this opportunity to suggest the Government to explore the possibility of conferring some tax advantage to our taxpayer so that they can set off their mortgage interests payable under the private principle residents against their personal income tax. I believe such a proposal would no doubt lessen the demand on public housing and the Home Ownership Scheme.

A number of concern groups and district board members have made several representations to the *ad hoc* group concerning these two reports. They have put up with some very constructive counter argument which merits further consideration. However, an equally important issue is that the present case is for us to remind ourselves of our civic duties.

MR. TAM (in Cantonese): Sir, in the conclusion to your policy address this year, you pointed out the intention of the Government to improve the living standard of the people of Hong Kong. I fully appreciate the determination you have shown and I believe that in realising the ideal of improving the living standard of the people, Government must ensure and fulfill the target of providing a 'stable home and a stable job' for the people.

Judging from Hong Kong's practical experience, the Government has already succeeded in providing a stable home for some 2.3 million people. This is something commendable. But the number of applicants on the public housing waiting list definitely shows that many people must be accommodated in public housing because of their financial conditions. I think the Government is obliged to assist the people of Hong Kong in satisfying their basic accommodation needs, so that they can all live in their own self-contained residence.

By providing public housing, Government is fulfilling its responsibility towards the people. To the lower class, it is a kind of welfare; to the society as a whole, public housing is a kind of social investment which brings in a lot of benefits: first, it can relieve internal conflicts and stabilise social development; second, it helps to promote economic development and prosperity; and third, it helps the development of new towns.

In fact, whether from the angle of satisfying the accommodation needs of individual citizens or from the multiple social facets of the public housing programme, I believe that Government should actively undertake the development of the programme. I shall state below my views on Government's commitment in public housing and on the two reports.

At present, according to the financial arrangements between the Government and the Housing Authority, the major commitments of the Government in the construction of public housing are the provision of land at no cost and low-interest loans. The provision of free land is of benefit to the tenants as well as to the society as a whole. The development of public housing will lead to rise in prices of nearby residential, commercial or industrial lands, and would thus boost Government's coffers through land sales. As for low-interest loans, they are obtained from the Development Loan Fund by the Housing Authority at an interest rate of 5 per cent per annum. The Housing Authority is not required to pay the interest in cash, but the amount must be listed out in its accounts as subsidy by the Government towards the redevelopment of old housing estates and the construction of new ones. But the principal of the loans must be repaid by the Housing Authority over a period of 40 years. In other words, the

Government is only assisting the Housing Authority in its development of public housing by means of low-interest advancements which constitute one of the major revenue sources of the authority's development projects; the other principal source of finance is rental income from tenants.

Recently, there is indication that the Government is trying to relinquish its public housing commitments. Such withdrawal will directly increase the burden of the Housing Authority and indirectly increase that of the people of Hong Kong. I shall elaborate on this in the following paragraphs.

According to relevant information, the amount of government loans will be progressively reduced. In 1986-87, such loans amounts to 57 per cent of the capital expenditure of public housing. It is anticipated that this will be reduced to 31 per cent in 1989-90 and by 1992-93, the Housing Authority will not require any loans from the Government. Since the Housing Authority is working towards the aim of 'self-financing', it must 'reduce its reliance on government funds' and raise sufficient funds on its own to construct public housing. Obviously, if the Housing Authority still wants to redevelop old housing estates and construct new ones while part of its financial resources, that is government loans, are shrinking to the extent of having none at all, it would have to increase its reliance on the other financial resource—rental income from tenants. In brief, the Housing Authority has to 'explore new resources' in view of diminishing loans which means that it has to collect higher rentals from tenants; alternatively, it has 'to cut down expenses' and that is to slow down its construction of public housing. To those people with accommodation needs, this is something regrettable.

It seems that the background reason for publishing the two reports on housing subsidy and domestic rent policy is to allow the Housing Authority to explore new resources at a quicker pace and to facilitate the Government in shedding its commitments. My comments on the two reports are that it is difficult to accept them in principle and that their recommendations are impractical.

The report on housing subsidy is only directed against the 5 per cent or so tenants who have been living in public housing flats for more than 10 years. Its recommendations are, on the one hand, against the aspiration of providing people with a stable home so as to encourage them to create more wealth and to improve their quality of living. On the other hand, there are lots of problems involved in the implementation of these recommendations which apart from wasting a large amount of administrative expenses, also cause harassment to the tenants. Those tenants who do not meet the relevant requirements could easily make use of the loopholes in the law. The actual financial gains then would not be as much as that stated in the report. On the contrary, in terms of integrated cost effectiveness, I think the proposed policy against 'well-off tenants' is in fact a waste of resources and one which would bring in more losses than gains. Instead of using oppressive and negative means to impel the

so-called 'well-off tenants' to move out of their public housing units, I think it would be better to use positive and persuasive methods to encourage them to purchase HOS flats and vacate their units voluntarily.

The proposed domestic rent policy at least gives rise to the following problems:

- (a) the proposal that 'a median rent-income ratio of not more than 15 per cent was reasonable' carries the implication that the rent-income ratio of about 50 per cent households will exceed 15 per cent and that the lower the household income, the higher will be its rent to income ratio. Indeed, those who are actually most in need have now become the victims of the policy. Therefore, is this policy reasonable?
- (b) the stipulated 15 per cent is too close to the rental level of private housing and is therefore against the original principle of the public housing scheme;
- (c) regarding tenants' affordability, the arguments put forward in the report are not sound. In view of the high rental level of private housing and the poor living environment of squatter huts, who would be willing to give up the chance of living in public housing units? and
- (d) the comparison with rental levels in other foreign countries can hardly be used as a supporting argument because different societies have different social welfare systems. A one-sided comparison would only be too arbitrary.

In conclusion, I think the crux of the whole problem lies in the financial arrangement between the Government and the Housing Authority and in whether the Government should relinquish its limited commitments.

Finally, I would like to make the following recommendations:

- (a) the long-term housing policy mentioned in the Governor's policy address should be formulated as soon as possible. I think that only by ascertaining Government's commitment towards the public housing programme, the responsibility of public housing tenants themselves and the financial arrangements between the Government and the Housing Authority, can a basic solution to the problems of public housing be worked out. The two reports mentioned above are by no means comprehensive. I do not agree that we should adopt the recommendations concerning well-off tenants and the domestic rent policy today in the absence of a long-term and comprehensive housing policy.
- (b) the formulation of a long-term housing policy must involve the participation of the general public. Such a policy not only affects existing public housing tenants, but also those who are or who will be on the waiting list. In the course of discussion, the image of the so-called heavily subsidised public housing tenants should not be over-exaggerated because this is of no help to the whole society in working out a reasonable housing policy.

DR. TSE (in Cantonese): Sir, from my contacts with some public housing tenants in the Kowloon City District on the issues of 'Domestic Rent Policy' and 'Housing Subsidy to Tenants of Public Housing', I noticed that they were generally in favour of the principle of the new policy, that is, that 'those who can afford higher rents should pay more', as stated in the Green Paper on housing subsidy. These tenants are willing to gradually shoulder heavier responsibility in paying higher rents as their financial conditions improved. But what baffles the tenants is that there has been no recommendation whatsoever in the report that public housing rents should be increased according to tenants' affordability. Instead, what they see is the insistence on the 'double rent' policy. This 'clear-cut' rent calculation method by doubling the rent once the tenants' household income exceeds the subsidy income limit, is not only illogical but will also create sharp conflicts between tenants on both sides of the subsidy income limit when the proposal is implemented. Moreover, such a rigid calculation method will certainly pose an immense psychological threat to those tenants without a fixed income and who are on the borderline of the subsidy income limit, because a slight increase in their income will mean a difference of a two-fold increase in their rent. At the same time, these fluctuating cases will also give rise to confusion in the calculation of rents, thus constituting a complicated administrative problem. The report anticipates that only 5 per cent of the tenants, which is but a small number, will be affected by the proposal. However, looking from the opposite angle, would it give people the impression of 'breaking a butterfly on the wheel' after taking the Government a year's efforts to work out this 'clear-cut' housing subsidy policy but attaining merely a 5 per cent rectifying effect? Would this be looked upon as a meaningless and harassing policy? In fact, some tenants have proposed that it is better to increase rents by stages than to implement this threatening, yet less effective policy, so that tenants can take up the responsibility of paying a reasonable and fair amount of rents in line with their financial ability.

Another issue which the tenants find it offensive is the example quoted in support of the 'double rent' policy put forth by the Housing Authority. According to paragraph 30 (page 15) of the 'Summary Report of the Committee on Housing Subsidy to Tenants of Public Housing', it states that among those tenants whose household income exceeds the subsidy income limit, their median monthly income is about \$13,200 and they are paying a median rent of \$330 per month (including rates). Thus if their net rent were to be doubled, they would have to pay a new median rent of around \$600 (including rates).

A glance at example gives one the feeling that: the privilege being enjoyed by public housing tenants is far too much. Even if their rent were to be doubled, it would only represent 6 per cent of their income. Hence if they still object to such a measure, they are really insatiably greedy. This was also what I thought originally. But after discussing with tenants' representatives of the Kowloon City District, I began to realise that the manner of presentation in paragraph 30 was in fact misleading. Let us take the 10 year old Oi Man Estate in Homantin

as an example. The smallest flat there is a four-person unit with a rental payment of \$678 per month (including rates). The rent of a large apartment for nine persons is \$1,109. After the net rent is doubled, the former unit has to pay \$1,243 while the latter has to pay \$2,034. Therefore, those Oi Man Estate tenants whose household income exceeds the subsidy income limit will have to pay a rent three to six times higher than the median rent. Even for those households whose income does not exceed the subsidy income limit, the lowest rent they are actually paying now is already more than two times higher than the median rent.

So the median rent reached by grouping all public housing estates together (irrespective of their age and category), is in fact unrealistic and misleading when used as a supporting argument to reflect the burden of rent shouldered by public housing tenants. It really should not be used as an illustration.

Finally, I want to re-emphasise my impression, at least with regard to the Kowloon City District, that public housing tenants are not that impervious to reason. They appreciate very much the efforts made by the Government over the past 20 years or so in providing public housing, so that more than 2 million people have been housed in acceptable accommodation with a rent which they can afford. If the Home Ownership Scheme can continue to develop rapidly, most people with adequate financial ability would choose to purchase a flat of their own. But before this ideal is achieved, the tenants are still willing to pay more for a stable home when their earnings improve, provided that the increase in expenditure is not too sudden or heavy.

Sir, with these remarks, I hope the Housing Authority can make allowances for the feelings of public housing tenants, so that policies on domestic rent and housing subsidy formulated in future will be easily acceptable to the tenants while making more effective use of social resources. Finally, I want to point out that the present public housing policy has actually exceeded the original objective of providing housing to the most needy. Our policy is actually part of the social engineering programme because many of the public housing programmes are tied up with new town development and about half of the population of Hong Kong are housed in the housing estates. This illustrates that public housing is a permanent social structure in Hong Kong.

MR. ANDREW WONG: Sir, to be the last to speak, yet not in summary nor in reply, is indeed a most daunting task. Practically all aspects of the two reports, one on 'Housing Subsidy to Tenants of Public Housing' and the other on 'Domestic Rent Policy Review', have been covered by my hon. colleagues who spoke before me. What I have to offer today is one simple question and some food for thought.

Sir, if there is anything the Hong Kong Government can be proud of, the public housing programme should be among if not the first. As of now, about 2.7 million people or 49 per cent of Hong Kong's population live in public

housing either rental or Home Ownership Schemes. This is no small feat. However, if there is any public policy which invites the most complaints and generates the most controversies, the public housing programme is again the first. It is as if we are living up to the dictum of Chairman MAO: 'To lift a slab of stone just to let it drop on our toes' (搬石頭打自己的腳). And today's debate is evidence to that.

Ever since the early 1970s when I began to seriously research and reflect on the question of public housing, I have always asked myself a very simple question: why was and why is it necessary for the Government and its Housing Authority to build public housing? Or rather what justifications can be advanced to support Government's direct involvement in the provision of housing? The question is very simple indeed, but the answer is not at all straight forward.

Let's imagine first, if the original intention and present intention still is to tackle the problem of an inadequate housing stock for basic accommodation for all the people, surely the most logical alternative solution, the alternative which is not incompatible with our free market economy, is for the Government to make more land available for private developers to boost the housing stock. Of course, it would be necessary for the lease conditions to stipulate that the land is for basic accommodation that is, small flats only, and that the buildings ought to be completed within a certain period of time. This is a matter of land policy and building policy. Second, if the original and present intention is to tackle the problem of poor people being unable to afford the rents and hence go unsheltered, surely the most logical alternative solution is for the Government to provide to the poor a welfare payment which includes a rental subsidy element. This is a matter of welfare policy. Third, if the original and present intention is to tackle both of the two problems discussed above, surely the appropriate solution is a combination of the above two solutions through land policy and welfare policy, and not the existing housing policy which firstly distorts the housing market and secondly discriminates against those poor who do not as yet enjoy public housing. It would therefore appear that there is but slight if not no justification for the Government's direct involvement in the provision of housing.

But unfortunately, however, 'we are already too far out in the blood', to borrow Macbeth's words, 'that to retreat is as weary as to wade over.' This is so particularly because land use for public housing has now been blessed and sanctified by the joint declaration on Hong Kong's future. I therefore do not propose a retreat which is now impossible. However, I must at the same time frown upon the very idea of wading over, instead I propose that we ought to give our existing housing policy a hard and close look with our minds focussed on the two appropriate solutions of land policy and welfare policy and the principles behind them and endeavour a detour perhaps across the river. I therefore offer the following four points for the consideration of the Housing Authority, the Housing Branch and the Executive Council.

First, land should be developed and made available in plentiful supply, appropriately planned of course to provide even for new town development mentioned by Dr. TSE, for the Housing Authority and private developers to develop small flats for basic accommodation. If the Housing Authority is unable to develop them such lots should be sold to private developers even if the bid prices fall below land development costs. Through time, the market price and market rental of small flats will tend to fall, hence making them more affordable or less unaffordable to the not so well off.

Second, public housing rentals should be fixed not according to cost which was the criterion adopted prior to 1977, nor according to affordability which was adopted in 1977 and further refined as proposed in the report on 'Domestic Rent Review', but according to the market. As of now, public housing rentals range from 11 per cent to 37 per cent (or average say 24 per cent) of the prevailing market rent while those for controlled premises in the private sector are some 60 per cent of the prevailing market rent. In the interest of fairness to those who are still in the private housing and in order not to disrupt the livelihood of housing tenants, I am of the opinion that public housing rentals should be adjusted once every two years to gradually approach say 60 per cent of market rent in say 10 years. Public housing tenants need have no fear in this as with the provision of more land and more small flats mentioned in the last point, the market rent will drop making each successive upward adjustments acceptable or less unacceptable.

Third, attention should be shifted from the so-called 'rich or well-off' tenants in public housing to the poor tenants in both public and private housing and an income line should be drawn below which line they are eligible for a boosted rent subsidy, or rent assistance, to be paid through an expanded public assistance scheme. There is no need to charge well-off public housing tenants double rent as the rentals will eventually approach market rent in 10 years and there is every likelihood that they will move out to move upmarket into either Home Ownership Schemes or private developments.

Fourth and last, I wish to repeat the call I made to this Council on 2 July 1986 that landlords who leave their private domestic premises vacant for say more than six months should suffer a prohibitive tax of say doubling the property tax.

Sir, I have been told that 'if one does not strike oil in five minutes, one should stop boring'. I hope I have not been boring, and I believe I have struck some oil. Sir, I will therefore stop drilling.

7.43 pm

SECRETARY FOR DISTRICT ADMINISTRATION: Sir, since the reports of the two committees on domestic rent policy review and housing subsidy to tenants of

public housing were made public on 2 September 1986, there have been many public comments notably from the district boards, the interest groups, the press and of course the debate this evening on the committees' recommendations. Most of these comments relate to the committees' detailed proposals which I would like to discuss later on. Other comments have questioned the more fundamental aspects of the whole issue, that is the social objective of the Public Housing Programme and Government's commitment to it. I feel it is necessary to try and put these in their proper perspective first.

Questions have been asked as to whether the provision of public housing should be regarded as a social service or a social welfare. I share Mr. CHEUNG Yan-lung's view that the distinction between the two is not clear-cut and that there is no universally valid definitions of the two terms. The principle of selectivity on a need basis has always been adopted since 1953 when the first resettlement blocks were constructed to accommodate victims of a squatter fire. The allocation of public housing units is invariably made on the grounds of need for the lower income families who do not have the means to find adequate accommodation in the private sector.

Turning to the question of Government's commitment to achieving this social objective of the Public Housing Programme, I trust our past record and our achievements so far should be adequate proof of our full commitment to solving housing problems in Hong Kong. Public housing has always been given a very high priority in the allocation of public funds. In the past few years, for instance, the construction of public housing has represented as much as one third of Hong Kong's total annual capital expenditure on public works. This level of expenditure is expected to be maintained in the foreseeable future.

The major contributions from the Government to the Public Housing Programme include the provision of land free of charge for the construction of public housing estates. Up to 31 March 1986, the value of land provided by Government for rental public housing amounted to about \$23,000 million on historical cost basis. On top of this, special financial arrangements exist between Government and the Housing Authority to assist the latter to finance its construction programme. Under these arrangements, the authority is able to borrow money from the Development Loan Fund with repayment spread over 40 years and are effectively without interest. The long repayment period and the waiving of cash interest payment mean that Government can only recover a small portion of the loans, in real terms, after allowing for inflation and the interest foregone. As of 31 March 1986, the amount of loans outstanding from the Development Loan Fund was \$11,160 million. The importance of Public Housing Programme is also reflected in the Sino British Joint Declaration on the question of Hong Kong which provides in paragraph 4 in annex III for sites for rental public housing to be excluded from the 50 hectare limit.

All these subsidies from Government have meant that the Housing Authority is relieved from the burden of paying land premium and interest and have

greatly eased its cash flow. As a result of this the Housing Authority has been able to keep its rents at an affordable level while at the same time maintaining the target of producing 30 000 public rental units a year for those in need.

In spite of the achievements by the Housing Authority over the last 32 years in providing housing for over 2.4 million people, there are still a large number of people awaiting public rental housing. There are still 170 000 applicants on the general waiting list, 38 000 households in temporary housing and cottage areas and an estimated 119 000 families living in squatter structures.

Sir, in your address to this Council on 8 October this year, you referred to a need to review production programmes and to formulate long-term housing strategies for the 1990s and beyond to enable the Housing Authority to meet this existing demand and to provide for future demand for housing. To rehouse those who are in need of public rental housing by the mid-1990s and in order to provide for future demand, Government must try to optimise its resources and to ensure that those who are already in rental public housing will receive an appropriate amount of subsidy according to their respective needs. The two reports we have been discussing today aim to do this.

I would now like to turn to the Report of the Domestic Rent Policy Review Committee.

As a result of the significant subsidies from the Government, public housing rents have remained low and acceptable to tenants. In allocating public housing units, tenants are given the choice to accept the units offered to them or, if they should consider the rents too high, opt to go into units at a lower rent level. During the period from October 1983 to September 1985, the number of households which refused to accept housing units on account of high rent was only 738 or less than 1 per cent of a total of 77 876 offers made. These households were subsequently offered housing units with lower rent in other estates. In the same period, 1 310 families asked for bigger flats at higher rents. This acceptance rate is a clear indication that current rent level is affordable and indeed some interest groups on public housing have from time to time echoed the same sentiment.

Apart from tenants' affordability, public housing rent is also set and reviewed having regard to comparative estate values. Factors like location, transportation, estate facilities, environment and local services are weighed against one another in broad terms in order to formulate an overall view as to whether a new estate is more or less valuable and to what extent the differences in value should be reflected in \$/m² in rents. This has also been a useful yard-stick in setting rent on account of the many different types of public housing estates in various parts of the territory.

The committee recommends that the current method of setting and reviewing rent level by taking into account tenants' affordability and comparative estate values should continue. The present system however does not set a maximum level for public housing rent.

The only significant change proposed by the committee is the adoption of a maximum median rent-income ratio. This recommendation has caused a great deal of public concern and discussion.

A rent-income ratio is the expression of rent as a percentage of income. The committee proposes to adopt a maximum rent-income ratio of 15 per cent for the authority's new, Sir, I stress the word new, estates at the current standard. According to the preliminary statistics for 1985-86, the median rent-income ratio for households rehoused in that year was 12.4 per cent. Of these households, 72.5 per cent of them paid a ratio of less than 15 per cent, 22.3 per cent of them paid 15 per cent up to 25 per cent and 5.2 per cent of them paid 25 per cent or more. The two groups paying higher percentage than 15 per cent of their income as rent included public assistance recipients whose rents were paid for by the Social Welfare Department and tenants who opted for higher space standards. Of the authority's total sitting tenants of 465 000 households, 24 250 or 5.2 per cent are public assistance recipients. I hope this pattern illustrates that the number of households even among the new tenants paying considerably more than 15 per cent will not be significant as feared by some Members.

The 15 per cent median rent-income ratio is intended to ensure that public housing rent will continue to be affordable when setting rent levels for new tenants. As for existing older housing units with less space and a lower standard of amenities and those housing estates further away from the urban area, they are accorded a lower estate value and therefore their rent levels would not be raised up to the 15 per cent median rent-income ratio level.

Concern has been expressed by a number of Members to the effect that by applying a median rent-income ratio of 15 per cent, half of the authority's tenants will pay more than 15 per cent of their income as rent. This is a misunderstanding of the committee's recommendation and a situation which is not likely to happen. Taking as an example the average size families of four-persons moving into new estates and those already in public housing and discounting those hardship cases whose rent are paid for by the Social Welfare Department, it is estimated that less than 2 per cent of these fourpersons families will in fact pay more than 15 per cent and in many cases only just above that level of their incomes as rent. Four-persons families constitute about one quarter of the authority's existing tenants. Overall, in the period 1976-77-1984-85, the rent-income ratio for all households among new tenants ranged from 10.7 per cent to 13.5 per cent and among sitting tenants the ratio ranged from 4 per cent to 6.5 per cent. Even if the 15 per cent median

rent-income ratio is implemented for the new estates which represent a small fraction of the total public housing stock, the overall ratio will not be affected significantly.

Mr. HUI Yin-fat has suggested that the biennial rent increases would bring rents beyond the affordability of the majority of public housing tenants over time. A comparison on the movements of public housing rents and the consumer price index shows that public housing rents have barely kept up with inflation and have remained fairly stable in constant price over the years. In contrast to the steadily improving financial circumstances of the public housing tenants who have resided in public housing for some time, rents have lagged far behind the real growth in the income of the average tenants.

The question of comparison of public housing rent with those in the private sector has also been raised. I should point out that 'rent' for public housing is not really comparable to private sector rent as the former includes rates (representing 16 per cent and 25 per cent of inclusive rents for group A and group B estates respectively) as well as management fees and other major repair and maintenance charges. These are normally paid for by tenants separately in the private sector. Even so, the present rent level in public housing estates represents about one third of the market level. In accordance with the results of the 1986 Bi-Census published yesterday, half of those households occupying whole flats in private housing paid a rent of less than \$1,794. This compared with the \$350 for those in public rental blocks.

Mrs. Selina CHOW has reflected a view from interest groups that public housing rents should be cost-related. This proposal has been examined on a number of occasions in the past and again by the committee and the same conclusion has been reached, that is, that this is not necessarily a realistic method in setting rents. For example, the costs of construction of housing blocks in the more remote locations may be higher than those in the urban areas. In such circumstances, it would be unreasonable to set rent levels higher for the former than the latter. The fluctuation in tender prices for contracts may also result in different rent levels for flats within the same estate or district having similar design but built under different phases of development if this method was to be adopted.

I shall now turn to the other Report on Housing Subsidy to Tenants of Public Housing.

I have earlier outlined the social objective of the Public Housing Programme and the current subsidies provided by the Government. The committee's recommendations address the programme's social objective of providing for those who are most in need and re-affirms the principle that housing subsidies should be reduced for those tenants who are no longer in need. In order to optimise the use of resources to provide for the most needy, the committee proposes that those public housing tenants who have improved their financial

position to more than twice the current waiting list income limit should pay double rent.

Views have often been expressed to the effect that tenants no longer in need should vacate their public housing units. The committee has examined this proposal but it considers that evicting a considerable number of tenants will have serious repercussions on the community and recommends that this should not be pursued. The committee also notes the inadequate opportunity provided for these tenants for home purchase in the public and private sectors. Meanwhile, a realistic approach to reducing subsidies would be to charge such tenants a higher rent if they prefer to stay in public housing.

Concern has been also expressed as to whether such tenants could afford to pay double rent. In effect, for most of the Housing Authority's tenants who have been in public housing for more than 10 years and whose income have increased to double the waiting list income limit, they are already among the top 15 per cent households in terms of income in the whole territory. Their median monthly income is around \$13,200 and they are only paying a median rent of \$330 per month. Dr. TSE's example of Oi Man Estate is of course amongst the highest in the existing estates. If their net rents were to be doubled, they would have to pay a new median rent of around \$600, or below the rent level currently been fixed for new estates, representing 4-6 per cent of their income. The new rent is clearly well within their affordability.

I am pleased to note that many members support the recommendations made by the committee. In particular, Mrs. Selina CHOW has outlined three conditions with which the authority is in full agreement.

Mr. HUI Yin-fat, Mr. C. F. POON and Dr. Richard LAI have expressed their doubts on the current method of calculating household income. They are of the view that it is unreasonable to include all the income of working children in such calculation. I would just like to point out that including 60 per cent of the income of working children was in fact the original proposal made by the committee. This was subsequently changed in response to public comments made after the publication of the Green Paper on Housing Subsidy to Tenants of Public Housing. The subsidy income limit now proposed is a more generous figure and it takes into account views expressed by the public on the method of calculation.

It has also been suggested that a more accurate survey should be conducted to establish the true financial position of families in public housing estates. If the committee's proposals are adopted, tenants will be required to declare their income and a clearer financial picture of our tenants will indeed become available.

I agree with Mr. TAM Yiu-chung and Mr. CHUNG Pui-lam that it is important to attract households over the subsidy income limit to purchase their own homes. Special priority status has always been given for public housing tenants

in purchasing flats produced under the Home Ownership Scheme. The longterm housing strategies review being conducted will consider how best the demand could be met. It will also explore how private sector can be encouraged to play their part in meeting the overall demand for housing and Mr. Andrew WONG'S usual imaginative formulae deserve further examination.

Views expressed and valuable suggestions by Members today will be taken into consideration by the Housing Authority when it meets to discuss the two reports next month. I would like to take this opportunity to join Mr. CHEUNG Yan-lung in thanking members of the two committees for their hard work in the past year to prepare the two reports which we have discussed today. I would particularly like to thank Mr. F. K. HU and Mr. CHAN Ying-lun for their leadership in chairing the respective committees during this long and difficult process. I firmly believe that the proposals in these reports before us today are fair and reasonable and they will help us in achieving our very ambitious Public Housing Programme for the benefit of the whole of Hong Kong.

Question put and agreed to.

Next sitting

HIS EXCELLENCY THE PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 5 November 1986.

Adjourned accordingly at eight minutes past Eight 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.

WRITTEN ANSWERS

Annex I

Written answer by the Chief Secretary to Mr. YEUNG's supplementary question to Question 6.

As I explained in my reply to the hon. TAI Chin-wah's question, overseas officers are appointed only when suitable, sufficient and qualified local candidates are not available. Since 1961 overseas officers have normally been appointed on agreement terms, and with effect from 28 March 1985, only agreement terms have been offered.

The major grades in which overseas officers are employed are shown in the Appendix. Out of the total civil service strength of about 175 000, the proportion of overseas officer is small, although in some grades there is still a significant presence, notably in the Legal/Judicial and Lands and Works Groups, and in General Grades and the Police.

APPENDIX

MAJOR GRADES IN WHICH OVERSEAS OFFICERS ARE EMPLOYED

No. of overseas officers employed

<i>Grade</i>	<i>as at 1.10.86</i>			<i>Date on which the last overseas officer was appointed</i>
	<i>PE</i>	<i>Agt</i>	<i>Total</i>	
General Grades				
Administrative Officers	127	35	162 (39.2%)	14.11.84
Executive Officers	23	8	31 (2.0%)	4. 1.82
Confidential Assistant	4	89	93 (26.7%)	Continuing
Personal Secretary	8	16	24 (4.3%)	Continuing
Management Services Officers	2	6	8 (7.4%)	24. 3.82
Sub Total	164	154	318 (10.7%)	
RHKPF				
Police Inspector and above	374	527	901 (35.2%)	Continuing
Rank and File	29	—	29 (0.1%)	20. 7.61
Specialist Civilian grades	4	25	29 (70.7%)	Continuing
Executive Assistant	1	29	30 (100.0%)	1. 3.86
Sub Total	408	581	989 (3.9%)	
Officers in Disciplined Services other than RHKPF				
Correctional Services	5	—	5 (0.5%)	9. 4.62
Custom and Excise	2	—	2 (0.4%)	9. 1.59
Fire Services	6	6	12 (2.1%)	30. 8.66
Immigration	2	1	3 (0.2%)	9.10.67
Sub Total	15	7	22 (0.6%)	

Grade	as at 1.10.86				Date on which the last overseas officer was appointed
	PE	Agt	Total		
Legal/Judicial Group					
Crown Counsel	—	147	147	(65.0%)	Continuing
Legal Aid Counsel	2	26	28	(66.7%)	Continuing
Solicitor	3	33	36	(73.5%)	Continuing
Judicial Officers	17	92	109	(79.0%)	Continuing
Sub Total	22	298	320	(70.3%)	
Medical Services					
Medical and Health Officer	6	36	42	(2.8%)	Continuing
Dental Officer	—	7	7	(4.9%)	2. 5.83
Nursing Officer	4	—	4	(0.1%)	1. 9.83
Occupational Therapist	—	2	2	(1.6%)	Continuing
Physiotherapist	1	6	7	(3.2%)	6. 1.84
Radiographer	2	11	13	(3.9%)	13.10.84
Physicist	1	—	1	(5.3%)	5. 9.56
Sub Total	14	62	76	(0.7%)	
Lands and Works					
Engineer	20	149	169	(25.0%)	30. 7.83
Building Services Engineer	—	12	12	(9.1%)	18. 8.83
Geotechnical Engineer	—	51	51	(40.5%)	30. 1.86
Electrical and Mechanical Engineer	6	15	21	(21.6%)	17. 7.86
Structural Engineer	—	37	37	(17.4%)	9. 7.83
Electronics Engineer	1	2	3	(5.4%)	Continuing
Building Surveyor	10	16	26	(18.2%)	Continuing
Estate Surveyor	12	52	64	(41.3%)	13. 4.83
Land Surveyor	3	19	22	(27.2%)	19. 3.83
Maintenance Surveyor	3	26	29	(35.8%)	Continuing
Quantity Surveyor	8	32	40	(38.5%)	7.10.83
Rating and Valuation Surveyor	1	27	28	(26.7%)	16. 1.85
Architect	2	76	78	(40.8%)	Continuing
Landscape Architect	—	12	12	(46.2%)	Continuing
Town Planner	1	21	22	(14.6%)	3. 7.83
Sub Total	67	547	614	(26.3%)	
Finance and Accounting					
Auditor	2	—	2	(5.0%)	5. 8.74
Assessor	1	17	18	(2.9%)	2. 7.81
Treasury Accountant	8	7	15	(17.9%)	1. 2.82
Securities Officer	1	5	6	(19.4%)	5. 9.83
Sub Total	12	29	41	(5.3%)	
Transport Services					
Government Transport Officer	—	5	5	(83.3%)	3. 4.84
Transport Officer	2	1	3	(5.3%)	26.10.82
Motor Vehicle Examiner	3	21	24	(53.3%)	17. 8.83
Marine Officer	15	12	27	(34.2%)	23. 6.83
Surveyor of Ships	2	13	15	(42.9%)	26.10.84
Airport Manager	1	3	4	(16.7%)	7. 7.83
Operations Officer	2	12	14	(42.4%)	31. 8.86
Air Traffic Control Officer	3	9	12	(13.6%)	3. 3.84
Sub Total	28	76	104	(28.3%)	

Grade	as at 1.10.86			Date on which the last overseas officer was appointed
	PE	Agt	Total	
Science and Technology				
Environmental Protection Officer	—	13	13 (9.1%)	14. 7.84
Veterinary Officer	—	3	3 (42.9%)	14. 5.82
Agricultural Officer	—	2	2 (9.1%)	21. 8.81
Forestry Officer	—	3	3 (15.8%)	3. 4.81
Research Officer	—	—	— (—)	9. 2.82
Chemist	2	4	6 (10.0%)	29. 8.83
Sub Total	2	25	27 (10.8%)	
Media Services				
Information Officer	—	17	17 (5.3%)	1.11.82
Programme Officer	3	30	33 (11.7%)	20. 5.86
Sub Total	3	47	50 (8.3%)	
Others	—	—	153	
Total	784	1 930	2 714	

Notes: Figures in brackets denote percentages of overseas officers to total number of officers in that grade.

STAFF PLANNING DIVISION
CIVIL SERVICE BRANCH

Annex II

Written answer by the Secretary for Health and Welfare to Dr. CHIU's supplementary question to Question 7.

Five government and four subvented hospitals are recognised for the purpose of training anaesthetists by the Royal College of Surgeons of England. They are as follows:

- A. *Government hospitals*
- (a) Queen Mary Hospital
 - (b) Queen Elizabeth Hospital
 - (c) Princess Margaret Hospital
 - (d) Prince of Wales Hospital
 - (e) Kowloon Hospital
- B. *Subvented hospitals*
- (a) Alice Ho Miu Ling Nethersole Hospital
 - (b) United Christian Hospital
 - (c) Grantham Hospital
 - (d) Prince Philip Dental Hospital.

Written answer by the Secretary for Health and Welfare to Dr. IP's supplementary question to Question 7.

I am advised by the Director of Medical and Health Services that it would not be possible for all hospitals to be made training institutions for anaesthetists. Apart from the presence of qualified anaesthetists at senior level, certain requirements relating to staff, equipment, facilities, workload and case-mix of patients have to be met. The director assures me that, to his knowledge, there has been no case of a subvented hospital not being recognised for the purpose of training anaesthetists solely because it did not have sufficient consultant anaesthetists. However, under the present subvention policy, hospitals are subvented to provide a service to the public, and it would not be justifiable to create senior posts and provide additional facilities over and above the clinical needs of a hospital merely to meet the requirements of the Royal Colleges.

You will see from the letter I have sent to Dr. CHIU Hin-kwong (see Annex II) that there are five government and four subvented hospitals which are recognised for the training of anaesthetists. Medical Officers who are interested in this specialty are posted to anaesthetic departments for training. Medical Officers with five years of experience in anaesthesia under the supervision of a qualified trainer can take the qualifying examination in either Australia or the United Kingdom. In the latter case, one of the five years' experience required has to be obtained in a recognised hospital in the United Kingdom. This requirement for overseas experience has to be met if the officer wishes to obtain a British qualification. It will remain irrespective of the number of recognised training institutions we have in Hong Kong.